

SONORA INDEPENDENT SCHOOL DISTRICT  
Annual Financial Report  
Year Ended August 31, 2024

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CERTIFICATE OF THE BOARD

SONORA INDEPENDENT SCHOOL DISTRICT  
Name of School District

SUTTON  
County

218-901  
County -  
District  
Number

We, the undersigned, certify that the attached annual financial report of the above-named School District was reviewed and

X approved \_\_\_ disapproved for the year ended August 31, 2024, at a meeting of the Board of Trustees of such School District  
(Check One)

on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Cynthia Perez  
Signature of Board Secretary

\_\_\_\_\_  
Shanna Castro  
Signature of Board President

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

FINANCIAL SECTION



A Limited Liability Partnership

Michael E. Oliphant, CPA  
Wayne Barr, CPA  
Cathryn A. Pitcock, CPA  
Megan Solsbery, CPA

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American Institute of CPAs  
Texas Society of CPAs

## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Sonora Independent School District  
404 East 1<sup>st</sup> Street  
Sonora, TX 76950

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sonora Independent School District as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise the Sonora Independent School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Sonora Independent School District as of August 31, 2024, and the respective changes in financial position the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

#### *Emphasis of Matter*

The District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*, described in Note I, M. to the financial statements. Our opinion is not modified with respect to this matter.

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and net pension liability and contributions information and net OPEB liability and contributions information for the Teacher Retirement System of Texas be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sonora Independent School District's basic financial statements. The other supplementary information listed in the table of contents and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2024, on our consideration of the Sonora Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Sonora Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sonora Independent School District's internal control over financial reporting and compliance.

***Eckert & Company, LLP***

November 13, 2024

# Sonora Independent School District

404 E. 1<sup>st</sup> Street Sonora, Texas 76950 (325)387-6940 (325)387-5090 Fax  
Michael Kissire, Superintendent

## MANAGEMENT’S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Sonora Independent School District's financial performance provides an overview of the District's financial activities for the year ended August 31, 2024. It should be read in conjunction with the District's basic financial statements and independent auditor’s report.

### Financial Highlights

The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the end of the current year by \$20,718,600 (net position). Of this amount, \$6,936,212 (unrestricted) may be used to meet the District's ongoing obligations.

The District's total net position decreased by \$578,097 or 3%. This amount consists of a \$564,369 decrease attributable to current year operations and a \$13,728 decrease due to a special item. The District's statement of activities shows total revenues of \$11,433,797 and total expenses of \$11,998,166.

The total fund balance of the General Fund is \$12,492,982 which is an increase of \$25,003 or less than 1% compared to the prior year.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

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

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

### Overview of the Financial Statements - Continued

The statement of activities presents information showing how the District's net position changed during the current year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future years.

The governmental activities of the District include all activities related to public elementary and secondary education within the jurisdiction of the District.

The District has no component units.

**Fund Financial Statements** - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

**Governmental Funds** - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the current year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund which is considered to be a major fund. Data from other governmental funds are combined into a single, aggregated presentation.

The District adopts an annual appropriated budget for its General Fund and Debt Service Fund. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with the budget for each fund.

**Fiduciary Funds** - Fiduciary Funds account for assets held by the District in a trustee capacity or resources held for the benefit of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those Funds are not available to support the District's own programs.

**Notes to the Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.



**MANAGEMENT’S DISCUSSION AND ANALYSIS - Continued**

**Government-Wide Financial Analysis**

**Net Position** - A summary of the District’s net position is presented below:

	Governmental Activities	
	August 31,	
	2024	2023
Current and Other Assets	\$ 13,533,283	\$ 13,408,829
Capital Assets	<u>13,628,457</u>	<u>14,784,384</u>
Total Assets	<u>\$ 27,161,740</u>	<u>\$ 28,193,213</u>
Deferred Outflows of Resources	<u>\$ 1,471,577</u>	<u>\$ 1,611,118</u>
Long-Term Liabilities Outstanding	\$ 4,034,610	\$ 4,544,652
Other Liabilities	<u>685,593</u>	<u>414,844</u>
Total Liabilities	<u>\$ 4,720,203</u>	<u>\$ 4,959,496</u>
Deferred Inflows of Resources	<u>\$ 3,194,514</u>	<u>\$ 3,548,138</u>
Net Position		
Net Investment in Capital Assets	\$ 13,538,820	\$ 14,290,187
Restricted	243,568	309,678
Unrestricted	<u>6,936,212</u>	<u>6,696,832</u>
Total Net Position	<u><u>\$ 20,718,600</u></u>	<u><u>\$ 21,296,697</u></u>

A large portion of the District's net position (\$13,538,820) reflects the District's investment in capital assets, less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide public elementary and secondary education within the jurisdiction of the District; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District’s net position (\$243,568) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$6,936,212) may be used to meet the District’s ongoing obligations.

**MANAGEMENT’S DISCUSSION AND ANALYSIS - Continued**

**Government-Wide Financial Analysis - Continued**

**Governmental Activities** - Governmental activities decreased the District’s net position by \$578,097 and \$86,231 for the fiscal years ended August 31, 2024 and 2023, respectively. Key elements of these decreases are as follows:

CHANGES IN NET POSITION

	Governmental Activities	
	Year Ended August 31,	
	2024	2023
Revenues		
Program Revenues		
Charges for Services	\$ 454,586	\$ 444,824
Operating Grants and Contributions	1,800,935	1,720,675
Capital Grants and Contributions	92,868	0
General Revenues		
Maintenance and Operations Taxes	5,265,146	6,068,449
Debt Service Taxes	337,391	348,179
State Aid - Formula Grants	2,704,603	1,754,940
Investment Earnings	713,922	608,199
Other	64,346	74,728
Total Revenues	\$ 11,433,797	\$ 11,019,994
Expenses		
Instruction and Instructional-Related Services	\$ 6,252,499	\$ 6,013,738
Instructional and School Leadership	733,055	594,800
Support Services - Student (Pupil)	2,233,744	2,006,842
Administrative Support Services	516,162	473,964
Support Services - Nonstudent Based	2,052,669	1,791,737
Debt Service	7,772	18,668
Intergovernmental Charges	202,265	206,476
Total Expenses	\$ 11,998,166	\$ 11,106,225
Change in Net Position Before Special Item	\$ (564,369)	\$ (86,231)
Special Item - Maintenance of Effort Refund	(13,728)	0
Change in Net Position	\$ (578,097)	\$ (86,231)
Net Position - Beginning	21,296,697	21,382,928
Net Position - Ending	\$ 20,718,600	\$ 21,296,697

## MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

### Financial Analysis of the District's Funds

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

The District's governmental funds reported combined ending fund balances of \$12,750,085, a decrease of \$143,650 or 1% in comparison with the prior year. These fund balances are reported in various governmental funds as follows:

General Fund \$12,492,982. Of this balance \$125,404 is restricted for use in the Food Service Fund and \$6,000,000 is assigned for capital expenditures for equipment.

Special Revenue Funds \$144,352. This balance is committed for use by the Campus Activity Funds of the District.

Debt Service Fund \$112,751. This balance is restricted for payment of long-term debt principal and interest.

### General Fund Budget

The original budget for the General Fund was \$9,756,100, and the final amended budget was \$10,259,401 which represents a \$503,301 increase in appropriations. Variances between the original budget and the final amended budget are reflected in Exhibit E-1 in the required supplementary information section of the audit report.

The District has adopted a budget for the General Fund in the amount of \$10,040,534 for the fiscal year 2025, which is a decrease of \$218,867 from the fiscal year 2024.

### Capital Assets and Debt

**Capital Assets** - Financial statement footnote III., E. discloses the District's capital asset activity for the year ended August 31, 2024.

**Long-Term Debt** - Financial statement footnote III., H. discloses the District's debt activity for the year ended August 31, 2024.

### Requests for Information

The financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Michael Kissire, Superintendent, Sonora Independent School District, 404 East 1<sup>st</sup> Street, Sonora, TX 76950.

