PROGRESO INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
AUGUST 31, 2024

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TABLE OF CONTENTS

TABLE OF CONTENTS

CERTIFICATE OF BOARD

PROGRESO INDEPENDENT SCHOOL DISTRICT
Name of School District

108910
County 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 17 of December, 2024.

Signature of Board Secretary

Signature of Board President

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Progreso Independent School District

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

PLLC
CPA FIRM

Harlingen, Texas
December 17, 2024

The purpose of the Management's Discussion and Analysis (MD&A) is to help the Progreso Independent School District (District) residents and other readers understand what the financial statements and notes in this financial report say about the District's economic health and why it changed since last year. It contains information drawn from those other parts of the report, accompanied by explanations provided by the finance staff's knowledge of the District's finances.

This financial report is designed to give our citizens, taxpayers, customers, investors, and creditors a general overview of the District's finances and demonstrate its accountability. If you have questions about this report or need additional financial information, contact the District's Business Office by mail at 100 Business FM 1015/PO Box 610 Progreso, Texas 78579, or telephone at (956) 260-0209.

Overview Of The Financial Statements

The Financial Section of this Annual Financial Report consists of five parts: (1) *management's discussion and analysis* (this section), (2) the *basic financial statements,* (3) *required supplementary information,* (4) *supplementary information,* and *(5) other information,* which is the section that presents additional information required by the Texas Education Agency.

The basic financial statements include government-wide financial statements, which cover the District's governmental activities and provide readers with a broad overview of the District's finances, like a private-sector business. The District's services are reported in the government-wide financial statements. See the diagram in Figure A-1.

- *Governmental activities* compromise the District's most basic functions, such as instruction, instructional leadership, school leadership, food services, extracurricular activities, and general administration. Governmental activities are primarily financed by property taxes, grants and contributions, and federal and District aid formula grants.

The remaining statements are *fund financial statements* focusing on *individual parts* of the government, reporting the District's operations in more detail than the government-wide statements. As they imply, the *fund financial statements* disaggregate financial information by separate funds to report on the specific purposes for which resources are used or for which they are restricted. The District reports three groups of funds:

- *Governmental fund statements tell how general government services were financed in the short term* and what remains for future spending.

- *Proprietary fund* statements offer *short- and long-term financial information about the government's activities, such as businesses.*

- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* to benefit others to whom the resources belong. The District cannot use the resources in those funds to provide services, which is why they are not included in the government-wide financial statements.

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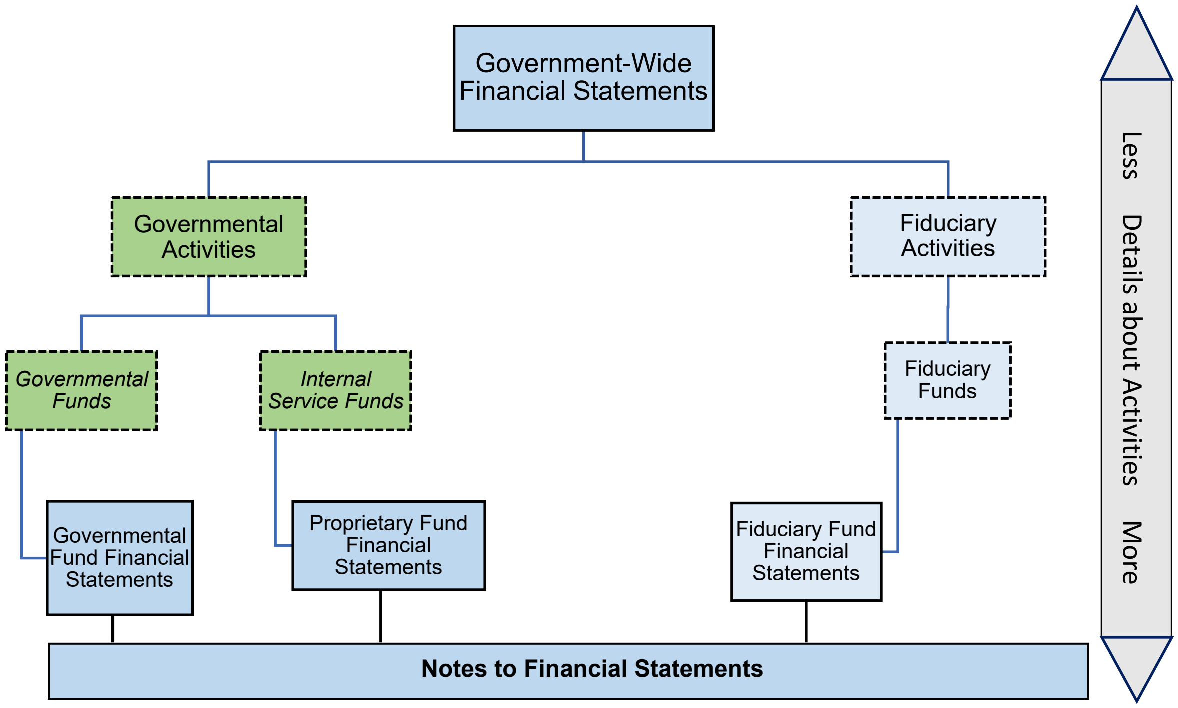
Figure A-1. Contents of the District's Basic Financial Statement



The next section of this financial report contains *notes to financial statements*, which provide a deeper analysis of the District's finances as reported in the financial statements. The information in the notes is as essential to understanding the District's finances as in the financial statements. The District uses notes to (1) present information in greater detail than is possible within the financial statements themselves, (2) explain the nature of amounts reported in the financial statements and how those amounts were determined, and (3) report certain information that does not meet the requirements for inclusion in the financial statements (such as certain contingencies).

