



NAVARRO
INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2024



NAVARRO
INDEPENDENT SCHOOL DISTRICT

NAVARRO INDEPENDENT SCHOOL DISTRICT
 ANNUAL FINANCIAL REPORT
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CERTIFICATE OF BOARD

Navarro Independent School District
Name of School District

Guadalupe
County

094-903
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) _____ approved _____ disapproved for the Year ended August 31, 2024, at a meeting of the board of trustees of such school district on the _____ day of _____, _____.

Signature of Board Secretary

Signature of Board President



Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Navarro Independent School District
6450 N. State Hwy 123
Seguin, Texas 78155

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 Navarro Independent School District, as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise Navarro Independent School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Navarro Independent School District, as of August 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Navarro Independent School District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Navarro 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 Responsibility for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Navarro 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 Navarro 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 required supplementary information (consisting of management's discussion and analysis and the required supplementary information section as listed in the table of contents) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 Navarro Independent School District's basic financial statements. The supplementary information (as listed in the table of contents) and schedule of expenditures of federal awards (SEFA), as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) 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.

The supplementary information and SEFA are 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. Such 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 supplementary information and SEFA are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

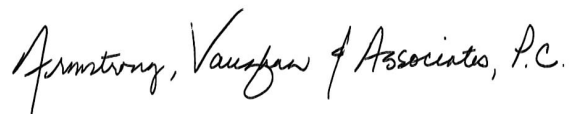
Other Information

Management is responsible for the other information included in the annual report. The other information (as listed in the table of contents) does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2024 on our consideration of Navarro 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 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 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 Navarro Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,



Armstrong, Vaughan & Associates, P.C.
November 25, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Navarro Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal period ended August 31, 2024. Please read it in conjunction with the Independent Auditor's Report, which precedes this Analysis and the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position increased by \$4.3 million as a result of this period's operations.
- Total cost of all of the District's programs increased \$6.9 million or 22.7% from prior without adding any new programs. The increase is attributable added positions to accommodate increasing growth within the District as well as to compensation adjustments. Additionally, the District incurred increased costs associated with technology and evaluation services.
- Governmental fund balances increased \$18.0 million primarily due to the issuance of bonds.
- General Fund expenditures for the fiscal period were \$1.2 million less than the final budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Government-Wide Statements

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

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

- Viewed over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's tax base.

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

Fund Financial Statements

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

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

The District has the following kinds of funds:

- *Governmental funds*—All of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* can readily be converted to cash flow in and out and (2) the balances left at period-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Fiduciary fund*—Student activity funds are held by the district for the benefit of the various student groups. The custodial fund segregates those funds from the rest of the District's operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's net position was a \$17.2 million at August 31, 2024 (See Table A-1). Of this amount, \$7.8 million is invested in capital assets, and \$2.7 million is restricted, leaving a balance in unrestricted net position of \$6.7 million.

Table A-1
Navarro Independent School District's Net Position

	Governmental Activities		Percentage Change
	8/31/24	8/31/23	
<i>Assets:</i>			
Cash	\$ 79,233,728	\$ 19,381,639	308.8%
Other Current Assets	51,290,697	84,689,341	-39.4%
Property and Equipment (net)	90,220,220	50,684,823	78.0%
<i>Total Assets</i>	<u>220,744,645</u>	<u>154,755,803</u>	42.6%
<i>Deferred Outflows</i>	<u>5,491,459</u>	<u>4,043,260</u>	35.8%
<i>Liabilities</i>			
Current Liabilities	13,251,444	3,783,267	250.3%
Long-term Liabilities	190,561,621	136,617,643	39.5%
<i>Total Liabilities</i>	<u>203,813,065</u>	<u>140,400,910</u>	45.2%
<i>Deferred Inflows</i>	<u>5,198,030</u>	<u>5,512,079</u>	-5.7%
<i>Net Position:</i>			
Net Investment in Capital Assets	7,842,118	6,756,996	16.1%
Restricted	2,680,350	2,593,560	3.3%
Unrestricted	6,702,541	3,535,518	89.6%
<i>Total Net Position</i>	<u>\$ 17,225,009</u>	<u>\$ 12,886,074</u>	33.7%

Changes in Net Position

The District's total revenues were \$41.8 million, an increase of \$5.6 million. Property taxes decreased because of state compression, but state revenues increased by more than the reduction. A significant amount of this revenue, \$17.7 million or 42.4% comes from local taxes, while \$20.0 million or 47.9% came from state, federal and local grants.

The total cost of all programs and services increased \$6.9 million to \$37.4 million. Most of the increase is attributable to staff compensation and increasing costs associated with the District's growth. Instruction and instruction related service costs were \$21.6 million or 57.7% of total expenses.

Table A-2 presents the cost of each of the District's functions with a comparison to the prior period.

Table A-2
Changes in Navarro Independent School District's Net Position

	Governmental Activities		Percentage Change
	2024	2023	
<i>Program Revenues:</i>			
Charges for Services	\$ 1,002,611	\$ 971,862	3.2%
Operating Grants & Contributions	5,059,007	3,210,850	57.6%
<i>General Revenues:</i>			
Property Taxes	17,740,860	19,504,197	-9.0%
General Grants	14,960,287	7,800,639	91.8%
Investment Earnings	2,879,340	3,326,831	-13.5%
Miscellaneous	173,060	1,427,196	-87.9%
<i>Total Revenues</i>	41,815,165	36,241,575	15.4%
<i>Expenses:</i>			
Instruction	18,722,297	15,079,360	24.2%
Instructional Resources & Media	383,039	359,395	6.6%
Curriculum & Staff Development	113,928	113,325	0.5%
Instructional Leadership	364,199	336,938	8.1%
School Leadership	1,256,803	1,065,303	18.0%
Guidance, Counseling, Evaluation	546,004	536,382	1.8%
Health Services	219,996	221,044	-0.5%
Student Transportation	1,444,161	975,536	48.0%
Food Service	1,589,309	1,338,770	18.7%
Cocurricular/ Extracurricular Activities	1,272,724	1,190,330	6.9%
General Administration	1,088,000	964,552	12.8%
Plant Maintenance & Operations	3,991,175	3,221,846	23.9%
Security and Monitoring Services	732,904	316,439	131.6%
Data Processing Services	722,787	612,148	18.1%
Community Services	24,418	14,718	65.9%
Interest on Long-Term Debt	4,155,469	3,980,188	4.4%
Bond Issuance Costs and Fees	576,530	3,750	15274.1%
Facilities Acquisition and Construction	2,150	-	100.0%
Other Intergovernmental Charges	270,337	221,262	22.2%
<i>Total Expenses</i>	37,476,230	30,551,286	22.7%
<i>Increase (Decrease) in Net Position</i>	4,338,935	5,690,289	-23.7%
<i>Beginning Net Position</i>	12,886,074	7,195,785	
<i>Ending Net Position</i>	\$ 17,225,009	\$ 12,886,074	

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$41.9 million, an increase of \$5.0 million compared to the preceding period. Increases in state allotments outpaced the reductions in local property taxes and federal grants.

Expenditures from governmental fund types totaled \$78.9 million, an increase of \$38.8 million compared to the preceding period. Most of the increase was concentrated in capital outlay associated with the bond projects and stadium turf.

BUDGETARY HIGHLIGHTS

In accordance with state law and generally accepted accounting standards, the District prepares an annual budget for the general fund, the food service special revenue fund, and the debt service fund. Special revenue funds have budgets approved by the funding agency and are amended throughout the year as required.

The General Fund's expenditures were \$1.2 million less than the final budgeted expenditures. Combined with revenues and other financing sources, the General Fund balance increased by \$1.6 million compared to an expected reduction in fund balance of \$216 thousand.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At August 31, 2024, the District had invested \$118.9 million in a broad range of capital assets, including land, equipment, vehicles and buildings (See Table A-3). The most significant change in capital assets this year occurred with the purchase of land for the future elementary school as well as construction and professional services such as architects, engineers, and surveying related to construction of the new high school.

Table A-3
Changes in Navarro Independent School District's Capital Assets

	Beginning Balance	Additions	Disposals	Ending Balance
Land	\$ 4,968,200	\$ 1,623,181	\$ -	\$ 6,591,381
Construction in Progress	7,911,471	37,408,411	-	45,319,882
Buildings and Improvements	59,120,375	1,936,649	(1,254,646)	59,802,378
Vehicles	2,714,889	1,457,675	-	4,172,564
Equipment	2,970,444	75,731	(5,806)	3,040,369
Less: Accumulated Depreciation	(27,000,556)	(2,244,828)	539,030	(28,706,354)
Total Capital Assets	<u>\$ 50,684,823</u>	<u>\$ 40,256,819</u>	<u>\$ (721,422)</u>	<u>\$ 90,220,220</u>

Land and Construction in Progress are not depreciated.

Long Term Debt

At period-end the District owed \$182.9 million for outstanding bonds and notes payable (including unamortized premiums). More detailed information about the District's debt is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT PERIOD'S BUDGETS AND TAX RATES

The following factors were considered in establishing the District's budget for 2024-2025:

The budget was prepared based upon a certified value in the amount of \$1,909,196,483 (not included in that total is \$71,615,072 under protest). These values were also based on the \$100,000 homestead exemption. The previous year's net taxable values were certified in August by the Guadalupe County Appraisal District at \$1,650,054,876 (not including \$96,680,572 under protest). Thus, certified values increased \$259 million over the previous year's values, primarily due to new home construction and increased assessed values on residences already within the district. The District had been projected to be subject to revenue recapture in 2023-2024, but after final adjustments and settle up at the end of 2023-24 no recapture was required. For 2024-25 it is anticipated that the recapture amount will be approximately \$48,674. This was included in the 2024-25 budget as a reduction in anticipated state funding. The District continues to plan conservatively in order to assure continued financial stability. In August 2024, the Board adopted a general fund budget of \$28,962,800. A maintenance and operations tax rate of \$0.7228 was adopted to support the budget and is reflective of the effective rate. This rate represented a decrease of \$0.0023 over the prior year. This decrease was due to required tax compression based on legislative action and increased property values.