Basic Financial Statements

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

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 12,990,330
1220 Property Taxes - Delinquent	234,316
1230 Allowance for Uncollectible Taxes	(136,711)
1240 Due from Other Governments	379,474
1290 Other Receivables, Net	65,874
Capital Assets:	
1510 Land	176,444
1520 Buildings, Net	12,538,991
1530 Furniture and Equipment, Net	790,758
1550 Right-to-Use Leased Assets, Net	122,264
1000 Total Assets	27,161,740
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1705 Deferred Outflow Related to TRS Pension	976,852
1706 Deferred Outflow Related to TRS OPEB	494,725
1700 Total Deferred Outflows of Resources	1,471,577
<b>LIABILITIES</b>	
2110 Accounts Payable	158,248
2160 Accrued Wages Payable	431,561
2200 Accrued Expenses	9,381
2300 Unearned Revenue	86,403
Noncurrent Liabilities:	
2501 Due Within One Year: Leases	37,627
Due in More than One Year:	
2502 Leases	52,010
2540 Net Pension Liability (District's Share)	2,683,882
2545 Net OPEB Liability (District's Share)	1,261,091
2000 Total Liabilities	4,720,203
<b>DEFERRED INFLOWS OF RESOURCES</b>	
2605 Deferred Inflow Related to TRS Pension	340,842
2606 Deferred Inflow Related to TRS OPEB	2,853,672
2600 Total Deferred Inflows of Resources	3,194,514
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets	13,538,820
Restricted:	
3820 Restricted for Federal and State Programs	125,404
3850 Restricted for Debt Service	118,164
3900 Unrestricted	6,936,212
3000 Total Net Position	\$ 20,718,600

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

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

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
<b>Primary Government:</b>			
<b>GOVERNMENTAL ACTIVITIES:</b>			
11 Instruction	\$ 5,865,223	\$ 55,877	\$ 865,245
12 Instructional Resources and Media Services	133,586	-	31,202
13 Curriculum and Instructional Staff Development	253,690	-	79,398
21 Instructional Leadership	196,387	-	1,822
23 School Leadership	536,668	-	39,745
31 Guidance, Counseling, and Evaluation Services	394,412	-	127,043
33 Health Services	68,023	-	12,847
34 Student (Pupil) Transportation	359,464	-	9,277
35 Food Services	662,133	62,275	480,465
36 Extracurricular Activities	749,712	221,969	13,751
41 General Administration	516,162	14,853	21,344
51 Facilities Maintenance and Operations	1,651,465	99,612	12,536
52 Security and Monitoring Services	102,824	-	40,984
53 Data Processing Services	298,380	-	65,276
72 Debt Service - Interest on Long-Term Debt	7,772	-	-
99 Other Intergovernmental Charges	202,265	-	-
<b>[TP] TOTAL PRIMARY GOVERNMENT:</b>	<b>\$ 11,998,166</b>	<b>\$ 454,586</b>	<b>\$ 1,800,935</b>

Data Control Codes	General Revenues: Taxes:
MT	Property Taxes, Levied for General Purposes
DT	Property Taxes, Levied for Debt Service
SF	State Aid - Formula Grants
IE	Investment Earnings
MI	Miscellaneous Local and Intermediate Revenue
SI	Special Item - Maintenance of Effort
TR	Total General Revenues and Special Items
CN	Change in Net Position
NB	Net Position - Beginning
NE	Net Position - Ending

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

		Net (Expense) Revenue and Changes in Net Position	
		5	6
		Capital Grants and Contributions	Governmental Activities
\$	-	\$	(4,944,101)
	-		(102,384)
	-		(174,292)
	-		(194,565)
	-		(496,923)
	-		(267,369)
	-		(55,176)
	-		(350,187)
	-		(119,393)
	-		(513,992)
	-		(479,965)
	47,351		(1,491,966)
	45,517		(16,323)
	-		(233,104)
	-		(7,772)
	-		(202,265)
\$	92,868		(9,649,777)

5,265,146
337,391
2,704,603
713,922
64,346
(13,728)
<u>9,071,680</u>
(578,097)
<u>21,296,697</u>
<u>\$ 20,718,600</u>

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

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 12,968,565	\$ 21,765	\$ 12,990,330
1220 Property Taxes - Delinquent	223,609	10,707	234,316
1230 Allowance for Uncollectible Taxes	(131,417)	(5,294)	(136,711)
1240 Due from Other Governments	60,847	318,627	379,474
1260 Due from Other Funds	62,727	-	62,727
1290 Other Receivables	65,874	-	65,874
1000 Total Assets	<u>\$ 13,250,205</u>	<u>\$ 345,805</u>	<u>\$ 13,596,010</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	\$ 158,248	\$ -	\$ 158,248
2160 Accrued Wages Payable	414,917	16,644	431,561
2170 Due to Other Funds	-	62,727	62,727
2200 Accrued Expenditures	7,454	1,927	9,381
2300 Unearned Revenue	84,412	1,991	86,403
2000 Total Liabilities	<u>665,031</u>	<u>83,289</u>	<u>748,320</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2601 Unavailable Revenue - Property Taxes	92,192	5,413	97,605
2600 Total Deferred Inflows of Resources	<u>92,192</u>	<u>5,413</u>	<u>97,605</u>
<b>FUND BALANCES</b>			
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	125,404	-	125,404
3480 Retirement of Long-Term Debt	-	112,751	112,751
Committed Fund Balance:			
3545 Other Committed Fund Balance	-	144,352	144,352
Assigned Fund Balance:			
3570 Capital Expenditures for Equipment	6,000,000	-	6,000,000
3600 Unassigned Fund Balance	6,367,578	-	6,367,578
3000 Total Fund Balances	<u>12,492,982</u>	<u>257,103</u>	<u>12,750,085</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 13,250,205</u>	<u>\$ 345,805</u>	<u>\$ 13,596,010</u>

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



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

EXHIBIT C-2

<b>Total Fund Balances - Governmental Funds</b>	\$	12,750,085
1 Capital assets net of accumulated depreciation and amortization used in governmental activities are not reported in governmental funds.		13,628,457
2 Deferred outflows of resources related to pensions are not reported in governmental funds.		976,852
3 Deferred outflows of resources related to other postemployment benefits are not reported in governmental funds.		494,725
4 Long-term debt, including unamortized premiums, is not reported in governmental funds.		(89,637)
5 Recognition of the District's proportionate share of the net pension liability is not reported in governmental funds.		(2,683,882)
6 Recognition of the District's proportionate share of the net other postemployment benefit liability is not reported in governmental funds.		(1,261,091)
7 Deferred inflows of resources related to pensions are not reported in governmental funds.		(340,842)
8 Deferred inflows of resources related to other postemployment benefits are not reported in governmental funds.		(2,853,672)
9 Property taxes unavailable to pay for current period expenditures are deferred in governmental funds.		97,605
<b>29 Net Position of Governmental Activities</b>	<u>\$</u>	<u>20,718,600</u>