The financial statements also include *notes* explaining some of the financial statement information and providing more detailed data. A section of required supplementary information follows 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 Statement.

Types of Information in the Financial Statements

- *Assets* — the resources the District controls, from short-term assets such as cash to long-term assets such as land, buildings, furniture, and equipment.

- *Liabilities* — amounts the District owes, from short-term liabilities such as salaries payable to long-term liabilities such as outstanding debt and net amounts owed to employees for pensions.

- *Deferred outflows of resources and deferred inflows of resources* — flows that occurred during the year or in prior years will not be reported as expenses and revenues until the future year to which they are related.

- *Revenues and expenses* — inflows and outflows of economic resources, respectively, related to the current year.

Governmental fund financial statements use the *current financial resources measurement focus and modified accrual basis of accounting* to report the sources, uses, and balances of current financial resources. The governmental funds do not report nonfinancial assets, such as capital assets, or certain other long-term items, such as general obligation bonds, but they do report the flows of current financial resources related to those long-term items; for example, the proceeds from issuing bonds or selling equipment, as well as principal and interest payments on bonds and spending on the construction of a District building.

Figure A-2. Types of Information Reported in the District’s Financial Statements

<table>
<tr><th rowspan="2"></th><th colspan="3">Financial Statements</th></tr>
<tr><th>Government-Wide</th><th>Fiduciary Fund</th><th>Governmental Fund</th></tr>
<tr><td>Types of assets and liabilities</td><td colspan="2">All assets and liabilities, both financial and non-financial, short and long-term.</td><td>Only current financial resources include cash, taxes receivable, and accounts payable.</td></tr>
<tr><td>Types of revenues/additions</td><td colspan="2">All types of revenues/additions that flow into the government during the year and that relate to that year, regardless of when cash is received.</td><td>Only revenues that are measurable and available to finance expenditures of that year.</td></tr>
<tr><td>Types of expenses, deductions, expenditures</td><td colspan="2">All types of expenses/deductions that flow out of the government during the year and that relate to that year, regardless of when cash is paid.</td><td>Only expenditures for which the related governmental fund liability is incurred in that year.</td></tr>
<tr><td>Types of deferred outflows of resources and deferred inflows of resources</td><td colspan="2">All types of resources that flow into and out of the government during the year that relate to a future year.</td><td>Current financial resources that flow into and out of the governmental funds during the year that relate to future years.</td></tr>
</table>

The first note to financial statements, the summary of significant accounting policies, begins on page 34 and provides more detail about the measurement focuses and bases of accounting.

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Analysis of the District’s Finances

Table A-1
District’s Net Position

	Governmental Activities		Total Increase (Decrease)
	2024	2023	2024
Assets:			
Current and Other Assets	$ 17,643,331	$ 22,371,044	$ (4,727,713)
Capital Assets	30,459,158	27,380,941	3,078,217
Total Assets	48,102,489	49,751,985	(1,649,496)
Deferred Outflows	3,076,561	3,588,661	(512,100)
Liabilities:			
Other Liabilities	3,155,008	3,170,858	(15,850)
Long-term liabilities	34,729,515	35,383,577	(654,062)
Total Liabilities	37,884,523	38,554,435	(669,912)
Deferred Inflows	9,229,308	11,004,846	(1,775,538)
Net Position:			
Net Investment in Capital Assets	3,500,361	(131,738)	3,632,099
Restricted	641,964	1,133,733	(491,769)
Unrestricted	(77,106)	2,779,370	(2,856,476)
Totat Net Position	$ 4,065,219	$ 3,781,365	$ 283,854

Table A-1 shows that as of August 31, 2024, the District’s net position—assets and deferred outflows minus liabilities and deferred inflows was $4,065,219, an increase of $283,854 or 7.51 percent compared with 2023. This increase is primarily due to a $3,632,099 million increase in net investment in capital assets and a decrease in current and long-term liabilities of $669,910 or 1.74 percent. Most of the net position increase resulted from the financial performance of the governmental activities.

Governmental Activities

Table A-2 shows that revenues exceed expenses in the current year, increasing net position. The total net position of the District’s governmental activities of $3,781,365 increased by $283,854 or 7.51 percent from 2023. Various events contributed to this increase in net position; however, the primary factors affecting the change in net position are as follows:

1. The District’s total revenue increased by $345,876. The increase was primarily due to:

    a. The increase in operating grants by $5,968,789 or 88.81 percent, and a decrease in grants and contributions of $5,843,113 or 35.89 percent.
    b. Increases in expenses related to instruction of $1,220,218 or 12.57 percent, student transportation of $815,706 or 122.09 percent, and social work services of $138,572 or 194.71 percent.