The Board approved an interest and sinking fund rate of \$0.4599. This was a increase of \$0.0449 over the prior year. This increase was due to the issuance of \$55 million in new bond debt. The total tax rate of \$1.1827 represented an increase of \$0.0426 from the prior year's rate of \$1.1401.

The District continues to experience growth with the number of housing developments that are currently under construction within the District. According to the demographic study presented to the Board in April 2024, the demographer anticipates new home construction to remain at 600 to 700 homes per year for the next 5 to 10 years which will cause student enrollment to increase by approximately 10% per year.

The District issued \$1 million in maintenance tax notes in November 2023 to finance renovation of the softball field and the removal and replacement of the synthetic turf on the football field. In May, the District's voters approved \$120 million in new bonds for a new elementary school, high school athletic complex and various upgrades at the remainder of the District's campuses. The District issued the balance of the \$35 million in bonds (remainder of the \$130 million in bonds approved by the voters in November 2021) plus \$20 million from bonds approved in May 2024. It is anticipated that a large portion of the remaining \$100 million in bonds approved in 2024 will be issued in 2025 depending on the growth in property values in 2025.

DISTRICT HIGHLIGHTS

The District earned a Superior rating according to the Financial Integrity Rating System of Texas (FIRST).

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, we invite you to contact the District's Finance Office, 6450 N. State Hwy 123, Seguin, Texas 78155.

BASIC FINANCIAL STATEMENTS

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

Data Control Codes		1 Governmental Activities
	<i>ASSETS:</i>	
1110	Cash and Cash Equivalents	\$ 79,233,728
1120	Current Investments	45,443,369
1225	Property Taxes Receivable (Net)	466,396
1240	Due from Other Governments	4,779,957
1250	Accrued Interest	540,215
1290	Other Receivables	39,395
1300	Inventories	21,365
	<i>Capital Assets:</i>	
1510	Land	6,591,381
1520	Buildings and Improvements, Net	36,446,304
1531	Vehicles, Net	1,593,070
1539	Furniture and Equipment, Net	269,583
1580	Construction in Progress	45,319,882
1000	<i>TOTAL ASSETS:</i>	<u>220,744,645</u>
	<i>DEFERRED OUTFLOW OF RESOURCES:</i>	
	Deferred Loss on Debt Refunding	191,139
	Deferred Pension Related Outflows	3,405,091
	Deferred OPEB Related Outflows	1,895,229
1700	<i>TOTAL DEFERRED OUTFLOWS:</i>	<u>5,491,459</u>
	<i>LIABILITIES:</i>	
2110	Accounts Payable	7,025,511
2140	Interest Payable	311,483
2150	Payroll Deductions & Withholding	101
2160	Accrued Wages	1,383,735
2160	Accrued Wages	1,920,853
2200	Accrued Expenses	29,564
2300	Unearned Revenue	119,744
	<i>Noncurrent Liabilities:</i>	
2501	Due Within One Year	2,460,453
2502	Due in More Than One Year	180,398,889
2540	Net Pension Liability	6,920,441
2545	Net OPEB Liability	3,242,291
2000	<i>TOTAL LIABILITIES:</i>	<u>\$ 203,813,065</u>

The accompanying notes are an integral part of this statement

NAVARRO INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF NET POSITION (CONTINUED)
 AUGUST 31, 2024

<u>Data Control Codes</u>	<u>1 Governmental Activities</u>
<i>DEFERRED INFLOW OF RESOURCES:</i>	
	\$ 335,637
	4,862,393
2600 <i>TOTAL DEFERRED INFLOWS:</i>	<u>5,198,030</u>
<i>NET POSITION:</i>	
3200 Net Investment in Capital Assets	7,842,118
Restricted For:	
3850 Debt Service	1,683,961
3820 State and Federal Grant Restrictions	597,646
3890 Other Restrictions	398,743
3900 Unrestricted	6,702,541
3000 <i>TOTAL NET POSITION:</i>	<u>\$ 17,225,009</u>

The accompanying notes are an integral part of this statement



NAVARRO
INDEPENDENT SCHOOL DISTRICT

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

Data Control Codes	Functions/Programs	1	3	4	6
		Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Net Revenue (Expense) and Changes in Net Position Governmental Activities
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 18,722,297	\$ 87,441	\$ 1,512,802	\$ (17,122,054)
12	Instructional Resources and Media Services	383,039	-	-	(383,039)
13	Curriculum and Staff Development	113,928	-	29,272	(84,656)
21	Instructional Leadership	364,199	-	37,835	(326,364)
23	School Leadership	1,256,803	-	-	(1,256,803)
31	Guidance, Counseling, & Evaluation Services	546,004	-	526	(545,478)
33	Health Services	219,996	-	67,830	(152,166)
34	Student Transportation	1,444,161	-	-	(1,444,161)
35	Food Services	1,589,309	613,599	2,039,696	1,063,986
36	Cocurricular/Extracurricular Activities	1,272,724	283,280	178,114	(811,330)
41	General Administration	1,088,000	-	6,142	(1,081,858)
51	Plant Maintenance and Operations	3,991,175	18,291	297,155	(3,675,729)
52	Security and Monitoring Services	732,904	-	235,402	(497,502)
53	Data Processing Services	722,787	-	17,748	(705,039)
61	Community Services	24,418	-	4,659	(19,759)
72	Interest on Long-Term Debt	4,155,469	-	631,826	(3,523,643)
73	Bond Issuance Costs and Fees	576,530	-	-	(576,530)
81	Facilities Acquisition and Construction	2,150	-	-	(2,150)
99	Other Intergovernmental Charges	270,337	-	-	(270,337)
TG	Total Governmental Activities	<u>37,476,230</u>	<u>1,002,611</u>	<u>5,059,007</u>	<u>(31,414,612)</u>
TP	Total Primary Government	<u>\$ 37,476,230</u>	<u>\$ 1,002,611</u>	<u>\$ 5,059,007</u>	<u>(31,414,612)</u>
<i>General Revenues:</i>					
MT	Property Taxes, Levied for General Purposes				11,288,645
DT	Property Taxes, Levied for Debt Service				6,452,215
GC	Grants and Contributions Not Restricted to Specific Progra				14,960,287
IE	Investment Earnings				2,879,340
MI	Miscellaneous				173,060
TR	Total General Revenues				<u>35,753,547</u>
CN	Change in Net Position				4,338,935
NB	Net Position - Beginning				12,886,074
NE	Net Position - Ending				<u>\$ 17,225,009</u>

The accompanying notes are an integral part of this statement

NAVARRO INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
AUGUST 31, 2024

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects Fund	Other Nonmajor Governmental Funds	98 Total Governmental Funds	
ASSETS						
1110	Cash and Cash Equivalents	\$ 10,642,390	\$ 1,859,871	\$ 65,621,743	\$ 1,109,724	\$ 79,233,728
1120	Current Investments	-	-	45,443,369	-	45,443,369
1225	Taxes Receivable, Net	330,823	135,573	-	-	466,396
1240	Due from Other Governments	4,382,598	-	-	397,359	4,779,957
1250	Accrued Interest	-	-	540,215	-	540,215
1260	Due from Other Funds	254,672	-	-	-	254,672
1290	Other Receivables	-	-	-	39,395	39,395
1300	Inventories	21,365	-	-	-	21,365
1000	TOTAL ASSETS:	<u>\$ 15,631,848</u>	<u>\$ 1,995,444</u>	<u>\$ 111,605,327</u>	<u>\$ 1,546,478</u>	<u>\$ 130,779,097</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:						
<i>LIABILITIES:</i>						
2110	Accounts Payable	\$ 301,047	\$ -	\$ 6,553,774	\$ 170,690	\$ 7,025,511
2150	Payroll Deductions & Withholding	101	-	-	-	101
2160	Accrued Wages Payable	1,341,384	-	-	42,351	1,383,735
2170	Due to Other Funds	-	-	-	254,672	254,672
2180	Due to Other Governments	-	-	1,920,853	-	1,920,853
2200	Accrued Expenditures	28,693	-	-	871	29,564
2300	Unearned Revenue	38,239	-	-	81,505	119,744
2000	TOTAL LIABILITIES:	<u>1,709,464</u>	<u>-</u>	<u>8,474,627</u>	<u>550,089</u>	<u>10,734,180</u>
<i>DEFERRED INFLOWS OF RESOURCES:</i>						
2600	Unavailable Property Tax Revenue	330,823	135,573	-	-	466,396
2600	TOTAL DEFERRED INFLOWS:	<u>330,823</u>	<u>135,573</u>	<u>-</u>	<u>-</u>	<u>466,396</u>
<i>FUND BALANCES:</i>						
<i>Nonspendable:</i>						
3410	Prepays and Inventories	21,365	-	-	-	21,365
<i>Restricted:</i>						
3450	State and Federal Restrictions	-	-	-	597,646	597,646
3470	Capital Acquisition and Contractual Obligations	-	-	103,130,700	-	103,130,700
3480	Debt Service	-	1,859,871	-	-	1,859,871
3490	Other Restrictions	-	-	-	398,743	398,743
<i>Committed:</i>						
3510	Construction	703,938	-	-	-	703,938
3545	Other Commitments	1,450,726	-	-	-	1,450,726
3600	<i>Unassigned</i>	11,415,532	-	-	-	11,415,532
3000	TOTAL FUND BALANCES:	<u>13,591,561</u>	<u>1,859,871</u>	<u>103,130,700</u>	<u>996,389</u>	<u>119,578,521</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
4000		<u>\$ 15,631,848</u>	<u>\$ 1,995,444</u>	<u>\$ 111,605,327</u>	<u>\$ 1,546,478</u>	<u>\$ 130,779,097</u>

The accompanying notes are an integral part of this statement.

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

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS	\$ 119,578,521
<p>Amounts reported for governmental activities in the Statement of Net Position ("SNP") are different because:</p>	
<p>Capital Assets used in governmental activities are not financial resources and therefore, are not reported in the funds.</p>	90,220,220
<p>Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds.</p>	466,396
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, not reported in the funds.</p>	(182,668,203)
<p>Net pension liabilities (and related deferred inflows and outflows of resources) do not consume current financial resources and are not reported in the funds.</p>	
<p>Net Pension Liability (6,920,441)</p>	
<p>Pension Related Deferred Inflows (335,637)</p>	
<p>Pension Related Deferred Outflows 3,405,091</p>	
<p>Net OPEB Liability (3,242,291)</p>	
<p>OPEB Related Deferred Inflows (4,862,393)</p>	
<p>OPEB Related Deferred Outflows <u>1,895,229</u></p>	(10,060,442)
<p>Accrued interest payable on long-term bonds is not due and payable in the current period, and therefore, not reported in the funds.</p>	<u>(311,483)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u>\$ 17,225,009</u>

The accompanying notes are an integral part of this statement.