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

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

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
<b>REVENUES:</b>			
5700 Total Local and Intermediate Sources	\$ 6,295,639	\$ 542,576	\$ 6,838,215
5800 State Program Revenues	3,086,262	255,221	3,341,483
5900 Federal Program Revenues	500,788	813,973	1,314,761
5020 Total Revenues	<u>9,882,689</u>	<u>1,611,770</u>	<u>11,494,459</u>
<b>EXPENDITURES:</b>			
Current:			
0011 Instruction	4,658,248	611,025	5,269,273
0012 Instructional Resources and Media Services	91,124	30,576	121,700
0013 Curriculum and Instructional Staff Development	161,174	70,349	231,523
0021 Instructional Leadership	192,526	-	192,526
0023 School Leadership	460,349	17,088	477,437
0031 Guidance, Counseling, and Evaluation Services	247,449	114,580	362,029
0033 Health Services	60,537	-	60,537
0034 Student (Pupil) Transportation	339,510	-	339,510
0035 Food Services	630,589	15,140	645,729
0036 Extracurricular Activities	570,368	154,939	725,307
0041 General Administration	453,949	20,668	474,617
0051 Facilities Maintenance and Operations	1,639,829	47,351	1,687,180
0052 Security and Monitoring Services	59,521	86,352	145,873
0053 Data Processing Services	221,059	55,305	276,364
Debt Service:			
0071 Principal on Long-Term Liabilities	72,720	331,840	404,560
0072 Interest on Long-Term Liabilities	3,876	4,075	7,951
Intergovernmental:			
0099 Other Intergovernmental Charges	202,265	-	202,265
6030 Total Expenditures	<u>10,065,093</u>	<u>1,559,288</u>	<u>11,624,381</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(182,404)	52,482	(129,922)
<b>OTHER FINANCING SOURCES (USES):</b>			
8949 Other (Uses)	(13,728)	-	(13,728)
1200 Net Change in Fund Balances	(196,132)	52,482	(143,650)
0100 Fund Balance - September 1 (Beginning)	12,467,979	425,756	12,893,735
1300 Increase (Decrease) in Fund Balance	221,135	(221,135)	-
3000 Fund Balance - August 31 (Ending)	<u>\$ 12,492,982</u>	<u>\$ 257,103</u>	<u>\$ 12,750,085</u>

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

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

EXHIBIT C-4

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$ (143,650)
Capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements.	117,199
Depreciation and amortization are not recognized as expenses in governmental funds since they do not require the use of current financial resources.	(1,273,126)
Long-term debt principal payments are expenditures in governmental funds but are shown as reductions in long-term debt in the government-wide financial statements.	404,560
Interest is accrued on outstanding long-term debt in the government-wide financial statements but is reported as an expenditure in governmental funds when due.	179
Changes in the net pension liability and related deferred outflows and inflows are recognized in the government-wide financial statements but are not reported in governmental funds.	(122,623)
Changes in the net other postemployment benefit liability and related deferred outflows and inflows are recognized in the government-wide financial statements but are not reported in governmental funds.	442,188
Revenues from property taxes are deferred in governmental funds until they are considered available to finance current expenditures. In the government-wide financial statements, revenues are recognized when assessed, net of an allowance for uncollectible taxes.	(2,824)
<b>Change in Net Position of Governmental Activities</b>	\$ (578,097)

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

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

	Total Custodial Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 48,827
Total Assets	<u>48,827</u>
LIABILITIES	
Other Liabilities - Current	<u>3,968</u>
Total Liabilities	<u>3,968</u>
NET POSITION	
Restricted for Student Organizations	<u>44,859</u>
Total Net Position	<u>\$ 44,859</u>

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

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

	Total Custodial Funds
<b>ADDITIONS:</b>	
Revenue - Student Organizations	\$ 76,684
Total Additions	<u>76,684</u>
<b>DEDUCTIONS:</b>	
Student Organizations	<u>108,250</u>
Total Deductions	<u>108,250</u>
Change in Fiduciary Net Position	(31,566)
Total Net Position - September 1 (Beginning)	<u>76,425</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 44,859</u></u>

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

SONORA INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements  
August 31, 2024

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Sonora Independent School District is a public educational agency operating under the applicable laws and regulations of the State of Texas. The District prepares its basic financial statements in conformity with accounting principles generally accepted in the United States of America applicable to state and local governments. Additionally, the District complies with the requirements of the 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.

**A. Reporting Entity**

The District is governed by the Board of Trustees, a seven-member group, which is elected by the public and has governance responsibilities, including fiscal accountability, over all activities related to public elementary and secondary education within the jurisdiction of the Sonora Independent School District (the primary government). There are no component units included within the reporting entity.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities include programs supported primarily by taxes, State foundation funds, grants, and other intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges for services - payments from parties that purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment of the District and (2) grants and contributions - payments from organizations outside the District that are restricted to meeting the operational or capital requirements of a particular function or segment of the District. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

All interfund transactions between governmental funds are eliminated in the government-wide financial statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due froms on the government-wide statement of net position.

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

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

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

Governmental fund financial statements are reported using 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 in the balance sheet. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay

SONORA INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2024

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

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

liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, revenues received from the state, and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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 revenue until related and authorized expenditures have been made.

The government reports the following major governmental fund:

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

Additionally, the government reports the following fund types:

Debt Service Fund - This Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

Special Revenue Funds - These Funds account for resources restricted to, or committed for, specific purposes by the District or a grantor in a special revenue fund. Most federal and some state financial assistance is accounted for in a special revenue fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.

Fiduciary Funds account for assets held by the District in a trustee capacity or resources held for the benefit of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those Funds are not available to support the District's own programs.

The District has the following Fiduciary Funds:

Custodial Funds - These Funds report resources that are held by the District for other parties. These Funds are used to account for the District's student activity funds.

**D. Interfund Receivables and Payables**

Activity between individual funds may result in amounts owed between funds which are classified as Due To and From Other Funds. Other than amounts due to or from fiduciary funds these balances are eliminated in the statement of net position.

**E. Receivables and Payables**

Receivables are stated at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

SONORA INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2024

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**E. Receivables and Payables - Continued**

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year.

**F. Capital Assets**

Capital assets are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated 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.

Capital assets are depreciated or amortized using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	10-40
Vehicles	7-10
Furniture and Equipment	5-10
Right-to-Use Equipment	3-5

**G. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

In the fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**H. Pensions**

In accordance with accounting guidance prescribed by GASB Statement No. 68, 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.



SONORA INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2024

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**I. Other Postemployment Benefits (OPEB)**

In accordance with accounting guidance prescribed by GASB Statement No. 75, 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 postemployment 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.

**J. Compensated Absences**

The District pays auxiliary 12-month employees for their unused vacation leave upon termination of employment. The accumulated vacation leave cannot exceed 20 days.

A liability for these amounts is reported in governmental funds only if they are payable as a result of employee resignations and retirements.

**K. Net Position on the Statement of Net Position**

Net position on the statement of net position includes the following:

Net Investment in Capital Assets - This component of net position represents the difference between capital assets net of accumulated depreciation and the outstanding balance of debt, excluding any unspent debt proceeds, which is directly attributable to the acquisition, construction, or improvement of those assets.

Restricted for Federal and State Programs - This component of net position represents the balance of the Child Nutrition Program.

Restricted for Debt Service - This component of net position represents the difference between assets and liabilities of the Debt Service Fund that consists of assets with constraints placed on their use by creditors.

Unrestricted - This is the difference between assets/deferred outflows of resources and liabilities/deferred inflows of resources that is not reported as Net Investment in Capital Assets, Restricted for Federal and State Programs, or Restricted for Debt Service.

**L. Fund Balances/Equity**

In the fund financial statements, governmental funds report the following classifications of fund balance:

Restricted - Amounts that can be spent only for specific purposes because usage restraints have been imposed by external sources such as creditors (through a debt covenant), grantors, contributors, or laws or regulations of other governments.

Committed - Amounts that can be used only for specific purposes determined by a formal action of the Board of Trustees, the District's highest level of decision-making authority. Commitments may be modified or rescinded only through formal action by the Board of Trustees.

SONORA INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2024

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**L. Fund Balances/Equity - Continued**

Assigned - Amounts that are intended for a specific purpose but do not meet the definition of restricted or committed. The intent can be expressed by the Board of Trustees or by a Board designee.

Unassigned - Amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the General Fund.

The details of the fund balances are included in the governmental funds balance sheet.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Trustees has provided otherwise in its commitment or assignment actions.

In the General Fund, the District strives to maintain a yearly fund balance in the general operating fund in which the total fund balance is five months of operating expenditures which includes unassigned fund balance of two months of operating expenditures.

Restricted net position for Fiduciary Funds represents custodial funds held by the District in a custodial capacity for student organizations.

**M. Implementation of New Accounting Standard**

The District implemented the provisions of GASB Statement No. 100, *Accounting Changes and Error Corrections-an amendment of GASB Statement No. 62*. This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). The District determined there was no impact upon its financial position, results of operations, or cash flows upon adoption.