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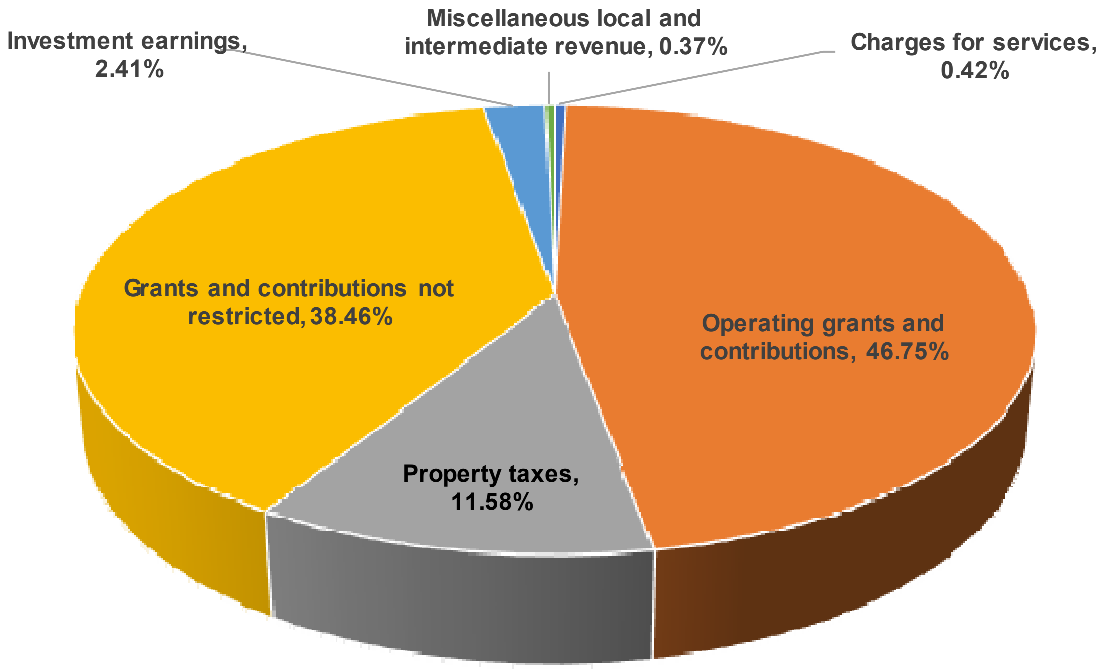
Table A-2
Changes in the District's Net Position

	Governmental Activities		
	2024	2023	Increase (Decrease)
Revenues			
Program revenues			
Charges for services	$ 114,614	$ 56,208	$ 58,406
Operating grants and contributions	12,689,297	6,720,508	5,968,789
General revenues:			-
Property taxes	3,142,712	2,961,924	180,788
Grants and contributions not restricted	10,439,764	16,282,877	(5,843,113)
Investment earnings	654,357	465,897	188,460
Miscellaneous local and intermediate revenue	100,994	308,448	(207,454)
Total General Revenues	27,141,738	26,795,862	345,876
Expenses			
Instruction	11,969,169	9,707,532	2,261,637
Instructional resources and media services	134,622	94,025	40,597
Curriculum and staff development	413,769	435,987	(22,218)
Instructional leadership	604,407	509,943	94,464
School leadership	938,723	803,464	135,259
Guidance, counseling and evaluation services	716,463	573,822	142,641
Social Work Services	195,123	71,168	123,955
Health Services	236,838	189,249	47,589
Student(pupil) transportation	1,380,408	668,110	712,298
Food services	1,768,464	1,705,725	62,739
Extracurricular activities	1,111,914	962,888	149,026
General administration	1,143,921	912,272	231,649
Facilities maintenance and security	3,730,630	3,506,479	224,151
Security and monitoring services	537,639	432,574	105,065
Data processing services	762,279	422,352	339,927
Community services	226,741	177,200	49,541
Debt interest on long-term debt	910,064	919,459	(9,395)
Debt service-bond insurance cost and fees	3,750	4,574	(824)
Facilities reparis and maitenance	-	170,050	(170,050)
Payments related to Shared Services Agreement	39,138	33,785	5,353
Other intergovernmental charges	33,822	25,933	7,889
Total expenses	26,857,884	22,326,591	4,531,293
Change in net position	283,854	4,469,271	(4,185,417)
Net position at beginning of year	3,781,365	(687,906)	4,469,271
Prior period adjustment	-	-	-
Net position at end of year	$ 4,065,219	$ 3,781,365	$ 283,854

Figure A-3. Governmental Activities Revenues by Source



Changes in Governmental Activities Programs and Operating Revenues

The operating and capital grants and contributions of $12,689,297 accounted for 46.75 percent of the overall revenue and increased significantly by $5,968,789 in 2024. Property taxes of $3,142,712 increased by $180,788, accounting for 11.58 percent of the revenues. The District's investment earnings increased by $188,460 or 40.45 percent, representing 2.41 percent of the total revenues.

In 2024, the charges for services of $114,614 accounted for .42 percent of the overall revenues and increased by $58,406 or 103.91 percent.

Most of the additional grant revenue was from a federal program to improve basic education programs, migrant education, English acquisition, campus training and recruiting, and career and technical education.

Increases and Decreases in Revenues Due to the Economy

The increases or decreases in the District's most significant revenue sources are attributed to the districts and national economies. Property taxes, 11.58 percent of the District's governmental activities revenue sources, increased by $180,788 in 2024. This was due primarily to increasing the property homestead exemption from $40,000 to $100,000 and reducing the property tax rates from $1.3299 in 2023 to $1.1829 in 2024.