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

Data Control Codes	Functions/Programs	10 General Fund	50 Debt Service Fund	60 Capital Projects Fund	Other Nonmajor Governmental Funds	98 Total Governmental Funds
REVENUES:						
5700	Local and Intermediate Sources	\$ 12,217,143	\$ 6,652,708	\$ 1,742,607	\$ 1,013,569	\$ 21,626,027
5800	State Program Revenues	15,201,299	631,826	-	1,758,190	17,591,315
5900	Federal Program Revenues	67,830	-	-	2,627,631	2,695,461
5020	<i>Total Revenues</i>	<u>27,486,272</u>	<u>7,284,534</u>	<u>1,742,607</u>	<u>5,399,390</u>	<u>41,912,803</u>
EXPENDITURES:						
0011	Instruction	15,523,113	-	-	2,227,832	17,750,945
0012	Instructional Resources and Media Services	383,039	-	-	-	383,039
0013	Curriculum and Staff Development	70,821	-	-	43,107	113,928
0021	Instructional Leadership	308,481	-	-	55,718	364,199
0023	School Leadership	1,268,688	-	-	-	1,268,688
0031	Guidance, Counseling, & Evaluation Services	556,761	-	-	774	557,535
0033	Health Services	219,996	-	-	-	219,996
0034	Student Transportation	1,203,867	-	1,451,080	-	2,654,947
0035	Food Service	-	-	-	1,587,029	1,587,029
0036	Cocurricular/Extracurricular Activities	939,320	-	-	262,300	1,201,620
0041	General Administration	1,086,272	-	-	9,045	1,095,317
0051	Plant Maintenance and Operations	2,319,895	-	-	437,606	2,757,501
0052	Security and Monitoring Services	353,362	-	-	346,665	700,027
0053	Data Processing Services	671,608	-	-	26,137	697,745
0061	Community Services	17,557	-	-	6,861	24,418
0071	Principal on Long-Term Debt	189,176	1,410,000	-	-	1,599,176
0072	Interest on Long-Term Debt	42,790	4,168,136	-	-	4,210,926
0073	Bond Issuance Costs and Fees	22,806	9,689	544,035	-	576,530
0081	Facilities Acquisition and Construction	1,414,411	-	39,078,335	359,859	40,852,605
0099	Other Intergovernmental Charges	270,337	-	-	-	270,337
6030	<i>Total Expenditures</i>	<u>26,862,300</u>	<u>5,587,825</u>	<u>41,073,450</u>	<u>5,362,933</u>	<u>78,886,508</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>623,972</u>	<u>1,696,709</u>	<u>(39,330,843)</u>	<u>36,457</u>	<u>(36,973,705)</u>
Other Financing Sources and (Uses)						
7911	Issuance of Bonds	-	-	54,780,000	-	54,780,000
7912	Sale of Real and Personal Property	7,742	-	-	-	7,742
7914	Issuance of Tax Notes	1,000,000	-	-	-	1,000,000
7916	Premiums on Issuance of Debt	-	-	764,035	-	764,035
7917	Prepaid Interest	-	168,950	-	-	168,950
8940	Payment to Refunding Escrow Agent	-	(1,700,000)	-	-	(1,700,000)
7080	<i>Total Other Financing Sources and (Uses)</i>	<u>1,007,742</u>	<u>(1,531,050)</u>	<u>55,544,035</u>	<u>-</u>	<u>55,020,727</u>
1200	Net Change in Fund Balances	1,631,714	165,659	16,213,192	36,457	18,047,022
0100	Fund Balances - Beginning	11,959,847	1,694,212	86,917,508	959,932	101,531,499
3000	Fund Balances - Ending	<u>\$ 13,591,561</u>	<u>\$ 1,859,871</u>	<u>\$ 103,130,700</u>	<u>\$ 996,389</u>	<u>\$ 119,578,521</u>

The accompanying notes are an integral part of this statement.

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

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 18,047,022

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. However in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlay	\$ 42,501,647	
Depreciation	<u>(2,244,828)</u>	40,256,819

In the Statement of Activities, only the gain or loss on the disposal of a capital asset is reported, whereas in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of disposed assets. (721,422)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds. This is the net change in those revenues over the year. 21,076

The issuance of long-term debt (e.g. bonds & notes payable) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Issuance of Bonds	(54,780,000)	
Issuance of Tax Notes	(1,000,000)	
Premiums on Bond Issuance	(764,035)	
Principal Payment on Bonds	1,599,176	
Payment to Refunding Escrow Agent	<u>1,700,000</u>	(53,244,859)

Governmental funds report required contributions to employee pensions and other post-employment benefits as expenditures. However in the Statement of Activities the cost of the benefits is recorded based on the actuarially determined cost of the plan. This is the amount that contributions exceeded the the actuarially determined expense.

Pension	(716,613)	
Retiree Insurance (OPEB)	<u>641,454</u>	(75,159)

Some expenses reported in the Statement of Activities (including accreted and accrued interest expense) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. Governmental funds report the net effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Change in Accrued Interest	(131,553)	
Change in Accreted Interest	(159,903)	
Amortization of Refunding Losses	(33,576)	
Amortization of Bond Premiums	<u>380,490</u>	55,458

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES \$ 4,338,935

The accompanying notes are an integral part of this statement.

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

	Custodial Fund <hr/> Student Activity Fund <hr/>
<i>ASSETS:</i>	
Cash and Cash Equivalents	\$ 123,580
<i>Total Assets</i>	<hr/> 123,580 <hr/>
<i>LIABILITIES:</i>	
<i>Current Liabilities</i>	
Accounts Payable	3,099
<i>Total Liabilities</i>	<hr/> 3,099 <hr/>
<i>NET POSITION:</i>	
<i>Total Net Position</i>	<hr/> \$ 120,481 <hr/>

The accompanying notes are an integral part of this statement.

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

	<u>Custodial Fund</u> <u>Student Activity Fund</u>
Additions:	
Contributions	\$ 203,708
Total Additions	<u>203,708</u>
Deductions:	
Supplies	<u>216,923</u>
Total Deductions	<u>216,923</u>
Changes in Net Position	(13,215)
Net Position - Beginning of Year	<u>133,696</u>
Net Position - End of Year	<u><u>\$ 120,481</u></u>

The accompanying notes are an integral part of this statement.

NAVARRO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

A. Summary of Significant Accounting Policies

The basic financial statements of Navarro Independent School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide ("Resource Guide"). The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The Board of School Trustees ("Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental "reporting entity" and there are no component units included within the reporting entity.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations are made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

NAVARRO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AUGUST 31, 2024

A. Summary of Significant Accounting Policies (Continued)

2. Basis of Presentation, Basis of Accounting (Continued)

a. Basis of Presentation (Continued)

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

Debt Service Fund: Is used to account for all funds collected and disbursed for the retirement of governmental debt.

Capital Projects Fund: Is used to account for the proceeds from bond issuances related to capital acquisition and construction.

Additionally, the District reports the following nonmajor fund types:

Special Revenue Fund: Is used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The District accounts for each federal and state grant in a separate special revenue fund.

Fiduciary Funds: These funds hold resources for others for which the District is a custodian. 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 reports custodial funds for the District's student activity funds as fiduciary funds.

b. Measurement Focus, Basis of Accounting

Government-wide Financial Statements: These financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and using the economic resources measurement focus. The government-wide expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal period for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal period in which all eligibility requirements have been satisfied.

NAVARRO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AUGUST 31, 2024

A. Summary of Significant Accounting Policies (Continued)

2. Basis of Presentation, Basis of Accounting (Continued)

b. Measurement Focus, Basis of Accounting (Continued)

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District does not consider revenues collected after its period-end to be available in the current period. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

3. Financial Statement Amounts

a. Cash and Cash Equivalents

Highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased. For the District, this includes local government investment pools and money market funds.

b. Investments

The District reports investments at fair value based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool maintains a consistent net asset value per share that approximates the fair value of the underlying securities. These investments are reported at net asset value.

NAVARRO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AUGUST 31, 2024

A. Summary of Significant Accounting Policies (Continued)

3. Financial Statement Amounts (Continued)

c. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property 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 period following the period in which imposed. On January 1 of each period, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. The District has recorded allowances for uncollectible property tax receivables in the amounts of \$32,719 and \$13,408 for the General and Debt Service Funds, respectively.

d. Inventories and Prepaid Items

The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

e. Receivable and Payable Balances

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 of period end.

f. Deferred Inflows and Outflows of Resources

A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period while a deferred inflow of resources is an acquisition of net position. These items are presented in separate sections following assets (deferred outflows) or liabilities (deferred inflows) on the statement of net position.

NAVARRO INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 AUGUST 31, 2024

A. Summary of Significant Accounting Policies (Continued)

3. Financial Statement Amounts (Continued)

g. Capital Assets

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 two years. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost 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 being depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings and Improvements	15-40 years
Vehicles	5-20 years
Equipment	3-15 years

h. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line on the government-wide statement of net position.

i. Pensions

The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement System of Texas (TRS) and additions to/ deductions from TRS's fiduciary net position have been determined on the same basis as they are reported by TRS. For this purpose, 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.

NAVARRO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AUGUST 31, 2024

A. Summary of Significant Accounting Policies (Continued)

3. Financial Statement Amounts (Continued)

j. Other Post-Employment Benefits

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 OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS'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.

k. Net Position - Government-wide Statement of Net Position

Net position is classified as follows:

Restricted - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Net Investment in Capital Assets - represents the balances of capital assets less the outstanding balances of debt related to the acquisition of the capital assets. This amount is separated from unrestricted net position so that the unrestricted classification represents net position more readily available to fund operations.