**N. Property Tax Revenues**

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

The District recognizes as tax revenues those taxes that are measurable and available. Measurable means the amount can be determined, and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they are collected within the current period.

Taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectibles are based upon historical experience. 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.

SONORA INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2024

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**O. Interfund Transfers**

Permanent relocations of resources between funds of the reporting entity are classified as interfund transfers. For purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budget**

Formal budgetary accounting is employed for all required governmental fund types and is presented on the modified accrual basis of accounting consistent with generally accepted accounting principles.

The official school budget is prepared for adoption for required governmental fund types prior to August 20 of the preceding fiscal year for the subsequent fiscal year beginning September 1. The budget is formally adopted by the Board of Trustees at a public meeting held at least ten days after public notice has been given.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and the Debt Service Fund. The remaining Special Revenue Funds adopt project-length budgets which do not correspond to the District's fiscal year. Each annual budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles. The budget was amended throughout the year by the Board of Trustees. Such amendments are before the fact and are reflected in the official minutes of the Board.

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS**

**A. Deposits and Investments**

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 the District 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, and (9) bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers' acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the District 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.

In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy.

**Custodial Credit Risk - Deposits:** In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits and investments in certificates of deposit may not be returned to it. The District's policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments, other than the following: The State of Texas requires that a financial institution secure deposits and investments made by state and local governments by pledging securities in excess of the highest cash balance of the government. The District is not exposed to custodial credit risk for its deposits since they are covered by depository insurance and pledged securities held by a third party in the District's name.

SONORA INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2024

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued**

**A. Deposits and Investments - Continued**

Concentration of Credit Risk: The investment policy of the District contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent five percent or more of the total entity investments represent a concentration risk. The District is not exposed to this risk as described in the preceding paragraph.

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

Interest Rate Risk: Not applicable

Foreign Currency Risk: Not applicable

At August 31, 2024, the District's investments with respective maturities and credit ratings consisted of the following:

	<u>Fair Value</u>	<u>Percent</u>	<u>Weighted Average Maturity</u>	<u>Credit Rating</u>
<u>Public Funds Investment Pools</u>				
Lone Star				
Government Overnight Fund	\$ 3,811,203	33%	23 Days	AAAm
TexPool	<u>7,778,846</u>	<u>67%</u>	36 Days	AAAm
Total Public Funds Investment Pools	<u>\$ 11,590,049</u>	<u>100%</u>		

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.

SONORA INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2024

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued**

**B. Due from Other Governments**

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from other governments are summarized as follows:

	State Entitlements	Federal Grants	Other	Total
General Fund	\$ 0	\$ 38,581	\$ 22,266	\$ 60,847
Special Revenue Funds	62,727	253,563	0	316,290
Debt Service Fund	1,046	0	1,291	2,337
Totals	\$ 63,773	\$ 292,144	\$ 23,557	\$ 379,474

**C. Interfund Balances**

The following is a summary of amounts due from and due to other funds:

	Due From	Due To	Purpose
General Fund			
Nonmajor Special Revenue Fund	\$ 62,727	\$ 0	Operating Advance
Nonmajor Governmental Funds			
General Fund	0	62,727	Operating Advance
Totals	\$ 62,727	\$ 62,727	

**D. Other Receivables**

Other receivables consist of:

	General Fund
Expenditure Reimbursements	\$ 65,874

SONORA INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2024

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued**

**E. Capital Assets**

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

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets				
Land	\$ 176,444	\$ 0	\$ 0	\$ 176,444
Buildings and Improvements	40,387,630	47,351	0	40,434,981
Furniture and Equipment	<u>4,519,192</u>	<u>69,848</u>	<u>0</u>	<u>4,589,040</u>
Total Capital Assets	<u>\$ 45,083,266</u>	<u>\$ 117,199</u>	<u>\$ 0</u>	<u>\$ 45,200,465</u>
Less Accumulated Depreciation				
Buildings and Improvements	\$ (26,849,962)	\$ (1,046,028)	\$ 0	\$ (27,895,990)
Furniture and Equipment	<u>(3,622,449)</u>	<u>(175,833)</u>	<u>0</u>	<u>(3,798,282)</u>
Total Accumulated Depreciation	<u>\$ (30,472,411)</u>	<u>\$ (1,221,861)</u>	<u>\$ 0</u>	<u>\$ (31,694,272)</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 14,610,855</u>	<u>\$ (1,104,662)</u>	<u>\$ 0</u>	<u>\$ 13,506,193</u>
Lease Assets				
Furniture and Equipment	\$ 266,686	\$ 0	\$ 0	\$ 266,686
Less Accumulated Amortization				
Furniture and Equipment	<u>(93,157)</u>	<u>(51,265)</u>	<u>0</u>	<u>(144,422)</u>
Total Lease Assets Being Amortized, Net	<u>\$ 173,529</u>	<u>\$ (51,265)</u>	<u>\$ 0</u>	<u>\$ 122,264</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 14,784,384</u></u>	<u><u>\$ (1,155,927)</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 13,628,457</u></u>

SONORA INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2024

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued**

**E. Capital Assets - Continued**

Depreciation expense was charged to governmental activities functions as follows:

Instruction	\$ 788,545
Instructional Resources and Media Services	18,478
Curriculum and Instructional Staff Development	35,542
Instructional Leadership	5,697
School Leadership	80,100
Guidance, Counseling, and Evaluation Services	54,776
Health Services	9,849
Student (Pupil) Transportation	26,513
Food Services	32,772
Extracurricular Activities	47,572
General Administration	58,517
Facilities Maintenance and Operations	34,080
Security and Monitoring Services	2,656
Data Processing Services	<u>26,764</u>
Total	<u><u>\$ 1,221,861</u></u>

Amortization expense was charged to governmental activities functions as follows:

Instruction	\$ 40,969
School Leadership	4,162
Food Services	1,703
General Administration	3,040
Data Processing Services	<u>1,391</u>
Total	<u><u>\$ 51,265</u></u>

**F. Deferred Outflows and Inflows of Resources**

A deferred outflow of resources is a consumption of a government's net position (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period.

A deferred inflow of resources is an acquisition of a government's net position (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period.

SONORA INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2024

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued**

**F. Deferred Outflows and Inflows of Resources - Continued**

Deferred outflows and inflows of resources are reported as described below:

Deferred Outflows (Statement of Net Position)

District's proportionate share of Teacher Retirement System of Texas (TRS) pension plan deferred outflows as detailed in financial statement footnote IV., A.

District's proportionate share of Teacher Retirement System of Texas (TRS) OPEB plan deferred outflows as detailed in financial statement footnote IV., B.

Deferred Inflows (Statement of Net Position)

District's proportionate share of Teacher Retirement System of Texas (TRS) pension plan deferred inflows as detailed in financial statement footnote IV., A.

District's proportionate share of Teacher Retirement System of Texas (TRS) OPEB plan deferred inflows as detailed in financial statement footnote IV., B.

Deferred Inflows (Balance Sheet - Governmental Funds)

Unavailable revenue - property taxes.

**G. Unearned Revenue**

Unearned revenue at year end consisted of the following:

	General Fund	Special Revenue Funds	Total
State Entitlements	\$ 63,985	\$ 1,991	\$ 65,976
Federal Grants	20,427	0	20,427
Totals	\$ 84,412	\$ 1,991	\$ 86,403

**H. Long-Term Debt**

The District's long-term liabilities consist of right-to-use leases, net pension liability, and net other postemployment benefits liability. The current requirements for right-to-use leases principal and interest are accounted for in the General Fund. The current requirements for the net pension liability and net other postemployment benefits liability are accounted for in the General and Special Revenue Funds.