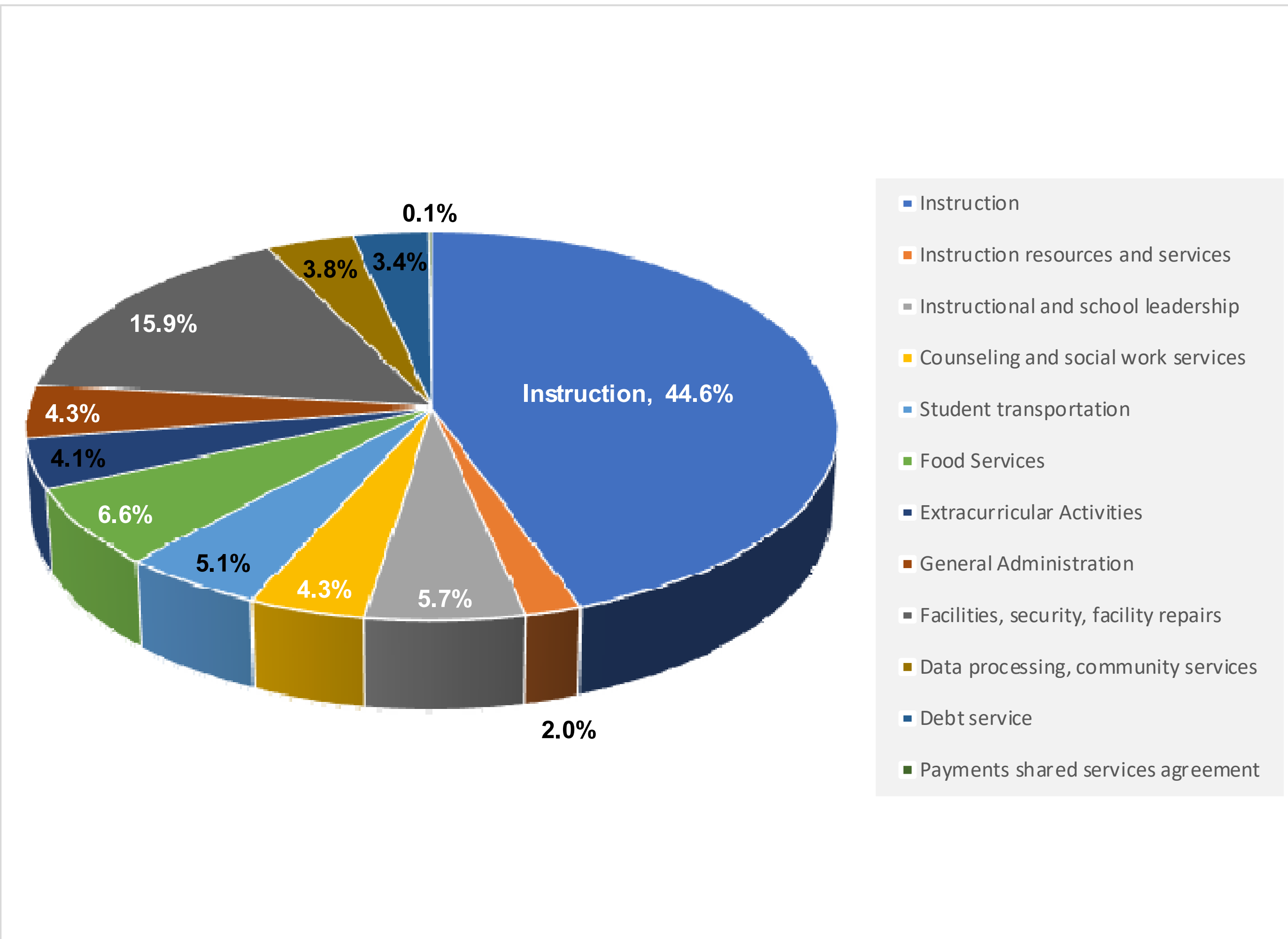
Lastly, earnings from the district's investments, which account for 2.41 percent of government activities revenues, rose from $465,897 in the prior year to $654,357 in 2024. The value of the District's investments related to governmental activities increased by $279,040 in 2024

Grants and Contributions

The district's largest sources of revenue in 2024 for governmental activities are the EESER III ARP program grant, which totaled $4,525,138, the IDEA-Part B Formula grant, which totaled $818,427, and the ESEA Title 1 Part A-Improving Basic Programs for the amount of $814,333.

Growth in expenses

Figure A-4. Governmental Activities Expenses by Function



The revenue changes were accompanied by increases in the District's services costs. Governmental activities expenses increased 20.30 percent of the overall total of $26,857,884. Most notably, Increases in expenses related to instruction of $1,220,218 or 12.57 percent, student transportation of $815,706 or 122.09 percent, and social work services of $138,572 or 194.71 percent.

The overall increase in governmental activities expenses for most District programs reflects, in part, costs due to increased initiatives and the District's increasing internal services among its various departments and campuses.

Curriculum and staff development expenses represented 1.54 percent of total expenses (see Table A-2); by contrast, they were just 1.95 percent in 2023. The decrease in 2024 was partly related to the District's staff participating in professional staff development offered by Region One Education Service Center and in-house training.

Extracurricular activities accounted for 4.14 percent of the overall expenditures. This function incurred costs and fees for the University Interscholastic League's (UIL) educational events and programs for extracurricular academic, athletic, and music contests. The incurred costs and expenses include personnel costs, supplies, athletic equipment, music instrument repairs, officials for competition events, security, and other related expenses.

Debt service interest payments on long-term debt for governmental activities decreased from $919,459 in 2023 to $910,064 in 2024. In 2024, interest on long-term debt for governmental activities approximates 3.39 percent of total expenses. That interest decrease resulted, in part, in decreased principal balances.

By contrast, the function comprising the most significant portion of governmental activities expenses is Instruction, at 44.56 percent of total expenses, experienced a cost increase of 23.30 percent from 2023 to 2024. The increase resulted from allocating allowable costs and compensation increases for instructional staff.

Other Changes in net position

In 2024, the total revenues from governmental activities exceeded total expenses by $283,854. First, the District initiated cost-reduction measures and transferred resources from governmental activities to state and federal grants.