Unrestricted - Represents the residual net position that is not restricted or capital in nature.

l. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the District's Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Board of Trustees. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

NAVARRO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AUGUST 31, 2024

A. Summary of Significant Accounting Policies (Continued)

3. Financial Statement Amounts (Continued)

l. Fund Balances - Governmental Funds (Continued)

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority. Currently, the Superintendent and Assistant Superintendent for Business and Finance have been delegated the authority to assign balances. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund, conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

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

m. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

n. Data Control Codes

Data Control Codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA in order to ensure accuracy in building a statewide database for policy development and funding plans.

B. Deposits and Investments

1. Cash Deposits:

The District's funds are required to be deposited and invested under the terms of a depository contract. The District's cash deposits at August 31, 2024 and during the period ended August 31, 2024, were entirely covered by FDIC insurance and securities pledged by the District's depository.

NAVARRO INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 AUGUST 31, 2024

B. Deposits and Investments (Continued)

2. Investments:

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected 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.

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

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

The District's investments at August 31, 2024 are as follows:

<u>Investment or Investment Type</u>	<u>Maturity (Days)</u>	<u>Rating</u>	<u>Reported Value</u>	<u>Method</u>
<i>Reported as Cash Equivalents</i>				
First Public/Lone Star Investment	Demand	AAAm	\$ 70,432,893	Net Asset Value
SAMCO Capital - Govt Overnight	Demand	N/A	4,561,681	Net Asset Value
<i>Reported as Current Investments</i>				
SAMCO Capital - U.S. Treasury Securities	58	AAA	<u>45,443,369</u>	Fair Value
Total Investments			<u><u>\$ 120,437,943</u></u>	

The debt securities are reported at fair value based on Level 2 inputs.

NAVARRO INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 AUGUST 31, 2024

B. Deposits and Investments (Continued)

2. Investments (Continued):

The District participates in the First Public Local Government Pool ("Lone Star"), an external investment pool. A Board of Trustees composed of participants of Lone Star is responsible for the overall management of the pool. An independent, third-party investment consultant—CAPTRUST Financial Advisors—reports directly to the Board of Trustees. This firm reviews the Pool's daily operations, makes sure investment transactions fit with the Pool's Investment Policy, monitors the custodian bank, and compares the investment advisor's performance with that of peer funds and other benchmarks. Two other firms, American Beacon Advisors and Standish, manage the investment and reinvestment of the Lone Star's assets. The pool seeks to maintain a net asset value of \$0.50 per share, which approximates fair value.

The District was not exposed to significant credit, custodial credit, concentration of credit, interest rate or foreign currency risk.

C. Capital Assets

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

	Beginning Balances	Increases	Decreases/ Transfers	Ending Balances
Governmental Activities:				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 4,968,200	\$ 1,623,181	\$ -	\$ 6,591,381
Construction in Progress	7,911,471	37,408,411		45,319,882
<i>Total Capital Assets Not Being Depreciated</i>	<u>12,879,671</u>	<u>39,031,592</u>	<u>-</u>	<u>51,911,263</u>
<i>Capital Assets Being Depreciated:</i>				
Buildings and Improvements	59,120,375	1,936,649	(1,254,646)	59,802,378
Vehicles	2,714,889	1,457,675	-	4,172,564
Equipment	2,970,444	75,731	(5,806)	3,040,369
<i>Total Capital Assets Being Depreciated</i>	<u>64,805,708</u>	<u>3,470,055</u>	<u>(1,260,452)</u>	<u>67,015,311</u>
<i>Less Accumulated Depreciation For:</i>				
Buildings and Improvements	(21,937,250)	(1,952,048)	533,224	(23,356,074)
Vehicles	(2,355,362)	(224,132)	-	(2,579,494)
Equipment	(2,707,944)	(68,648)	5,806	(2,770,786)
<i>Total Accumulated Depreciation</i>	<u>(27,000,556)</u>	<u>(2,244,828)</u>	<u>539,030</u>	<u>(28,706,354)</u>
Total Capital Assets Being Depreciated, Net	37,805,152	1,225,227	(721,422)	38,308,957
<i>Governmental Activities Capital Assets, Net</i>	<u>\$ 50,684,823</u>	<u>\$ 40,256,819</u>	<u>\$ (721,422)</u>	<u>\$ 90,220,220</u>

NAVARRO INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 AUGUST 31, 2024

C. Capital Assets (Continued)

Depreciation was charged to functions as follows:

11 Instruction	\$ 1,138,429
34 Student Transportation	240,294
35 Food Services	43,679
36 Cocurricular/Extracurricular Activities	96,250
51 Plant Maintenance and Operations	643,331
52 Security and Monitoring	57,803
53 Data Processing	25,042
	\$ 2,244,828

D. Interfund Balances and Activities

Balances due to and from other funds at August 31, 2024 consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Other Governmental Funds	\$ 254,672	Short-term pooled cash loans
	Total	\$ 254,672	

NAVARRO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AUGUST 31, 2024

E. Long-Term Obligations

Long-term obligations include building, refunding and maintenance bonds. Changes in long-term obligations for the period ended August 31, 2024, are as follows:

	Beginning Balances	Increases	Decreases	Ending Balances	Amounts Due Within One Year
Governmental Activities:					
<i>Public Offering</i>					
2004 Building	\$ 1,065,494	\$ -	\$ -	\$ 1,065,494	\$ -
Accreted Interest	1,889,461	159,903	-	2,049,364	-
2015 Building	2,485,000	-	(50,000)	2,435,000	65,000
2016 Building	9,125,000	-	(50,000)	9,075,000	50,000
2017 Building	7,605,000	-	(125,000)	7,480,000	120,000
2019 Refunding	6,265,000	-	(2,605,000)	3,660,000	995,000
2022 Building	85,750,000	-	(100,000)	85,650,000	100,000
2024 Building	-	54,780,000	-	54,780,000	800,000
<i>Private Placement</i>					
2021 Refunding	3,675,000	-	(120,000)	3,555,000	115,000
2021A Refunding	720,000	-	(60,000)	660,000	60,000
2011 Tax Notes	141,000	-	(45,000)	96,000	47,000
2023 Tax Notes	-	1,000,000	(90,000)	910,000	85,000
SECO Loan	31,263	-	(31,263)	-	-
GVEC Loan	190,087	-	(22,913)	167,174	23,453
Unamortized Premiums	10,892,765	764,035	(380,490)	11,276,310	-
<i>Total Bonds</i>	<u>129,835,070</u>	<u>56,703,938</u>	<u>(3,679,666)</u>	<u>182,859,342</u>	<u>\$ 2,460,453</u>
Net Pension Liability	5,109,771	1,810,670	-	6,920,441	
Net OPEB Liability	3,181,978	60,313	-	3,242,291	
<i>Total Governmental Activities</i>	<u>\$ 138,126,819</u>	<u>\$ 58,574,921</u>	<u>\$ (3,679,666)</u>	<u>\$ 193,022,074</u>	

Unlimited Tax School Building Bonds have interest rates of 2.786-5.0%
Unlimited Tax School Refunding Bonds have interest rates of 1.48-3.07%
Maintenance Tax Notes, SECO, and GVEC Loans have an interest rates of 0.25-4.97%

In accordance with Securities and Exchange Act of 1934 Rule 15c2-12, the District has entered into a continuing disclosure agreement with the Municipal Securities Rulemaking Board. The District has complied with these continuing disclosures.

During the year ended August 31, 2024, the District issued revenue bonds, Series 2024 in the amount of \$54,780,000 of the \$120,000,000 approved bonds to provide resources for construction including a new elementary school on a new site and various renovations and district improvements.

NAVARRO INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 AUGUST 31, 2024

E. Long-Term Obligations (Continued)

In 2024, the District used debt service funds to defease \$1.7 million in bonds. The cash was placed in escrow until the call dates of February 15, 2026 and February 15, 2027. The bonds have been removed from these statements.

The District's private placement obligations have no subjective acceleration clauses or termination events.

Debt Service requirements on bonded debt at August 31, 2024, are as follows:

Year Ending August 31,	Public Offering		
	Principal	Interest	Total
2025	\$ 2,130,000	\$ 6,667,061	\$ 8,797,061
2026	430,000	6,324,837	6,754,837
2027	945,000	6,303,601	7,248,601
2028	1,760,000	6,253,298	8,013,298
2029	1,715,000	6,194,112	7,909,112
2030-2034	5,410,494	30,393,981	35,804,475
2035-2039	17,750,000	28,306,474	46,056,474
2040-2044	23,485,000	24,637,613	48,122,613
2045-2049	29,390,000	19,621,875	49,011,875
2050-2054	36,150,000	13,313,812	49,463,812
2055-2059	44,980,000	5,091,028	50,071,028
Totals	<u>\$164,145,494</u>	<u>\$ 153,107,692</u>	<u>\$ 317,253,186</u>

Year Ending August 31,	Private Placement		
	Principal	Interest	Total
2025	\$ 330,453	\$ 111,405	\$ 441,858
2026	353,005	102,180	455,185
2027	299,570	92,676	392,246
2028	310,149	84,863	395,012
2029	320,741	76,721	397,462
2030-2034	3,774,256	102,172	3,876,428
Totals	<u>\$ 5,388,174</u>	<u>\$ 570,017</u>	<u>\$ 5,958,191</u>

The outstanding bonds include both serial bonds and capital appreciation bonds. The interest shown above with respect to the capital appreciation bonds includes interest to be paid on the bonds maturing in the respective years and does not include accrued interest on bonds not maturing in those years.

NAVARRO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AUGUST 31, 2024

F. Risk Management

Property and Liability Program

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

G. Pension Plan

1. Plan Description

The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS) and is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms. All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

2. Pension Plan Fiduciary Net Position

Detail information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://www.trs.state.tx.us/pagesabout_publications.aspx or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

3. Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (1) above.

NAVARRO INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 AUGUST 31, 2024

G. Pension Plan (Continued)

3. Benefits Provided (Continued)

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

4. Contributions

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member’s annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025.