SONORA INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2024

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued**

**H. Long-Term Debt - Continued**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental Activities</u>					
General Obligation Bonds					
(Direct Placement)	\$ 331,840	\$ 0	\$ 331,840	\$ 0	\$ -
Right-to-Use Leases	<u>162,357</u>	<u>0</u>	<u>72,720</u>	<u>89,637</u>	<u>37,627</u>
Subtotals	\$ 494,197	\$ 0	\$ 404,560	\$ 89,637	\$ 37,627
Net Pension Liability	2,563,540	522,060	401,718	2,683,882	-
Net OPEB Liability	<u>1,486,915</u>	<u>106,192</u>	<u>332,016</u>	<u>1,261,091</u>	<u>-</u>
Totals	<u>\$ 4,544,652</u>	<u>\$ 628,252</u>	<u>\$ 1,138,294</u>	<u>\$ 4,034,610</u>	<u>\$ 37,627</u>

The District, as a lessee, has entered into lease agreements for a telephone system, copiers, and postage machine equipment. The total of the District's lease assets is recorded at a cost of \$266,686, less accumulated amortization of \$144,422. The lease agreements do not include variable payments or residual value guarantees. There were no impairments of the leased assets associated with the lease liabilities and no assets were pledged as collateral for these leases.

<u>Right-to-Use Leases Description</u>	<u>Interest Rate</u>	<u>Begin Date</u>	<u>Maturity Date</u>	<u>Original Liability</u>	<u>Amount Outstanding August 31, 2024</u>
Postage Machine Equipment	3%	2021	2027	\$ 9,928	\$ 5,176
Printing and Imaging Equipment	3%	2021	2024	140,760	12,250
Telephone System Equipment	3%	2022	2027	<u>115,998</u>	<u>72,211</u>
Total Right-to-Use Leases Payable				<u>\$ 266,686</u>	<u>\$ 89,637</u>

The annual debt service requirements for the right-to-use lease payments are payable from the General Fund as follows:

<u>Year Ending August 31,</u>	<u>Right-to-Use Leases</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 37,627	\$ 2,036	\$ 39,663
2026	26,149	1,203	27,352
2027	<u>25,861</u>	<u>414</u>	<u>26,275</u>
Totals	<u>\$ 89,637</u>	<u>\$ 3,653</u>	<u>\$ 93,290</u>

SONORA INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2024

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued**

**I. Outstanding Encumbrances**

There were no outstanding encumbrances that were provided for in the subsequent year's budget.

**J. Revenues from Local and Intermediate Sources**

Local and intermediate source revenues consists of the following:

	General Fund	Special Revenue Funds	Debt Service Fund	Total
Property Taxes	\$ 5,310,150	\$ 0	\$ 342,555	\$ 5,652,705
Other Local Sources	878,880	19,510	2,875	901,265
Cocurricular, Enterprising Services, or Activities	106,609	177,636	0	284,245
Totals	\$ 6,295,639	\$ 197,146	\$ 345,430	\$ 6,838,215

**K. General Fund Federal Source Revenues**

	Federal Assistance Listing Number	Amount
School Breakfast Program	10.553	\$ 154,487
National School Lunch Program - Cash Assistance	10.555	231,593
National School Lunch Program - Non-Cash Assistance	10.555	33,863
Supply Chain Assistance Grant	10.555	32,786
State Administrative Expenses (SAE) for Child Nutrition	10.560	847
Opening Access to Services in Schools (OASIS)	84.184H	32,000
School Health and Related Services (SHARS) Program	--	9,702
Indirect Costs		
Career and Technical - Effective Advising Planning	84.048A	5,510
Total		\$ 500,788

SONORA INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2024

**IV. OTHER INFORMATION**

**A. Defined Benefit Pension Plan**

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

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

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

**Pension Plan Fiduciary Net Position** - Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [http://www.trs.texas.gov/pages/about\\_publication.aspx](http://www.trs.texas.gov/pages/about_publication.aspx); by writing to TRS at 1000 Red River Street, Austin, Texas 78701-2698; or by calling (512)542-6592.

**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% (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered under a previous rule. There are no automatic postemployment benefit changes; including automatic COLAs. Ad hoc postemployment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

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

**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.

SONORA INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2024

**IV. OTHER INFORMATION - Continued**

**A. Defined Benefit Pension Plan - Continued**

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

The following table shows contribution rates by type of contributor for the fiscal years 2023 and 2024:

	Contribution Rates	
	<u>2023</u>	<u>2024</u>
Member	8.00%	8.25%
Non-Employer Contributing Entity (State)	8.00%	8.25%
Employers	8.00%	8.25%
District's 2024 Employer Contributions		\$ 211,785
District's 2024 Member Contributions		459,743
District's 2023 NECE On-Behalf Contributions		330,583

Contributors to the plan include members, employers, and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools, and state agencies including TRS. 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 (public schools, junior colleges, other entities, or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

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

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

SONORA INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2024

**IV. OTHER INFORMATION - Continued**

**A. Defined Benefit Pension Plan - Continued**

**Actuarial Assumptions -**

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

Valuation Date	August 31, 2022 Rolled Forward to August 31, 2023
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-Term Expected Rate	7.00%
Municipal Bond Rate as of August 2023	4.13% The source for the rate is the Fixed Income Market Data/ Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"
Last Year Ending August 31 in Projection Period (100 Years)	2122
Inflation	2.30%
Salary Increases	2.95% to 8.95% Including Inflation
Ad hoc Postemployment Benefit Changes	None

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

**Discount Rate** - A single discount rate of 7% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers, and the non-employer contributing entity will be made at the rates set by the Legislature during the 2019 session. It is assumed that future employer and state contributions will be 9.50% of payroll in fiscal year 2024 increasing to 9.56% in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

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

SONORA INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2024

**IV. OTHER INFORMATION - Continued**

**A. Defined Benefit Pension Plan - Continued**

The long-term expected rate of return on pension plan investments is 7%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2023, are presented in the following Asset Allocations table:

<u>Asset Class<sup>1</sup></u>	<u>Target Allocation<sup>2</sup> %</u>	<u>Long-Term Expected Geometric Real Rate of Return<sup>3</sup></u>	<u>Expected Contribution to Long-Term Portfolio Returns</u>
Global Equity			
USA	18.0%	4.0%	1.0%
Non-U.S. Developed	13.0%	4.5%	0.9%
Emerging Markets	9.0%	4.8%	0.7%
Private Equity	14.0%	7.0%	1.5%
Stable Value			
Government Bonds	16.0%	2.5%	0.5%
Absolute Return	0.0%	3.6%	0.0%
Stable Value Hedge Funds	5.0%	4.1%	0.2%
Real Return			
Real Estate	15.0%	4.9%	1.1%
Energy, Natural Resources, and Infrastructure	6.0%	4.8%	0.4%
Commodities	0.0%	4.4%	0.0%
Risk Parity	8.0%	4.5%	0.4%
Asset Allocation Leverage			
Cash	2.0%	3.7%	0.0%
Asset Allocation Leverage	-6.0%	4.4%	-0.1%
Inflation Expectation			2.3%
Volatility Drag <sup>4</sup>			-0.9%
Expected Return	100.0%		8.0%

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

<sup>2</sup> Target Allocation are based on the FY 2023 policy model.

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

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

SONORA INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2024

**IV. OTHER INFORMATION - Continued**

**A. Defined Benefit Pension Plan - Continued**

**Discount Rate Sensitivity Analysis** - The following table presents the District's net pension liability of the plan using the discount rate of 7%, and what the net pension liability would be if it were calculated using a discount rate that is 1% lower (6%) or 1% higher (8%) than the current rate:

	1% Decrease in Discount Rate (6%)	Discount Rate (7%)	1% Increase in Discount Rate (8%)
District's Proportionate Share of the Net Pension Liability	\$ 4,012,553	\$ 2,683,882	\$ 1,579,092

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At August 31, 2024, the Sonora Independent School District reported a net pension liability of \$2,683,882 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	\$ 2,683,882
State's Proportionate Share that is Associated with the District	4,417,662
Total	\$ 7,101,544

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

At August 31, 2023, the employer's proportion of the collective net pension liability was 0.0039072189% which was a decrease of 0.0004108734% from its proportion measured as of August 31, 2022.