Second, the District's total expenses increased from $22,326,591 in 2023 to $26,857,884 in 2024, or $4,531,293.

Governmental funds

The District reports two major funds individually in the governmental fund financial statements: the general fund and the ESSER III ARP – Elementary and Secondary School Emergency Relief fund. Most of the discussion regarding governmental activities is equally applicable to the finances of those governmental funds. However, certain factors relevant to the District's current financial health are more apparent in the fund financial statements than in government-wide ones. Those two major funds are shown in Table A-3 and are discussed in more detail below.

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Table A-3
Revenues, Expenditures, and Changes in Fund Balances

	General Fund		ESSER III ARP Emergency Relief	
	2024	2023	2024	2023
Total Revenues	$ 18,142,405	$ 20,338,079	$ 4,525,138	$ 2,046,387
Total Expenditures	17,401,344	16,590,540	4,525,138	2,046,387
Excess (deficiency) of revenues over expenditures	741,061	3,747,539	-	-
Other Financing Sources (Uses)				
Proceeds of Right-to-Use Lease	-	27,965	-	-
Transfers in	147,115	3,998,200	-	-
Transfers out	(147,115)	(4,598,200)	-	-
Total other financing sources (uses)	-	(572,035)	-	-
Net change in fund balances	741,061	3,175,504	-	-
Fund balances--beginning of period	11,975,821	8,800,317	-	-
Fund balances--end of period	$ 12,716,882	$ 11,975,821	$ -	$ -

Fund balance represents the financial standing of a governmental fund as of the end of the fiscal year from a short-term perspective.

General Fund

The District's general fund balance increased by 6.19 percent, or $741,061. This increase is attributable to (1) a decrease in revenues and (2) an increase in expenditures from $16,590,540 in 2023 to $17,401,344 in 2024. We previously discussed these two items above.

ESSER III ARP – Elementary and Secondary School Emergency Relief

In 2024, the District's ESSER III ARP – Elementary and Secondary School Emergency Relief Fund revenues totaled $176,178 from state funding, and $4,348,960 from federal funding. The District incurred expenses of $4,525,138. On August 31, 2024, the ESSER III ARP – Elementary and Secondary School Emergency Relief fund did not have a fund balance.

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Significant capital asset and long-term financing activity

The discussion thus far has only touched upon certain significant transactions and events during 2024 for capital assets and long-term debt. Overall, the carrying value of capital assets-original cost minus accumulated depreciation-increased 11.24 percent over 2023. However, that relatively small change does not entirely capture the substantial capital investment activity in 2024.

The District's governmental activities had a beginning balance of construction in progress of $280,277, with another $385,250 in capital projects started and completed during 2024. Of those amounts, the District put $665,527 into operation during the year and, therefore, reclassified that amount to the other capital asset classifications of equipment. This resulted in a zero-ending balance of construction in progress.

Table A-4
The District's Capital Assets

	Governmental Activities		
	2024	2023	Increase (Decrease)
Land	$ 1,323,232	$ 1,323,232	$ -
Construction in progress	-	280,277	(280,277)
Buildings and improvements	63,264,054	58,665,961	4,598,093
Furniture and equipment	8,183,958	7,218,165	965,793
Right-to-use furniture and equipment	268,667	268,667	-
SBITA Asset	27,965	27,965	(0)
Total at historical cost	73,067,876	67,784,267	5,283,609
Total accumulated depreciation	(42,608,718)	(40,403,326)	(2,205,392)
Capital Assets, Net of Depreciation	$ 30,459,158	$ 27,380,941	3,078,217

Significant Long-Term Obligations

The Unlimited Tax Refunding Bonds – Series 2020 are due in annual installments ranging from $120,000 to $610,000. The serial bonds mature in the years 2017 through 2040 with interest rates ranging from 3.00% to 4.00%. The Unlimited Tax Refunding Bond, Series 2020 in the amount of $6,625,000 were issued to refund selected maturities of the District's Unlimited Tax School Refunding Bonds, Series 2010 and Unlimited Tax School Building Bonds, Series 2010, for restructuring and debt service savings and to pay costs issuing the Bonds.

On March 30, 2021, the District issued $4,980,000 of Unlimited Tax Refunding Bonds, Series 2021 to be used to refund selected maturities of the District's Unlimited Tax School Refunding Bonds, Series 2011 of $3,765,000 and Unlimited Tax Refunding Bonds, Series 2011A of $1,925,000, for restructuring and debt service savings and to pay costs of issuing the Bonds. The serial bonds mature in the years 2022 through 2033 with interest rates ranging from 4.00% - 5.00% and are due in annual installments ranging from $145,000 to $545,000 with the final maturity on February 15, 2040. The refunding transaction resulted in an economic gain of $869,933. The percentage savings of refunded bonds was 15.29%.

Total bonds, lease liabilities, and other long-term outstanding debt decreased 2.03 percent to $36,092,742 in 2024 from $36,839,845 in 2023.

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By contrast, the amount of general obligation bonds outstanding decreased 4.73 percent to $24,195,000. For years since 2012, the District has engaged in bond calls and refunded significant amounts of general obligation debt, reducing annual debt payments. In 2021, the District called and refunded $3,765,000 and $1,925,000 of general obligation bonds. The District has not issued any new general obligation debt since fiscal year 2022.

As of the end of 2024, the District's general obligation and tax-backed bonds continue to possess the highest available rating from the municipal bond ratings services.