	Contribution Rates	
	Plan fiscal year	
	2023	2024
Member (Employee)	8.00%	8.25%
Non-employer Contributing Entity (State)	8.00%	8.25%
Employer	8.00%	8.25%

	Contributions Required and Made
Member (Employee)	\$ 1,417,697
Non-employer contributing agency (State)	925,593
District	652,606

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

NAVARRO INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 AUGUST 31, 2024

G. Pension Plan (Continued)

4. Contributions (Continued)

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to.

- 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.
- All public schools, charter schools, and regional educational service centers must contribute 1.9 percent of the member's salary, gradually increasing to 2 percent in fiscal year 2025.

5. Actuarial Assumptions

The total pension liability in the August 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2022 rolled forward to August 31, 2023
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term Expected Rate	7.00%
Municipal Bond Rate	3.13% Fidelity 20-Year AA Municipal
Last Year in Projection Period	2122
Inflation	2.30%
Salary Increases Including Inflation	2.95% to 8.95%, including inflation
Ad Hoc Post-Employment Benefit Changes	None

NAVARRO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AUGUST 31, 2024

G. Pension Plan (Continued)

5. Actuarial Assumptions (Continued)

The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2022. For a full description of these assumptions please see the actuarial valuation report dated November 12, 2021.

6. Discount Rate

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

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 7.00%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2023 are summarized below:

NAVARRO INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 AUGUST 31, 2024

G. Pension Plan (Continued)

6. Discount Rate (Continued)

Asset Class	Target Allocation	Long-Term Expected Portfolio Real Rate of Return	Expected Contribution to Portfolio Return
Global Equity			
U.S.	18%	4.0%	1.00%
Non-U.S. Developed	13%	4.5%	0.90%
Emerging Markets	9%	4.8%	0.70%
Private Equity	14%	7.0%	1.50%
Stable Value			
Government Bonds	16%	2.5%	0.50%
Absolute Return	0%	3.6%	0.00%
Stable Value Hedge Funds	5%	4.1%	0.20%
Real Return			
Real Estate	15%	4.9%	1.10%
Energy and Natural Resources	6%	4.8%	0.40%
Commodities	0%	4.5%	0.00%
Risk Parity			
Risk Parity	8%	4.5%	0.40%
Asset Allocation Leverage			
Cash	2%	3.7%	0.00%
Asset Allocation Leverage	-6%	4.4%	-0.10%
Inflation Expectation			2.30%
Volatility Drag			-0.90%
Total	<u>100%</u>		<u>8.00%</u>

7. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used in measuring the Net Pension Liability.

	1% Decrease <u>(6.00%)</u>	Current Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
District's Proportionate Share Net Pension Liability	\$ 10,346,442	\$ 6,920,441	\$ 4,071,719

NAVARRO INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 AUGUST 31, 2024

G. Pension Plan (Continued)

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

At August 31, 2024, the District reported a liability of \$6,920,441 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 Proportionate Share	\$ 6,920,441
State's Proportionate Share	<u>12,368,938</u>
	<u>\$ 19,289,379</u>

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

At August 31, 2023, the employer's proportion of the collective net pension liability was 0.0100748371% which was an increase of 0.0014678089% from its proportion measured as of August 31, 2022.

There were no changes to the actuarial assumptions or other inputs that affected the measurement of the total pension liability since the prior measurement date.

For the year ended August 31, 2024, the District recognized pension expense of \$3,237,178, which included \$1,867,603 in support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 246,578	\$ 83,799
Changes in actuarial assumptions	654,538	160,180
Difference between projected and actual investment earnings	1,007,093	-
Changes in proportion and difference between the employer's	844,276	91,658
Contributions paid to TRS subsequent to the measurement date	652,606	-
	\$ 3,405,091	\$ 335,637

NAVARRO INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 AUGUST 31, 2024

G. Pension Plan (Continued)

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

The \$652,606 in deferred outflows of resources related to pensions from District contributions after the measurement date will be recognized as a reduction of the net pension liability in the plan year ended August 31, 2024. The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending August 31,</u>	<u>Pension Expense Amount</u>
2025	\$ 524,484
2026	366,324
2027	1,012,310
2028	408,925
2029	104,805
Thereafter	-
	<u><u>\$ 2,416,848</u></u>

H. Other Post-Employment Benefits – Retiree Health Care Plan

1. Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan with a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature. The TRS Board of Trustees administers the TRS-Care program and the related fund in accordance with Texas Insurance Code Chapter 1575. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. The Board may adopt rules, plans, procedures, and orders reasonably necessary to administer the program, including minimum benefits and financing standards.

2. OPEB Plan Fiduciary Net Position

Detailed information about the TRS-Care's fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://www.trs.state.tx.us/pagesabout_publications.aspx; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

NAVARRO INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 AUGUST 31, 2024

H. Other Post-Employment Benefits – Retiree Health Care Plan (Continued)

3. Benefits Provided

TRS-Care provides health insurance coverage to retirees from public and charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee. Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high- deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS- Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. There are no automatic post-employment benefit changes; including automatic COLAs.

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

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

4. 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 made from the state, active employees, and school districts based upon public school district payroll. The TRS Board of Trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the state’s contribution rate which is 1.25% of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than .25% or not more than .75% percent 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.

NAVARRO INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 AUGUST 31, 2024

H. Other Post-Employment Benefits - Retiree Health Care Plan (Continued)

4. Contributions (Continued)

	Contribution Rates	
	Years Ending August 31,	
	2023	2024
Member (Employee)	0.65%	0.65%
Non-employer Contributing Entity (State)	1.25%	1.25%
Employer	0.75%	0.75%
	Contributions Required and Made	
	\$	
Member (Employee)	111,697	
Non-employer contributing agency (State)	153,302	
District	164,678	

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 employers hire a TRS retiree, they are required to pay to TRS-Care a monthly surcharge of \$535 per retiree.

5. Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2022. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2023. The actuarial valuation was determined using the following actuarial assumptions:

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%
Aging Factors	Based on plan specific experience
Election Rates	Normal Retirement: 62% participation prior to age 65 and 25% after age 65. 30% of pre-65 retirees are assumed to discontinue coverage at age 65
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Projected Salary Increases	3.05% to 9.05%, including inflation
Ad hoc post-employment benefit changes	None

NAVARRO INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 AUGUST 31, 2024

H. Other Post-Employment Benefits - Retiree Health Care Plan (Continued)

5. Actuarial Assumptions (Continued)

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017. 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	General Inflation	Rates of Retirement
Wage Inflation	Rates of Termination	Rates of Disability

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, with full generational projection using the ultimate improvement rates from the mortality projection scale MP-2021.

6. Discount Rate

A single discount rate of 4.13% was used to measure the total OPEB liability. There was an increase of 0.22 percent in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

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 municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

7. Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (3.13%)	Discount Rate (4.13%)	1% Increase in Discount Rate (5.13%)
District's Proportionate Share of Net OPEB Liability	\$ 3,818,743	\$ 3,242,291	\$ 2,771,892

NAVARRO INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 AUGUST 31, 2024

H. Other Post-Employment Benefits - Retiree Health Care Plan (Continued)

8. Healthcare Cost Trend 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% point lower or 1% point higher than the assumed healthcare cost trend rate.

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
District's Proportionate Share of Net OPEB Liability	\$ 2,669,864	\$ 3,242,291	\$ 3,978,719

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

At August 31, 2024, the District reported a liability of \$3,242,291 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 Proportionate Share	\$ 3,242,291
State's Proportionate Share	<u>3,912,322</u>
	<u>\$ 7,154,613</u>

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

At August 31, 2023, the employer's proportion of the collective net OPEB liability was 0.0146456137%, which was an increase of 0.0013563680% from its proportionate share measured as of August 31, 2022.

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

- The discount rate changed from 3.91 percent as of August 31, 2022 to 4.13 percent as of August 31, 2023, accompanied by revised demographic and economic assumptions based on the TRS experience study.
- There were no changes in benefit terms since the prior measurement date.

For the year ended August 31, 2024, the District recognized OPEB expense of \$(1,313,149) including \$(836,372) in savings recognized by the State.

NAVARRO INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 AUGUST 31, 2024

H. Other Post-Employment Benefits - Retiree Health Care Plan (Continued)

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 146,689	\$ 2,727,773
Changes in actuarial assumptions	442,549	1,985,341
Difference between projected and actual investment earnings	1,400	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	1,139,913	149,279
Contributions paid to TRS subsequent to the measurement date	164,678	-
	\$ 1,895,229	\$ 4,862,393

The \$164,678 in deferred outflows of resources related to OPEB from District contributions after the measurement date will be recognized as a reduction of the net OPEB liability in the plan year ended August 31, 2024. The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

Year ending August 31,	OPEB Expense Amount
2025	\$ (746,651)
2026	(597,940)
2027	(396,612)
2028	(468,364)
2029	(418,096)
Thereafter	(504,179)
	\$ (3,131,842)

I. Medicare Part D Coverage

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2024, 2023 and 2022, the subsidy payments received by TRS-Care on behalf of the District were \$98,282, \$84,226, and \$56,991, respectively.

NAVARRO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AUGUST 31, 2024

J. Employee Health Care Coverage

During the period ended August 31, 2024, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$225 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third party administrator, acting on behalf of the licensed insurer. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement. The contract between the District and the third party administrator is renewable September 1, and terms of coverage and premium costs are included in the contractual provisions. Latest financial statements for the Plan are available for the year ended August 31, 2023, have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

K. Commitments and Contingencies

1. Contingencies

The District participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired.

2. Litigation

The District is subject to various claims through its normal course of business and employment practices. Management and legal counsel are not aware of any pending or threatened litigation against the District that would have a material financial impact on the District.

3. Commitments

The District has entered into professional services related to construction contracts for various bond projects for a total of \$109,826,559. As of August 31, 2024, \$44,513,575 of services had been incurred leaving estimated future commitments associated with the architects, engineers, and contractors of \$65,312,984.