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

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

For the year ended August 31, 2024, the Sonora Independent School District recognized pension expense of \$667,029 and revenue of \$667,029 for support provided by the State in the government-wide statement of activities.

SONORA INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2024

**IV. OTHER INFORMATION - Continued**

**A. Defined Benefit Pension Plan - Continued**

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Actuarial Experience	\$ 95,628	\$ 32,499
Changes in Actuarial Assumptions	253,843	62,121
Net Difference Between Projected and Actual Investment Earnings	390,570	-
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	25,026	246,222
Contributions Paid to TRS Subsequent to the Measurement Date	211,785	-
Totals	\$ 976,852	\$ 340,842

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

Year Ending August 31,	Pension Expense Amount
2025	\$ 48,309
2026	29,250
2027	293,670
2028	65,233
2029	(12,237)
Thereafter	0

**B. Defined Other Postemployment Benefit Plans**

**Summary of Significant Accounting Policies** - The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS-Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other postemployment 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.



SONORA INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2024

**IV. OTHER INFORMATION - Continued**

**B. Defined Other Postemployment Benefit Plans - Continued**

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

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

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

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

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

The premium rates for retirees are presented in the following table:

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

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

SONORA INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2024

**IV. OTHER INFORMATION - Continued**

**B. Defined Other Postemployment Benefit Plans - Continued**

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

Contribution Rates		
	<u>2023</u>	<u>2024</u>
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%
District's 2024 Employer Contributions		\$ 48,418
District's 2024 Member Contributions		36,222
District's 2023 NECE On-Behalf Contributions		59,627

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

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

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

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

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

SONORA INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2024

**IV. OTHER INFORMATION - Continued**

**B. Defined Other Postemployment Benefit Plans - Continued**

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

The following table discloses the actuarial methods and assumptions that were applied to this measurement period:

Valuation Date	August 31, 2022 Rolled Forward to August 31, 2023
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	4.13% as of August 31, 2023
Aging Factors	Based on Plan Specific Experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Salary Increases	2.95% to 8.95% Including Inflation
Ad hoc Postemployment Benefit Changes	None

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

**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. Because the investments are held in cash and there is no intentional objective to advance fund the benefits, the Single Discount Rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate is the Fidelity “20-year Municipal GO AA Index” as of August 31, 2023, using the Fixed Income Market Data/Yield Curve/ Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

**Sensitivity of the Net OPEB Liability**

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

	1% Decrease in Discount <u>Rate (3.13%)</u>	Discount Rate (4.13%)	1% Increase in Discount <u>Rate (5.13%)</u>
District's Proportionate Share of the Net OPEB Liability	<u>\$ 1,485,302</u>	<u>\$ 1,261,091</u>	<u>\$ 1,078,129</u>

SONORA INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2024

**IV. OTHER INFORMATION - Continued**

**B. Defined Other Postemployment Benefit Plans - Continued**

**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 1% lower or 1% higher than the assumed healthcare cost trend rate:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's Proportionate Share of the Net OPEB Liability	\$ 1,038,445	\$ 1,261,091	\$ 1,547,525

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs** - At August 31, 2024, the Sonora Independent School District reported a liability of \$1,261,091 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	\$ 1,261,091
State's Proportionate Share that is Associated with the District	1,521,700
Total	\$ 2,782,791

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

At August 31, 2023, the employer's proportion of the collective net OPEB liability was 0.0056964194% which was a decrease of 0.0005135483% from its proportion measured as of August 31, 2022.

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

- The single discount rate change 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.

**Changes of Benefit Terms** - There were no changes of benefit terms since the prior measurement date.

For the year ended August 31, 2024, the Sonora Independent School District recognized OPEB expense of \$(325,307) and revenue of \$(325,307) for support provided by the State.

SONORA INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2024

**IV. OTHER INFORMATION - Continued**

**B. Defined Other Postemployment Benefit Plans - Continued**

At August 31, 2024, the Sonora Independent School District reported its proportionate share of the TRS’s deferred outflows of resources and deferred inflows of resources related to other postemployment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Actuarial Experience	\$ 57,055	\$ 1,060,969
Changes in Actuarial Assumptions	172,130	772,199
Net Difference Between Projected and Actual Investment Earnings	545	-
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	216,577	1,020,504
Contributions Paid to TRS Subsequent to the Measurement Date	48,418	-
Totals	\$ 494,725	\$ 2,853,672

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

Year Ending August 31,	OPEB Expense Amount
2025	\$ (497,799)
2026	(439,957)
2027	(361,651)
2028	(358,251)
2029	(278,647)
Thereafter	(471,060)

**C. Medicare Part D**

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. Under Medicare Part D, TRS-Care receives retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the years ended August 31, 2024, August 31, 2023, and August 31, 2022, the subsidy payments received by TRS-Care on behalf of the District were \$29,488, 29,839, and \$24,478, respectively. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements.

SONORA INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2024

**IV. OTHER INFORMATION - Continued**

**D. Health Care Coverage**

The District participates in TRS-Active Care sponsored by the Teacher Retirement System of Texas. TRS-Active Care (the Plan) 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.

**E. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters, for which the District participated in a public entity risk pool. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding coverage for each of the past three fiscal years.

**F. Property and Liability Coverage**

During the year ended August 31, 2024, the District met its property and casualty obligations through participation in the Public Educators Association of Texas (PEAT). PEAT was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in PEAT execute Interlocal Agreements that define the responsibilities of the parties. PEAT provides statutory property and casualty benefits to its members.

PEAT and its members are protected against higher than expected claims costs through the purchase of fully funded reinsurance. The pool is reviewed by PEAT's reinsurance partners, who then set the actuarial stop loss fund amount.

PEAT 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 PEAT's Board of Trustees. PEAT's audited financial statements as of August 31, 2023, are available at PEAT's offices.

**G. Unemployment Compensation Coverage**

During the year ended August 31, 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 August 31, 2024, the Fund anticipates that the District has no additional liability beyond the contractual obligations for payment of contributions.

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.

SONORA INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2024

**IV. OTHER INFORMATION - Continued**

**H. Workers' Compensation Insurance**

During the year ended August 31, 2024, the District met its statutory workers' compensation obligations through participation in the Deep East Texas Self Insurance Fund (the Fund), a public entity risk pool, which is self-sustained through member premiums. 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 Workers' Compensation Program is authorized by Chapter 504, of the Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members and their injured employees.

The Fund and its members are protected against higher than expected claim costs through the purchase of stop-loss coverage for any claims in excess of the Fund's self-insured retention of \$1,100,000. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2024, the Fund carries a discounted reserve of \$10,372,632 for future development on reported claims and claims that have been incurred but not yet reported. For the year ended August 31, 2024, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions.

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.

**I. Contingencies**

The District participates in numerous state and federal 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 relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

**J. Shared Services Arrangements**

The District participates in several shared services arrangements for various federal programs with the Education Service Center Region XV. The District does not account for revenues or expenditures in these programs and does not disclose them in these financial statements. The Education Service Center Region XV is the fiscal agent manager and is responsible for all financial activities of these shared services arrangements.

**K. Adjustments to Net Position/Fund Balances**

The financial statements reflect the following prior period adjustments:

	Net Position <u>Exhibit C-3</u>
General Fund	
Transfer Food Service Fund to General Fund	\$ 221,135
Nonmajor Funds	
Transfer Food Service Fund to General Fund	<u>(221,135)</u>
Totals	<u><u>\$ 0</u></u>

SONORA INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2024

**IV. OTHER INFORMATION - Continued**

**L. Subsequent Events**

The Sonora Independent School District entered into an agreement with the state enabling it to reduce its wealth per weighted student by purchasing attendance credits for the 2023-2024 school year.

The District's management has evaluated subsequent events through November 13, 2024, the date which the financial statements were available for issue.