Table A-5
The District's Long-Term Debt

	2024	2023	Increase (Decrease)
General Oblication Bonds	$ 24,195,000	$ 25,395,000	$ (1,200,000)
Premium Discounts	2,492,486	2,655,791	(163,305)
Right-to-Use Lease	90,717	171,753	(81,036)
SBITA	17,289	23,849	(6,560)
Net Pension Liaibility	6,048,793	5,202,595	846,198
Net OPEB Liability	3,226,570	3,385,490	(158,920)
Claims Payable	21,887	5,367	16,520
Total	$ 36,092,742	$ 36,839,845	$ (747,103)

Currently known facts, decisions, or conditions

The District is aware of these developments that will have an impact on the District's finances in the future and were therefore considered during the development of next year's budget:

1. Some families are choosing other school options—such as homeschooling, public charter schools, and private schools.
2. The City's decline in population affects the District's school enrollment.
3. A stagnant state funding—basic student allotment of $6,160 per student has not changed since 2019.
4. Expired COVID-19 funding.
5. Adoption of the District budget
6. Pension plan changes.

Amendments to the District budget

The District amended the budget as necessary throughout the fiscal year and held numerous board meetings in which the Board of Trustees approved budget variances. Other purposes for the budget meetings were to approve budget amendments, investment reports, cash disbursements, and competitive bids. The Board meeting minutes provided by the District did show amendments at the function level.

Recent economic reports

The 2022 economic data published by Data USA is the most recent. These are economic factors that may impact the District's budget. The District serves students who live in Progreso, Texas. In 2022, Progreso, TX, had a population of 4,914 people with a median age of 28.6 and a median household income of

$38,686. Between 2021 and 2022, the population of Edcouch, TX, declined from 4,941 to 4,914, a −0.546% decrease, and its median household income grew from $38,214 to $38,686, a 1.24% increase.

The median property value in Progreso, TX, was $59,600, and the homeownership rate was 85.5%.

The property tax rate for maintenance and operations decreased from $.8781 to $.6692, and debt services increased from $.4518 to $.5137 cents.

Adoption of the District's budget

On August 21, 2023, the District adopted its operating budget for the fiscal year ending August 31, 2024. Many parts of the budget affect the District's finances, including collected local revenues, food service expenditures, and instruction expenditures. The District will see an increase of 70 newly enrolled students which can also affect budget allocations.

Pension plan changes

The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The Teacher Retirement System of Texas (TRS) administers the plan. It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67, and the 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.

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BASIC FINANCIAL STATEMENTS

EXHIBIT A-1

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

Data Control Codes		Primary Government: Governmental Activities
	ASSETS	
1110	Cash and Cash Equivalents	$ 3,762,501
1120	Current Investments	10,273,093
1210	Property Taxes - Current	285,080
1220	Property Taxes - Delinquent	288,516
1230	Allowance for Uncollectible Taxes	(28,679)
1240	Due from Other Governments	2,475,877
1290	Other Receivables, Net	1,135
1300	Inventories	21,265
1410	Prepayments	564,543
	Capital Assets:	
1510	Land	1,323,232
1520	Buildings, Net	26,474,811
1530	Furniture and Equipment, Net	2,553,109
1550	Right-to-Use Leased Assets, Net	90,717
1553	SBITA Assets, Net	17,289
1000	Total Assets	48,102,489
	DEFERRED OUTFLOWS OF RESOURCES	
1705	Deferred Outflow Related to TRS Pension	2,145,994
1706	Deferred Outflow Related to TRS OPEB	930,567
1700	Total Deferred Outflows of Resources	3,076,561
	LIABILITIES	
2110	Accounts Payable	127,180
2140	Interest Payable	910,064
2160	Accrued Wages Payable	490,323
2180	Due to Other Governments	273,850
2200	Accrued Expenses	12,251
	Noncurrent Liabilities:	
2501	Due Within One Year: Loans, Note, Leases, etc.	1,341,340
	Due in More than One Year:	
2502	Bonds, Notes, Loans, Leases, etc.	25,454,152
2540	Net Pension Liability (District's Share)	6,048,793
2545	Net OPEB Liability (District's Share)	3,226,570
2000	Total Liabilities	37,884,523
	DEFERRED INFLOWS OF RESOURCES	
2605	Deferred Inflow Related to TRS Pension	806,948
2606	Deferred Inflow Related to TRS OPEB	8,422,360
2600	Total Deferred Inflows of Resources	9,229,308
	NET POSITION	
3200	Net Investment in Capital Assets	3,500,361
	Restricted:	
3820	Restricted for Federal and State Programs	454,427
3850	Restricted for Debt Service	166,272
3890	Restricted for Inventory	21,265
3900	Unrestricted	(77,106)
3000	Total Net Position	$ 4,065,219