L. Fund Balance Commitments

The District's Board of Trustees have committed funds in the General Fund of \$704 thousand for future construction and \$1.45 million for technology upgrades, land purchase, and other minor improvements.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

NAVARRO INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes		1		2	3	Variance with Final Budget
		Budgeted Amounts		Final	Actual	
		Original				
	REVENUES					
5700	Local and Intermediate Sources	\$ 12,669,053	\$ 12,265,053	\$ 12,217,143	\$ (47,910)	
5800	State Program Revenues	11,799,098	14,455,098	15,201,299	746,201	
5900	Federal Program Revenues	90,000	90,000	67,830	(22,170)	
5020	Total Revenues	<u>24,558,151</u>	<u>26,810,151</u>	<u>27,486,272</u>	<u>676,121</u>	
	EXPENDITURES					
0011	Instruction	14,535,007	15,762,617	15,523,113	239,504	
0012	Instructional Resources and Media Services	434,519	436,519	383,039	53,480	
0013	Curriculum and Staff Development	123,965	123,965	70,821	53,144	
0021	Instructional Leadership	311,276	346,066	308,481	37,585	
0023	School Leadership	1,306,678	1,368,878	1,268,688	100,190	
0031	Guidance, Counseling and Evaluation Services	672,558	674,158	556,761	117,397	
0033	Health Services	217,385	248,635	219,996	28,639	
0034	Student (Pupil) Transportation	1,059,668	1,314,728	1,203,867	110,861	
0036	Cocurricular/Extracurricular Activities	997,163	1,047,813	939,320	108,493	
0041	General Administration	1,137,321	1,186,721	1,086,272	100,449	
0051	Plant Maintenance and Operations	2,663,851	2,425,351	2,319,895	105,456	
0052	Security and Monitoring Services	299,150	377,050	353,362	23,688	
0053	Data Processing Services	626,229	727,304	671,608	55,696	
0061	Community Services	18,400	18,400	17,557	843	
0071	Debt Service	110,550	255,518	254,772	746	
0081	Facilities Acquisition and Construction	20,000	1,439,980	1,414,411	25,569	
0099	Other Intergovernmental Charges	272,000	272,000	270,337	1,663	
6030	Total Expenditures	<u>24,805,720</u>	<u>28,025,703</u>	<u>26,862,300</u>	<u>1,163,403</u>	
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(247,569)</u>	<u>(1,215,552)</u>	<u>623,972</u>	<u>1,839,524</u>	
	OTHER FINANCING SOURCES (USES):					
7912	Sale of Real and Personal Property	-	-	7,742	7,742	
7914	Issuance of Tax Notes	-	1,000,000	1,000,000	-	
7080	<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>1,000,000</u>	<u>1,007,742</u>	<u>7,742</u>	
1200	Net Change in Fund Balance	(247,569)	(215,552)	1,631,714	1,847,266	
0100	Fund Balance - Beginning	<u>11,959,847</u>	<u>11,959,847</u>	<u>11,959,847</u>	<u>-</u>	
3000	Fund Balance - Ending	<u>\$ 11,712,278</u>	<u>\$ 11,744,295</u>	<u>\$ 13,591,561</u>	<u>\$ 1,847,266</u>	

NAVARRO INDEPENDENT SCHOOL DISTRICT
NOTES TO BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2024

Budgetary Information - The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The District maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Trustees and as such is a good management control device. The following funds have legally adopted annual budgets: General Fund, National School Breakfast and Lunch Program (Special Revenue), and Debt Service Fund.

Budgetary preparation and control is exercised at the function level. Actual expenditures may not legally exceed appropriations at the fund level.

NAVARRO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 AUGUST 31, 2024

Measurement Period Ending August 31,	District's Proportion of Net Pension Liability	District's Proportionate Share of the Net Pension Liability	State's Proportion of Net Pension Liability	Total Net Pension Liability	District's Covered Payroll for the Measurement Period	District's Proportionate Share of the Net Pension Liability as a % of Payroll	Plan Fiduciary Net Position As a % of Total Pension Liability
2023	0.0100748%	\$ 6,920,441	\$ 12,368,938	\$ 19,289,379	\$ 15,461,994	44.76%	73.15%
2022	0.0086070%	\$ 5,109,771	\$ 10,429,197	\$ 15,538,968	\$ 13,415,457	38.09%	75.62%
2021	0.0078812%	\$ 2,007,061	\$ 4,601,016	\$ 6,608,077	\$ 12,119,648	16.56%	88.79%
2020	0.0076917%	\$ 4,119,496	\$ 9,425,824	\$ 13,545,320	\$ 11,756,517	35.04%	75.54%
2019	0.0082664%	\$ 4,297,134	\$ 8,466,118	\$ 12,763,252	\$ 10,756,684	39.95%	75.24%
2018	0.0077672%	\$ 4,275,283	\$ 8,905,846	\$ 13,181,129	\$ 9,748,109	43.86%	73.74%
2017	0.0077723%	\$ 2,485,176	\$ 5,223,858	\$ 7,709,034	\$ 9,610,047	25.86%	82.17%
2016	0.0073668%	\$ 2,783,794	\$ 6,187,407	\$ 8,971,201	\$ 9,079,142	30.66%	78.00%
2015	0.0074949%	\$ 2,649,347	\$ 5,836,898	\$ 8,486,245	\$ 8,687,243	30.50%	78.43%
2014	0.0043390%	\$ 1,159,007	\$ 5,076,492	\$ 6,235,499	\$ 8,374,332	13.84%	83.25%

NAVARRO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS – TEACHER RETIREMENT SYSTEM
 FOR THE YEAR ENDED AUGUST 31, 2024

Fiscal Year Ending August 31,	Contractually Required Contribution	Contributions Made	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percent Covered Payroll
2024	\$ 652,606	\$ 652,606	\$ -	\$ 17,184,210	3.80%
2023	\$ 517,515	\$ 517,515	\$ -	\$ 15,461,994	3.35%
2022	\$ 401,820	\$ 401,820	\$ -	\$ 13,415,457	3.00%
2021	\$ 337,538	\$ 337,538	\$ -	\$ 12,119,648	2.79%
2020	\$ 314,356	\$ 314,356	\$ -	\$ 11,756,517	2.67%
2019	\$ 289,334	\$ 289,334	\$ -	\$ 10,756,684	2.69%
2018	\$ 309,512	\$ 309,512	\$ -	\$ 9,748,109	3.18%
2017	\$ 302,300	\$ 302,300	\$ -	\$ 9,610,047	3.15%
2016	\$ 281,670	\$ 281,670	\$ -	\$ 9,079,142	3.10%
2015	\$ 281,073	\$ 281,073	\$ -	\$ 8,687,243	3.24%

NAVARRO INDEPENDENT SCHOOL DISTRICT
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION ON PENSIONS
 AUGUST 31, 2024

The following actuarial assumptions were applied for the most recent valuation:

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	3.13% Fidelity 20-Year AA Municipal
Last Year in Projection Period	2122
Inflation	2.30%
Salary Increases Including Inflation	2.95% to 8.95%, including inflation
Ad Hoc Post-Employment Benefit Changes	None

The following were changes to the actuarial assumptions or other inputs that affected the measurement of the pension liability during the years ending August 31:

2023	None
2022	Expected rate of return reduced from 7.25% to 7.00% Municipal bond rate increased from 1.95% to 3.91%
2021	Municipal bond rate reduced from 2.3% to 1.95%
2020	Municipal bond rate reduced from 2.6% to 2.3%
2019	Municipal bond rate reduced from 3.7% to 2.6%
2018	Inflation rate reduced from 2.5% to 2.3% Expected rate of return reduced from 8% to 7.25% Salary increases reduced from 3.5-9.5% to 3.05-9.05%
2017	None
2016	None

There have been no changes in benefit terms impacting the schedule.

NAVARRO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
 AUGUST 31, 2024

Measurement Period Ending August 31,	District's Proportion Of Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	State's Proportion Of Net OPEB Liability	Total Net OPEB Liability	District's Covered Payroll for the Measurement Period	District's Proportionate Share of the Net OPEB Liability as a % of Payroll	Plan Fiduciary Net Position As a % of Total OPEB Liability
2023	0.0146456%	\$ 3,242,291	\$ 3,912,322	\$ 7,154,613	\$ 15,461,994	20.97%	14.94%
2022	0.0132892%	\$ 3,181,978	\$ 3,881,513	\$ 7,063,491	\$ 13,415,457	23.72%	11.52%
2021	0.0136099%	\$ 5,249,935	\$ 7,033,743	\$ 12,283,678	\$ 12,119,648	43.32%	6.18%
2020	0.0129592%	\$ 4,926,378	\$ 6,619,872	\$ 11,546,250	\$ 11,756,517	41.90%	4.99%
2019	0.0129424%	\$ 6,120,604	\$ 8,132,915	\$ 14,253,519	\$ 10,756,684	56.90%	2.66%
2018	0.0123489%	\$ 6,165,936	\$ 8,702,561	\$ 14,868,497	\$ 9,748,109	63.25%	1.57%
2017	0.0122077%	\$ 5,308,673	\$ 7,645,514	\$ 12,954,187	\$ 9,610,047	55.24%	0.91%

Note: Amounts presented for each fiscal period were determined as of the year ending August 31 of the previous calendar year. Amounts are being accumulated until ten years are presented.

NAVARRO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS – TEACHER RETIREMENT SYSTEM
 RETIREE INSURANCE
 FOR THE YEAR ENDED AUGUST 31, 2024

<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions Made</u>	<u>Contribution Deficiency (Excess)</u>	<u>District's Covered Payroll</u>	<u>Contributions as a Percent Covered Payroll</u>
2024	\$ 164,678	\$ 164,678	\$ -	\$ 17,184,210	0.96%
2023	\$ 127,047	\$ 127,047	\$ -	\$ 15,461,994	0.82%
2022	\$ 109,150	\$ 109,150	\$ -	\$ 13,415,457	0.81%
2021	\$ 106,319	\$ 106,319	\$ -	\$ 12,119,648	0.88%
2020	\$ 98,494	\$ 98,494	\$ -	\$ 11,756,517	0.84%
2019	\$ 91,855	\$ 91,855	\$ -	\$ 10,756,684	0.85%
2018	\$ 11,302	\$ 11,302	\$ -	\$ 9,748,109	0.12%

Note: Amounts are being accumulated until 10 years are presented.