Required Supplementary Information

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 5,994,979	\$ 6,257,744	\$ 6,295,639	\$ 37,895
5800 State Program Revenues	3,087,335	3,062,099	3,086,262	24,163
5900 Federal Program Revenues	481,000	478,865	500,788	21,923
5020 Total Revenues	9,563,314	9,798,708	9,882,689	83,981
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	4,643,234	4,669,144	4,658,248	10,896
0012 Instructional Resources and Media Services	90,728	92,828	91,124	1,704
0013 Curriculum and Instructional Staff Development	163,750	164,100	161,174	2,926
0021 Instructional Leadership	111,885	195,703	192,526	3,177
0023 School Leadership	455,762	462,912	460,349	2,563
0031 Guidance, Counseling, and Evaluation Services	261,080	249,380	247,449	1,931
0033 Health Services	60,077	62,927	60,537	2,390
0034 Student (Pupil) Transportation	320,592	346,892	339,510	7,382
0035 Food Services	486,579	721,900	630,589	91,311
0036 Extracurricular Activities	581,825	578,990	570,368	8,622
0041 General Administration	438,098	457,723	453,949	3,774
0051 Facilities Maintenance and Operations	1,526,869	1,660,052	1,639,829	20,223
0052 Security and Monitoring Services	97,268	65,768	59,521	6,247
0053 Data Processing Services	210,701	236,201	221,059	15,142
Debt Service:				
0071 Principal on Long-Term Liabilities	92,721	74,721	72,720	2,001
0072 Interest on Long-Term Liabilities	3,878	3,878	3,876	2
Intergovernmental:				
0099 Other Intergovernmental Charges	211,053	202,553	202,265	288
6030 Total Expenditures	9,756,100	10,245,672	10,065,093	180,579
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(192,786)	(446,964)	(182,404)	264,560
<b>OTHER FINANCING SOURCES (USES):</b>				
7915 Transfers In	50,000	-	-	-
8949 Other (Uses)	-	(13,729)	(13,728)	1
7080 Total Other Financing Sources (Uses)	50,000	(13,729)	(13,728)	1
1200 Net Change in Fund Balances	(142,786)	(460,693)	(196,132)	264,561
0100 Fund Balance - September 1 (Beginning)	12,467,979	12,467,979	12,467,979	-
1300 Increase (Decrease) in Fund Balance	-	-	221,135	221,135
3000 Fund Balance - August 31 (Ending)	\$ 12,325,193	\$ 12,007,286	\$ 12,492,982	\$ 485,696

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

	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021
District's Proportion of the Net Pension Liability (Asset)	0.003907219%	0.004318092%	0.004317701%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 2,683,882	\$ 2,563,540	\$ 1,099,566
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	4,417,662	4,164,954	2,107,565
Total	<u>\$ 7,101,544</u>	<u>\$ 6,728,494</u>	<u>\$ 3,207,131</u>
District's Covered Payroll	\$ 5,635,671	\$ 5,836,209	\$ 5,913,803
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	47.62%	43.92%	18.59%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.15%	75.62%	88.79%

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

FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
0.004217277%	0.00447136%	0.004851863%	0.005448346%	0.005976515%	0.0063402%	0.0035715%
\$ 2,258,688	\$ 2,324,353	\$ 2,670,583	\$ 1,742,088	\$ 2,258,436	\$ 2,241,176	\$ 953,997
4,493,485	4,663,548	5,598,194	3,629,372	4,659,739	4,598,223	3,958,383
<u>\$ 6,752,173</u>	<u>\$ 6,987,901</u>	<u>\$ 8,268,777</u>	<u>\$ 5,371,460</u>	<u>\$ 6,918,175</u>	<u>\$ 6,839,399</u>	<u>\$ 4,912,380</u>
\$ 5,947,142	\$ 5,916,545	\$ 6,315,895	\$ 6,771,380	\$ 7,039,134	\$ 6,971,739	\$ 6,725,457
37.98%	39.29%	42.28%	25.73%	32.08%	32.15%	14.18%
75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

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

	2024	2023	2022
Contractually Required Contribution	\$ 211,785	\$ 196,669	\$ 200,175
Contribution in Relation to the Contractually Required Contribution	(211,785)	(196,669)	(200,175)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 5,572,643	\$ 5,635,671	\$ 5,836,209
Contributions as a Percentage of Covered Payroll	3.80%	3.49%	3.43%

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

	2021	2020	2019	2018	2017	2016	2015
\$	181,944	\$ 173,869	\$ 155,255	\$ 163,895	\$ 176,415	\$ 189,889	\$ 187,735
	(181,944)	(173,869)	(155,255)	(163,895)	(176,415)	(189,889)	(187,735)
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$	5,913,803	\$ 5,947,142	\$ 5,916,545	\$ 6,315,895	\$ 6,771,380	\$ 7,039,134	\$ 6,971,739
	3.08%	2.92%	2.62%	2.59%	2.61%	2.70%	2.69%

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

	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.005696419%	0.006209968%	0.006973388%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 1,261,091	\$ 1,486,915	\$ 2,689,947
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	1,521,700	1,813,803	3,603,930
Total	<u>\$ 2,782,791</u>	<u>\$ 3,300,718</u>	<u>\$ 6,293,877</u>
District's Covered Payroll	\$ 5,635,671	\$ 5,836,209	\$ 5,913,803
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	22.38%	25.48%	45.49%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	14.94%	11.52%	6.18%

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

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

FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
0.006449933%	0.006853235%	0.007506482%	0.007928623%
\$ 2,451,911	\$ 3,240,978	\$ 3,748,055	\$ 3,447,861
3,294,781	4,306,536	5,396,394	5,301,963
<u>\$ 5,746,692</u>	<u>\$ 7,547,514</u>	<u>\$ 9,144,449</u>	<u>\$ 8,749,824</u>
\$ 5,947,142	\$ 5,916,545	\$ 6,315,895	\$ 6,771,380
41.23%	54.78%	59.34%	50.92%
4.99%	2.66%	1.57%	0.91%



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

	2024	2023	2022
Contractually Required Contribution	\$ 48,418	\$ 48,478	\$ 50,859
Contribution in Relation to the Contractually Required Contribution	(48,418)	(48,478)	(50,859)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 5,572,643	\$ 5,635,671	\$ 5,836,209
Contributions as a Percentage of Covered Payroll	0.87%	0.86%	0.87%

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

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

	2021	2020	2019	2018
\$	53,412	\$ 49,024	\$ 48,644	\$ 51,829
	(53,412)	(49,024)	(48,644)	(51,829)
\$	-	\$ -	\$ -	\$ -
\$	5,913,803	\$ 5,947,142	\$ 5,916,545	\$ 6,315,895
	0.90%	0.82%	0.82%	0.82%

SONORA INDEPENDENT SCHOOL DISTRICT  
Notes to the Required Supplementary Information  
August 31, 2024

Note A - TRS Pension Plan

Changes of Benefit Terms

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

Changes of Assumptions

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

Note B - TRS OPEB Plan

Changes of Benefit Terms

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

Changes of Assumptions

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

Other Supplementary Information



(10) Beginning Balance 9/1/2023	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2024	(99) Taxes Refunded Under Section 26.1115c
\$ 37,523	\$ -	\$ 148	\$ 9	\$ (1,547)	\$ 35,819	
14,349	-	1,222	54	(226)	12,847	
16,340	-	1,735	57	(830)	13,718	
23,119	-	2,507	-	(1,907)	18,705	
19,033	-	4,338	-	(1,928)	12,767	
22,834	-	6,668	404	(1,444)	14,318	
34,300	-	11,617	676	(1,725)	20,282	
28,996	-	11,637	694	(1,760)	14,905	
61,690	-	27,168	1,560	(3,351)	29,611	
-	5,596,211	5,198,171	336,696	-	61,344	
<u>\$ 258,184</u>	<u>\$ 5,596,211</u>	<u>\$ 5,265,211</u>	<u>\$ 340,150</u>	<u>\$ (14,718)</u>	<u>\$ 234,316</u>	