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

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

Data Control Codes		1	3	4	6
			Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities
	Primary Government:				
	GOVERNMENTAL ACTIVITIES:				
11	Instruction	$ 11,969,169	$ 41,364	$ 6,178,631	$ (5,749,174)
12	Instructional Resources and Media Services	134,622	-	129,959	(4,663)
13	Curriculum and Instructional Staff Development	413,769	-	417,794	4,025
21	Instructional Leadership	604,407	-	662,294	57,887
23	School Leadership	938,723	-	612,242	(326,481)
31	Guidance, Counseling, and Evaluation Services	716,463	-	879,147	162,684
32	Social Work Services	195,123	-	209,234	14,111
33	Health Services	236,838	-	218,107	(18,731)
34	Student (Pupil) Transportation	1,380,408	-	615,399	(765,009)
35	Food Services	1,768,464	12,429	1,867,018	110,983
36	Extracurricular Activities	1,111,914	11,132	174,689	(926,093)
41	General Administration	1,143,921	49,689	67,990	(1,026,242)
51	Facilities Maintenance and Operations	3,730,630	-	98,708	(3,631,922)
52	Security and Monitoring Services	537,639	-	121,478	(416,161)
53	Data Processing Services	762,279	-	233,881	(528,398)
61	Community Services	226,741	-	202,726	(24,015)
72	Debt Service - Interest on Long-Term Debt	910,064	-	-	(910,064)
73	Debt Service - Bond Issuance Cost and Fees	3,750	-	-	(3,750)
93	Payments Related to Shared Services Arrangements	39,138	-	-	(39,138)
99	Other Intergovernmental Charges	33,822	-	-	(33,822)
[TP]	TOTAL PRIMARY GOVERNMENT:	$ 26,857,884	$ 114,614	$ 12,689,297	(14,053,973)

Data Control Codes		
	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	1,783,696
DT	Property Taxes, Levied for Debt Service	1,359,016
GC	Grants and Contributions not Restricted	10,439,764
IE	Investment Earnings	654,357
MI	Miscellaneous Local and Intermediate Revenue	100,994
TR	Total General Revenues	14,337,827
CN	Change in Net Position	283,854
NB	Net Position - Beginning	3,781,365
NE	Net Position - Ending	$ 4,065,219

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

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

Data Control Codes		10 General Fund	282 ESSER III ARP	60 Capital Projects
	ASSETS			
1110	Cash and Cash Equivalents	$ 2,996,424	$ -	$ 61,613
1120	Investments - Current	7,249,412	-	3,023,681
1210	Property Taxes - Current	263,218	-	-
1220	Property Taxes - Delinquent	101,372	-	-
1230	Allowance for Uncollectible Taxes	(18,229)	-	-
1240	Due from Other Governments	212,242	1,755,697	-
1260	Due from Other Funds	2,502,816	-	-
1290	Other Receivables	1,135	-	-
1300	Inventories	21,265	-	-
1410	Prepayments	564,543	-	-
1000	Total Assets	$ 13,894,198	$ 1,755,697	$ 3,085,294
	LIABILITIES			
2110	Accounts Payable	$ 59,507	$ -	$ 47,691
2160	Accrued Wages Payable	474,661	-	-
2170	Due to Other Funds	46,277	1,755,697	180,378
2180	Due to Other Governments	239,630	-	-
2200	Accrued Expenditures	10,881	-	-
2000	Total Liabilities	830,956	1,755,697	228,069
	DEFERRED INFLOWS OF RESOURCES			
2601	Unavailable Revenue - Property Taxes	346,360	-	-
2600	Total Deferred Inflows of Resources	346,360	-	-
	FUND BALANCES			
	Nonspendable Fund Balance:			
3410	Inventories	21,265	-	-
	Restricted Fund Balance:			
3450	Federal or State Funds Grant Restriction	454,427	-	-
3480	Retirement of Long-Term Debt	-	-	-
3600	Unassigned Fund Balance	12,241,190	-	2,857,225
3000	Total Fund Balances	12,716,882	-	2,857,225
4000	Total Liabilities, Deferred Inflows & Fund Balances	$ 13,894,198	$ 1,755,697	$ 3,085,294

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

Other Funds	Total Governmental Funds
$ 677,140	$ 3,735,177
-	10,273,093
21,862	285,080
187,144	288,516
(10,450)	(28,679)
507,938	2,475,877
56,343	2,559,159
-	1,135
-	21,265
-	564,543
$ 1,439,977	$ 20,175,166
$ 19,983	$ 127,181
15,662	490,323
576,806	2,559,158
34,220	273,850
1,370	12,251
648,041	3,462,763
198,556	544,916
198,556	544,916
-	21,265
-	454,427
166,272	166,272
427,108	15,525,523
593,380	16,167,487
$ 1,439,977	$ 20,175,166

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Total Fund Balances - Governmental Funds		$	16,167,487
1	The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.		27,324
2	Capital assets and Right-to-Use Assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. These must be entered for their beginning amounts. The net effect is to decrease net position.		(865,452)
3	Long-term debt including bonds payable, and Right-to-Use and SBITA balances are not financial resources and therefore are not reported in governmental funds. In addition, long-term liabilities, including bonds payable, Right-to-Use and SBITAs are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. These must be entered and adjusted at their end of year amounts. The net effect is to decrease net position.		6,019,625
4	Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to pension liability was Deferred Outflow Resource Related to TRS in the amount of $2,145,994, Deferred Inflow Resource Related to TRS in amount of $806,948, and the District's share of the pension liability in the amount of $6,048,793. The net effect is to decrease net position.		(4,709,747)
5	Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. At the end of the year, the net position related to TRS Care OPEB was a Deferred Resource Outflow in the amount of $930,867, a Deferred Resource Inflow in the amount of $8,422,360 and a net OPEB liability in the amount of $3,226,570.		(10,718,363)
6	Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.		544,916
7	The current year depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(2,400,571)
29	**Net Position of Governmental Activities**	$	4,065,219