NAVARRO INDEPENDENT SCHOOL DISTRICT
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION ON OPEB
 AUGUST 31, 2024

The following actuarial assumptions were applied for the most recent valuation:

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%
Aging Factors	Based on plan specific experience
Election Rates	Normal Retirement: 62% participation prior to age 65 and 25% after age 65. 30% of pre-65 retirees are assumed to discontinue coverage at age 65
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Projected Salary Increases	3.05% to 9.05%, including inflation
Ad hoc post-employment benefit changes	None

The following were changes to the actuarial assumptions or other inputs that affected the measurement of the OPEB liability during the years ending August 31:

2023	Discount rate increased from 3.91% to 4.13%
2022	Discount rate increased from 1.95% to 3.91%
2021	Discount rate decreased from 2.33% to 1.95%
2020	Discount rate decreased from 2.63% to 2.33%
	Participation rate for post-65 retirees lowered from 50% to 40%
	Health care trend rate lowered from 4.5% to 4.25%
2019	Discount rate decreased from 3.69% to 2.63%
	Election rates reduced from 70% to 65%
2018	Inflation rate reduced from 2.5% to 2.3%
	Discount rate increased from 3.42% to 3.69%
	Salary increases reduced from 3.5-9.5% to 3.05-9.05%

There have been no changes in benefit terms impacting the schedule.



NAVARRO
INDEPENDENT SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements.

NAVARRO INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEETS
NONMAJOR FUNDS
AUGUST 31, 2024

Data Control Codes	Special Revenue Funds								
	211	224	225	240	244	255	279	282	
	Title I Part A	IDEA, Part B Formula	IDEA, Part B Preschool	National School Lunch	Carl Perkins Grant	ESEA Title II Part A	TCLAS - ESSER III	ESSER III	
ASSETS:									
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 719,389	\$ -	\$ -	\$ -	\$ -
1240	Due from Other Governments	15,440	21,715	-	5,224	-	13,406	14,825	5,052
1290	Other Receivables	-	-	-	-	-	-	-	-
1000	<i>Total Assets</i>	<u>\$ 15,440</u>	<u>\$ 21,715</u>	<u>\$ -</u>	<u>\$ 724,613</u>	<u>\$ -</u>	<u>\$ 13,406</u>	<u>\$ 14,825</u>	<u>\$ 5,052</u>
LIABILITIES:									
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ 3,340	\$ -	\$ -	\$ 910	\$ -
2160	Accrued Wages Payable	-	-	-	42,351	-	-	-	-
2170	Due to Other Funds	15,440	21,715	-	-	-	13,406	13,915	5,052
2200	Accrued Expenditures	-	-	-	871	-	-	-	-
2300	Unearned Revenue	-	-	-	80,405	-	-	-	-
2000	<i>Total Liabilities</i>	<u>15,440</u>	<u>21,715</u>	<u>-</u>	<u>126,967</u>	<u>-</u>	<u>13,406</u>	<u>14,825</u>	<u>5,052</u>
FUND BALANCES:									
<i>Restricted Fund Balances:</i>									
3450	State and Federal Programs	-	-	-	597,646	-	-	-	-
3490	Other Restrictions	-	-	-	-	-	-	-	-
3000	<i>Total Fund Balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>597,646</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balance	<u>\$ 15,440</u>	<u>\$ 21,715</u>	<u>\$ -</u>	<u>\$ 724,613</u>	<u>\$ -</u>	<u>\$ 13,406</u>	<u>\$ 14,825</u>	<u>\$ 5,052</u>

Special Revenue Funds									
385	397	410	429	461	491	495	498	499	Total
State Supp	Advanced	State	Other State	Campus		Lost	28 AA	Local	Total
Visually	Placement	Textbook	Special	Activity	E-Rate	Textbooks	UIL	Donations	Nonmajor
Impaired			Revenue	Funds			District		Funds
\$ -	\$ -	\$ -	\$ -	\$ 255,149	\$ 2,320	\$ 269	\$ 6,599	\$ 125,998	\$ 1,109,724
-	-	159,365	162,332	-	-	-	-	-	397,359
-	-	-	-	-	-	-	-	39,395	39,395
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 159,365</u>	<u>\$ 162,332</u>	<u>\$ 255,149</u>	<u>\$ 2,320</u>	<u>\$ 269</u>	<u>\$ 6,599</u>	<u>\$ 165,393</u>	<u>\$ 1,546,478</u>
\$ -	\$ -	\$ 5,598	\$ 130,255	\$ 2,572	\$ 2,237	\$ -	\$ -	\$ 25,778	\$ 170,690
-	-	-	-	-	-	-	-	-	42,351
-	-	153,767	31,377	-	-	-	-	-	254,672
-	-	-	-	-	-	-	-	-	871
-	-	-	700	-	-	-	-	400	81,505
-	-	159,365	162,332	2,572	2,237	-	-	26,178	550,089
-	-	-	-	-	-	-	-	-	597,646
-	-	-	-	252,577	83	269	6,599	139,215	398,743
-	-	-	-	252,577	83	269	6,599	139,215	996,389
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 159,365</u>	<u>\$ 162,332</u>	<u>\$ 255,149</u>	<u>\$ 2,320</u>	<u>\$ 269</u>	<u>\$ 6,599</u>	<u>\$ 165,393</u>	<u>\$ 1,546,478</u>

NAVARRO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE – NONMAJOR FUNDS
FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes		Special Revenue Funds							
		211	224	225	240	244	255	279	282
		Title I Part A	IDEA, Part B Formula	IDEA, Part B Preschool	National School Lunch	Carl Perkins Grant	ESEA Title II Part A	TCLAS - ESSER III	ESSER III
REVENUES									
5700	Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 652,778	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-	54,739	-	-	-	-
5900	Federal Program Revenues	156,314	361,848	9,154	933,760	4,376	47,672	389,110	725,397
5020	Total Revenues	<u>156,314</u>	<u>361,848</u>	<u>9,154</u>	<u>1,641,277</u>	<u>4,376</u>	<u>47,672</u>	<u>389,110</u>	<u>725,397</u>
EXPENDITURES									
<i>Current:</i>									
0011	Instruction	156,314	361,848	9,154	-	-	12,576	389,110	252,433
0013	Curriculum Development	-	-	-	-	4,376	35,096	-	-
0021	Instructional Leadership	-	-	-	-	-	-	-	45,464
0031	Guidance and Counseling	-	-	-	-	-	-	-	-
0035	Food Service	-	-	-	1,587,029	-	-	-	-
0036	Extracurricular Activities	-	-	-	-	-	-	-	-
0041	General Administration	-	-	-	-	-	-	-	8,931
0051	Plant Maintenance	-	-	-	11,757	-	-	-	411,251
0052	Security and Monitoring Services	-	-	-	-	-	-	-	-
0053	Data Processing	-	-	-	-	-	-	-	-
0061	Community Services	-	-	-	-	-	-	-	7,318
0081	Facilities Acquisition and Construction	-	-	-	-	-	-	-	-
6030	Total Expenditures	<u>156,314</u>	<u>361,848</u>	<u>9,154</u>	<u>1,598,786</u>	<u>4,376</u>	<u>47,672</u>	<u>389,110</u>	<u>725,397</u>
1200	Net Change in Fund Balances	-	-	-	42,491	-	-	-	-
0100	Fund Balances - Beginning	-	-	-	555,155	-	-	-	-
3000	Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 597,646</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Special Revenue Funds									
385	397	410	429	461	491	495	498	499	Total
State Supp Visually Impaired	Advanced Placement	State Textbook	Other State Special Revenue	Campus Activity Funds	E-Rate	Lost Textbooks	28 AA UIL District	Local Donations	Nonmajor Funds
\$ -	\$ -	\$ -	\$ -	\$ 200,949	\$ -	\$ -	\$ -	\$ 159,842	\$ 1,013,569
2,471	204	299,901	1,400,875	-	-	-	-	-	1,758,190
-	-	-	-	-	-	-	-	-	2,627,631
<u>2,471</u>	<u>204</u>	<u>299,901</u>	<u>1,400,875</u>	<u>200,949</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>159,842</u>	<u>5,399,390</u>
-	-	299,901	682,363	-	-	-	-	64,133	2,227,832
-	-	-	3,635	-	-	-	-	-	43,107
2,471	-	-	7,783	-	-	-	-	-	55,718
-	204	-	570	-	-	-	-	-	774
-	-	-	-	-	-	-	-	-	1,587,029
-	-	-	-	173,756	-	-	-	88,544	262,300
-	-	-	-	-	-	-	-	114	9,045
-	-	-	-	-	-	-	-	14,598	437,606
-	-	-	346,665	-	-	-	-	-	346,665
-	-	-	-	-	26,137	-	-	-	26,137
-	-	-	-	-	-	-	-	(457)	6,861
-	-	-	359,859	-	-	-	-	-	359,859
<u>2,471</u>	<u>204</u>	<u>299,901</u>	<u>1,400,875</u>	<u>173,756</u>	<u>26,137</u>	<u>-</u>	<u>-</u>	<u>166,932</u>	<u>5,362,933</u>
-	-	-	-	27,193	(26,137)	-	-	(7,090)	36,457
-	-	-	-	225,384	26,220	269	6,599	146,305	959,932
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 252,577</u>	<u>\$ 83</u>	<u>\$ 269</u>	<u>\$ 6,599</u>	<u>\$ 139,215</u>	<u>\$ 996,389</u>

NAVARRO INDEPENDENT SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
 FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes		1		2	3	Variance with Final Budget
		Budgeted Amounts				
		Original	Final	Actual		
	REVENUES					
5700	Local and Intermediate Sources	\$ 550,000	\$ 678,587	\$ 652,778	\$ (25,809)	
5800	State Program Revenues	60,000	68,000	54,739	(13,261)	
5900	Federal Program Revenues	920,000	1,239,270	933,760	(305,510)	
5020	Total Revenues	<u>1,530,000</u>	<u>1,985,857</u>	<u>1,641,277</u>	<u>(344,580)</u>	
	EXPENDITURES					
0035	Food Services	1,553,500	2,006,357	1,587,029	419,328	
0051	Plant Maintenance	11,000	14,000	11,757	2,243	
6030	Total Expenditures	<u>1,564,500</u>	<u>2,020,357</u>	<u>1,598,786</u>	<u>421,571</u>	
1200	Net Change in Fund Balance	(34,500)	(34,500)	42,491	76,991	
0100	Fund Balance - Beginning	555,155	555,155	555,155	-	
3000	Fund Balance - Ending	<u>\$ 520,655</u>	<u>\$ 520,655</u>	<u>\$ 597,646</u>	<u>\$ 76,991</u>	