\$ -

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 335,915	\$ 343,914	\$ 345,430	\$ 1,516
5800 State Program Revenues	-	18,619	19,665	1,046
5020 Total Revenues	335,915	362,533	365,095	2,562
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Liabilities	331,840	331,840	331,840	-
0072 Interest on Long-Term Liabilities	4,075	4,075	4,075	-
6030 Total Expenditures	335,915	335,915	335,915	-
1200 Net Change in Fund Balances	-	26,618	29,180	2,562
0100 Fund Balance - September 1 (Beginning)	83,571	83,571	83,571	-
3000 Fund Balance - August 31 (Ending)	\$ 83,571	\$ 110,189	\$ 112,751	\$ 2,562

SONORA INDEPENDENT SCHOOL DISTRICT  
 USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAMS  
 FOR THE YEAR ENDED AUGUST 31, 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
<hr/>		
AP2	Does the district have written policies and procedures for its state compensatory education program?	Yes
<hr/>		
AP3	Total state allotment funds received for state compensatory education programs during the district's fiscal year.	556767
<hr/>		
AP4	Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24,26,28,29,30)	228305
<hr/>		

**Section B: Bilingual Education Programs**

AP5	Did your district expend any bilingual education program state allotment funds during the district's fiscal year?	Yes
<hr/>		
AP6	Does the district have written policies and procedures for its bilingual education program?	Yes
<hr/>		
AP7	Total state allotment funds received for bilingual education programs during the district's fiscal year.	67549
<hr/>		
AP8	Actual direct program expenditures for bilingual education programs during the district's fiscal year. (PIC 25)	29551
<hr/>		



COMPLIANCE AND INTERNAL CONTROLS SECTION



A Limited Liability Partnership

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

Board of Trustees  
Sonora Independent School District  
404 East 1<sup>st</sup> Street  
Sonora, TX 76950

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sonora Independent School District as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 13, 2024.

**Report on Internal Control Over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

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

**Purpose of This Report**

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

*Eckert & Company, LLP*

November 13, 2024



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

Board of Trustees  
Sonora Independent School District  
404 East 1<sup>st</sup> Street  
Sonora, TX 76950

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

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

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

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

***Basis for Opinion on Each Major Federal Program***

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

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

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above have occurred, whether due to fraud or error, and express an opinion on the Sonora Independent School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting a 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 Sonora Independent School District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Sonora Independent School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Sonora Independent School 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 Sonora Independent School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control Over Compliance**

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

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

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

**Purpose of This Report**

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

*Eckert & Company, LLP*

November 13, 2024

SONORA INDEPENDENT SCHOOL DISTRICT  
 Schedule of Findings and Questioned Costs  
 Year Ended August 31, 2024

**A. Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued Unmodified

Internal Control Over Financial Reporting

Material weaknesses identified? \_\_\_ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_ Yes X None Reported

Noncompliance material to financial statements noted? \_\_\_ Yes X No

**Federal Awards**

Internal Control Over Major Programs

Material weaknesses identified? \_\_\_ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_ Yes X None Reported

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

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? \_\_\_ Yes X No

**Identification of Major Programs**

Federal Assistance

Listing No.    Name of Federal Program or Cluster

Child Nutrition Cluster

- 10.553        School Breakfast Program
- 10.555        National School Lunch Program - Cash Assistance
- 10.555        National School Lunch Program - Non-Cash Assistance
- 10.555        COVID-19 National School Lunch Program - Supply Chain Grant
- 10.559        Summer Feeding Program - Cash Assistance

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

Auditee qualified as low-risk auditee? X Yes \_\_\_ No

SONORA INDEPENDENT SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs - Continued  
Year Ended August 31, 2024

**B. Findings - Financial Statements Audit**

None

**C. Findings and Questioned Costs - Major Federal Award Programs Audit**

None

**D. Findings - State Compliance**

None



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

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Direct Programs</u>			
Small, Rural School Achievement Program	84.358A	S358A233845	\$ 22,541
Total Direct Programs			<u>22,541</u>
<u>Passed Through Education Service Center</u>			
School-Based Mental Health Services Grant Program	84.184H	S184H220059-22A	32,000
Total Passed Through Education Service Center			<u>32,000</u>
<u>Passed Through Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	24610101218901	137,568
ESEA, Title I, Part A - Improving Basic Programs	84.010A	25610101218901	14,381
Total Assistance Listing Number 84.010			<u>151,949</u>
Career and Technical - Effective Advising Planning	84.048A	V048A230043	125,951
*IDEA - Part B, Formula	84.027A	246600012189016600	321,454
*COVID-19 IDEA - Part B, Formula - American Rescue Plan	84.027X	225350022189015350	18,306
Total Assistance Listing Number 84.027			<u>339,760</u>
*IDEA - Part B, Preschool	84.173A	246610012189016610	5,260
*COVID-19 IDEA - Part B, Preschool - American Rescue Plan	84.173X	225360022189015360	190
Total Assistance Listing Number 84.173			<u>5,450</u>
Total Special Education Cluster (IDEA)			<u>345,210</u>
ESEA, Title IV, Part A, Subpart 1	84.424A	24680101218901	11,430
ESEA, Title IV, Part A, Subpart 1	84.424A	25680101218901	1,166
Total Assistance Listing Number 84.424			<u>12,596</u>
ESEA, Title II, Part A - Supporting Effective Instruction	84.367A	24694501218901	24,579
ESEA, Title II, Part A - Supporting Effective Instruction	84.367A	25694501218901	3,023
Total Assistance Listing Number 84.367			<u>27,602</u>
ESF: COVID-19 ARP ESSER III Grant	84.425U	21528001218901	118,685
Total Passed Through Texas Education Agency			<u>781,993</u>
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<u>836,534</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through the Texas Department of Agriculture</u>			
*School Breakfast Program (Cash)	10.553	246TX332N1099	154,487
*National School Lunch Program (Cash)	10.555	246TX332N1099	231,593
*National School Lunch Program (Non-Cash)	10.555	24-218901	33,863
*COVID-19 Nat'l School Lunch - Supply Chain Grant (Cash)	10.555	236TX400N8903	32,786
Total Assistance Listing Number 10.555			<u>298,242</u>
*Summer Feeding Program (Cash)	10.559	246TX332N1099	14,949
Total Child Nutrition Cluster			<u>467,678</u>
State Administrative Expenses (SAE) for Child Nutrition	10.560	226TX312N2533	117
State Administrative Expenses (SAE) for Child Nutrition	10.560	236TX312N2533	730
Total Assistance Listing Number 10.560			<u>847</u>
Total Passed Through the Texas Department of Agriculture			<u>468,525</u>

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

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<u>468,525</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 1,305,059</u>

\*Clustered Programs

SONORA INDEPENDENT SCHOOL DISTRICT  
Notes to the Schedule of Expenditures of Federal Awards  
August 31, 2024

Note A - Summary of Significant Accounting Policies

The District utilizes the fund types specified in the Texas Education Agency's *Financial Accountability System Resource Guide*.

Federal and state awards generally are accounted for in a Special Revenue Fund, a component of the governmental fund types. A Special Revenue Fund is used to account for resources restricted to, or committed for, specific purposes by a grantor.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds represent increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for these funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the liability is incurred, if measurable, except for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District has a negotiated indirect cost rate and is not eligible to utilize the de minimis indirect cost rate.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned. Generally, unused balances are returned to the grantor at the close of specified project periods.

Note B - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District under programs of the federal government for the year ended August 31, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note C - Reconciliation to Basic Financial Statements

The following is a reconciliation of expenditures of federal awards programs per the schedule of expenditures of federal awards and federal revenues reported on Exhibit C-3:

Total Expenditures of Federal Awards	\$ 1,305,059
School Health and Related Services (SHARS) Program	<u>9,702</u>
Federal Program Revenues Per Exhibit C-3	<u><u>\$ 1,314,761</u></u>