NAVARRO INDEPENDENT SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 DEBT SERVICE FUND
 FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes		1		2	3	Variance with Final Budget
		Budgeted Amounts				
		Original	Final	Actual		
	REVENUES					
5700	Local and Intermediate Sources	\$ 7,028,915	\$ 6,589,951	\$ 6,652,708	\$ 62,757	
5800	State Program Revenues	518,133	627,722	631,826	4,104	
5020	Total Revenues	<u>7,547,048</u>	<u>7,217,673</u>	<u>7,284,534</u>	<u>66,861</u>	
	EXPENDITURES					
0071	Principal and Long-Term Debt	1,410,000	1,410,000	1,410,000	-	
0072	Interest on Long-Term Debt	4,101,243	4,168,143	4,168,136	7	
0073	Bond Issuance Costs and Fees	6,000	13,500	9,689	3,811	
6030	Total Expenditures	<u>5,517,243</u>	<u>5,591,643</u>	<u>5,587,825</u>	<u>3,818</u>	
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,029,805</u>	<u>1,626,030</u>	<u>1,696,709</u>	<u>70,679</u>	
	OTHER FINANCING SOURCES					
7917	Prepaid Interest	-	169,000	168,950	(50)	
8940	Payment to Refunding Escrow Agent	<u>(2,000,000)</u>	<u>(1,700,000)</u>	<u>(1,700,000)</u>	<u>-</u>	
7080	Total Other Financing Sources	<u>(2,000,000)</u>	<u>(1,531,000)</u>	<u>(1,531,050)</u>	<u>(50)</u>	
1200	Net Change in Fund Balance	29,805	95,030	165,659	70,629	
0100	Fund Balance - Beginning	<u>1,694,212</u>	<u>1,694,212</u>	<u>1,694,212</u>	<u>-</u>	
3000	Fund Balance - Ending	<u>\$ 1,724,017</u>	<u>\$ 1,789,242</u>	<u>\$ 1,859,871</u>	<u>\$ 70,629</u>	



NAVARRO
INDEPENDENT SCHOOL DISTRICT

OTHER INFORMATION

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

Fiscal Year Ended August 31,	1		2	3
	Tax Rates		Assessed/Appraised Value for School Tax Purposes*	Assessed/Appraised Value for School Tax Purposes*
	Maintenance	Debt Service		
2015 and Prior Years	\$ Various	\$ Various	\$ Various	
2016	1.1400	0.2500		697,111,439
2017	1.0996	0.2500		899,231,481
2018	1.1000	0.2500		965,801,164
2019	1.1200	0.2300		988,617,704
2020	1.0359	0.2400		1,036,425,660
2021	1.0223	0.2400		1,089,866,514
2022	0.9452	0.2400		1,215,421,785
2023	0.9105	0.4330		1,440,595,683
2024 (School Year Under Audit)*	0.7251	0.4150		1,562,526,533

1000 Totals

8000 - Taxes Refunded under Section 26.115 of the Tax Code provided by Section 11.42(f)

9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code

*Represents net taxable value after applicable exemptions, freeze adjustments, and discounts.

EXHIBIT J-1

10 Beginning Balance 9/1/23	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/24	99 Total Taxes refunded under Section 26.1115 (c)
\$ 61,071	\$ -	\$ 599	\$ 117	\$ (2,321)	\$ 58,034	\$ -
9,439	-	1,483	325	(73)	7,558	-
9,238	-	1,386	315	(155)	7,382	-
22,780	-	2,240	509	(139)	19,892	-
14,155	-	2,677	550	(131)	10,797	-
18,595	-	2,498	579	(112)	15,406	-
26,532	-	3,581	841	(357)	21,753	-
54,515	-	825	210	(13,489)	39,991	-
271,010	-	23,146	11,007	(171,374)	65,483	-
-	17,814,365	11,169,206	6,378,969	37	266,227	-
<u>\$ 487,335</u>	<u>\$ 17,814,365</u>	<u>\$ 11,207,641</u>	<u>\$ 6,393,422</u>	<u>\$ (188,114)</u>	<u>\$ 512,523</u>	<u>\$ -</u>
		\$ -				\$ 42,468

NAVARRO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REQUIRED RESPONSES TO SELECTED STATE PROGRAMS
 AS OF AUGUST 31, 2024

<u>Data Codes</u>		<u>Responses</u>
	<u>Section A: Compensatory Education Programs</u>	
AP1	Did your LEA expend any state compensatory education program state allotment funds during the District's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the District's fiscal year.	\$ 1,536,150
AP4	List the actual direct program expenditures for state compensatory education during the LEA's fiscal year (PICs 24, 26, 28, 29, 30)	\$ 988,331
	<u>Section B: Bilingual Education Programs</u>	
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$ 73,666
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PIC 25)	\$ 110,045

NAVARRO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
 AS OF AUGUST 31, 2024

<u>Data Control Codes</u>		<u>Responses</u>
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF4	Was the school district issued a warrant hold?	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end	\$ 2,049,364



NAVARRO
INDEPENDENT SCHOOL DISTRICT

COMPLIANCE SECTION



INDEPENDENT AUDITOR'S REPORT

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
Navarro Independent School District
Seguin, Texas

We have audited, 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, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Navarro Independent School District as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise Navarro Independent School District's basic financial statements, and have issued our report thereon dated November 25, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Navarro Independent School District's internal control over financial reporting (internal control) to determine the 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 Navarro Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Navarro 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Armstrong, Vaughan & Associates, P.C.".

Armstrong, Vaughan & Associates, P.C.

November 25, 2024



INDEPENDENT AUDITOR'S REPORT

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE

Board of Trustees
Navarro Independent School District
Seguin, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Navarro 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 Navarro Independent School District's major federal programs for the year ended August 31, 2024. Navarro 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, Navarro Independent School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Navarro 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 Navarro 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 Navarro 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 occurred, whether due to fraud or error, and express an opinion on Navarro 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Navarro Independent School District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Navarro 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 Navarro 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 Navarro 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

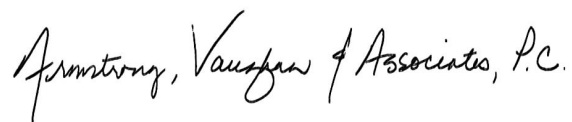
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in cursive script that reads "Armstrong, Vaughan & Associates, P.C.".

Armstrong, Vaughan & Associates, P.C.

November 25, 2024

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

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Any material weaknesses identified? Yes No

Any significant deficiencies identified? Yes No

Noncompliance material to financial Statements noted? Yes No

2. Federal Awards

Internal control over major programs:

Any material weaknesses identified? Yes No

Any significant deficiencies identified? Yes No

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425U	Elementary and Secondary School Emergency Relief Fund
84.027, 84.173	IDEA B – Special Education Cluster

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

Auditee qualified as low-risk auditee? Yes No

B. Financial Statement Findings
NONE

C. Federal Award Findings and Questioned Costs
NONE

D. Prior Audit Findings Related to Federal Awards
NONE

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

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Texas Education Agency</i>			
Title I Part A - Improving Basic Programs	84.010A	24610101094903	156,314
Title II Part A - Teacher & Principal Training & Recruiting	84.367A	24694501094903	35,096
Title IV Part A	84.424A	24680101094903	12,576
*IDEA-Part B, Formula	84.027A	246600010949036000	361,848
*IDEA-Part B, Preschool	84.173A	246610010949036000	9,154
Elementary and Secondary School Emergency Relief III	84.425U	21528001094903	416,691
Elementary and Secondary School Emergency Relief III - TCLAS	84.425U	21528042094903	389,110
Elementary and Secondary School Emergency Relief III - TCLAS	84.425U	215280587110104	308,706
<i>Total Passed Through Texas Education Agency</i>			1,689,495
<i>Passed Through Education Service Center Region XX</i>			
Carl Perkins V	84.048A	24420006015950	4,376
<i>Total Passed Through Education Service Center Region XX</i>			4,376
TOTAL U.S. DEPARTMENT OF EDUCATION			1,693,871
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Texas Department of Agriculture:</i>			
^School Breakfast Program	10.553	71402401	218,289
^National School Lunch	10.555	71302401	573,419
^Supply Chain Assistance Grant	10.555	094903	57,982
^Commodities #	10.555	094903	76,813
Local Food For Schools	10.185	094903	7,257
<i>Total Passed Through Texas Department of Agriculture</i>			933,760
TOTAL U.S. DEPARTMENT OF AGRICULTURE			933,760
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 2,627,631
# - Indicates Non-cash Assistance			
<i>Cluster Totals</i>			
* Special Education (IDEA)			\$ 371,002
^ Child Nutrition			\$ 926,503
<i>Program Totals</i>			
Elementary and Secondary School Emergency Relief			\$ 1,114,507
National School Lunch			\$ 708,214

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

1. For all Federal programs, the District uses the fund types specified in Texas Education Agency's Financial Accountability System Resource Guide. Special revenue funds are used to account for resources restricted, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in the General Fund or Special Revenue Fund, which are Governmental Fund types. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types and Fiduciary Funds. This basis of accounting recognizes revenue in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and accordingly, when such funds are received, they are recorded as deferred revenue until earned.

3. According to AAG-SLG Appendix D, Questions and Answers, most Medicaid arrangements between states and providers (SHARS) are contracts for services and not Federal assistance, they should not appear on the Schedule of Expenditures of Federal Awards.
4. Reconciliation of the Schedule of Expenditures of Federal Awards to Exhibit C-2 is as follows:

Federal Program Revenues and Expenditures:	
General Fund	\$ 67,830
Special Revenue Fund	2,627,631
	2,695,461
Less:	
Shared Health and Related Services (SHARS)	(67,830)
	(67,830)
Total per Schedule of Expenditures of Federal Awards (See Exhibit K-1)	\$ 2,627,631



NAVARRO
INDEPENDENT SCHOOL DISTRICT