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

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

Data Control Codes		10 General Fund	282 ESSER III ARP	60 Capital Projects
	REVENUES:			
5700	Total Local and Intermediate Sources	$ 2,193,174	$ -	$ 274,601
5800	State Program Revenues	14,317,301	176,178	-
5900	Federal Program Revenues	1,631,930	4,348,960	-
5020	Total Revenues	18,142,405	4,525,138	274,601
	EXPENDITURES:			
	Current:			
0011	Instruction	7,204,777	2,632,774	46,220
0012	Instructional Resources and Media Services	14,003	4,711	-
0013	Curriculum and Instructional Staff Development	95,478	305,482	-
0021	Instructional Leadership	215,264	171,098	-
0023	School Leadership	512,650	393,758	-
0031	Guidance, Counseling, and Evaluation Services	141,615	292,274	-
0032	Social Work Services	-	108,312	-
0033	Health Services	195,983	16,774	-
0034	Student (Pupil) Transportation	878,409	438,918	-
0035	Food Services	1,597,138	24,794	-
0036	Extracurricular Activities	1,013,266	5,253	-
0041	General Administration	904,725	22,343	-
0051	Facilities Maintenance and Operations	3,228,345	78,637	134,158
0052	Security and Monitoring Services	472,851	12,029	-
0053	Data Processing Services	692,971	5,515	-
0061	Community Services	66,481	12,466	-
	Debt Service:			
0071	Principal on Long-Term Liabilities	87,596	-	-
0072	Interest on Long-Term Liabilities	6,832	-	-
0073	Bond Issuance Cost and Fees	-	-	-
	Capital Outlay:			
0081	Facilities Acquisition and Construction	-	-	4,881,806
	Intergovernmental:			
0093	Payments to Fiscal Agent/Member Districts of SSA	39,138	-	-
0099	Other Intergovernmental Charges	33,822	-	-
6030	Total Expenditures	17,401,344	4,525,138	5,062,184
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	741,061	-	(4,787,583)
	OTHER FINANCING SOURCES (USES):			
7915	Transfers In	147,115	-	-
8911	Transfers Out (Use)	(147,115)	-	-
7080	Total Other Financing Sources (Uses)	-	-	-
1200	Net Change in Fund Balances	741,061	-	(4,787,583)
0100	Fund Balance - September 1 (Beginning)	11,975,821	-	7,644,808
3000	Fund Balance - August 31 (Ending)	$ 12,716,882	$ -	$ 2,857,225

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

	Other Funds	Total Governmental Funds
	$ 1,298,044	$ 3,765,819
	815,774	15,309,253
	2,322,026	8,302,916
	4,435,844	27,377,988
	1,416,883	11,300,654
	119,737	138,451
	17,277	418,237
	214,014	600,376
	1,216	907,624
	293,614	727,503
	95,190	203,502
	6,952	219,709
	-	1,317,327
	-	1,621,932
	-	1,018,519
	38,472	965,540
	-	3,441,140
	9,981	494,861
	-	698,486
	148,271	227,218
	1,200,001	1,287,597
	956,412	963,244
	3,750	3,750
	-	4,881,806
	-	39,138
	-	33,822
	4,521,770	31,510,436
	(85,926)	(4,132,448)
	-	147,115
	-	(147,115)
	-	-
	(85,926)	(4,132,448)
	679,306	20,299,935
	$ 593,380	$ 16,167,487

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2024

Total Net Change in Fund Balances - Governmental Funds	$	(4,132,448)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the current year capital outlays and debt principal payments is to decrease the change net position. Similarly, current year principal payments on Right-to-Use Leases and SIBTAs are also reclassified as reductions to the Right-To-Use Lease Liability and the SBITA liability which will resulat in a decrease in the change in Net Position.		6,019,625
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.		(2,400,571)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease the change in net position.		(512,626)
Current year changes due to GASB 68 increased revenues by $775,151 but also increased expenditures in the amount of $1,049,421. The net effect on the change in the ending net position was a decrease in the amount of $274,270.		(274,270)
Current year changes due to GASB 75 decreased revenues in the amount of $1,268,259 but also decreased expenditures in the amount of $2,852,403. The net effect on the change in the ending net position was a increase in the net position.		1,584,144
Change in Net Position of Governmental Activities	$	283,854

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

PROGRESO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AUGUST 31, 2024

	Governmental Activities - Internal Service Fund
ASSETS	
Current Assets:	
Cash and Cash Equivalents	$ 27,324
Total Assets	27,324
NET POSITION	
Unrestricted Net Position	27,324
Total Net Position	$ 27,324

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

EXHIBIT D-2

PROGRESO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2024

	Governmental Activities - Internal Service Fund
Operating Income	-
Total Net Position - September 1 (Beginning)	27,324
Total Net Position - August 31 (Ending)	$ 27,324

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

PROGRESO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2024

	Governmental Activities - Internal Service Fund
Net Increase in Cash and Cash Equivalents	-
Cash and Cash Equivalents at Beginning of Year	27,324
Cash and Cash Equivalents at End of Year	$ 27,324
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:	
Operating Income (Loss)	$ -

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

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

	Custodial Fund
ASSETS	
Cash and Cash Equivalents	$ 65,269
Total Assets	65,269
NET POSITION	
Net Investment in Capital Assets	60,712
Unrestricted Net Position	4,557
Total Net Position	$ 65,269

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

EXHIBIT E-2

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

	Custodial Fund
ADDITIONS:	
Miscellaneous Revenue - Student	$ 153,432
Total Additions	153,432
DEDUCTIONS:	
Other Deductions	158,041
Total Deductions	158,041
Change in Fiduciary Net Position	(4,609)
Total Net Position - September 1 (Beginning)	69,878
Total Net Position - August 31 (Ending)	$ 65,269

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

NOTE I. REPORTING ENTITY

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

NOTE II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District prepares its basic financial statements in conformity with generally accepted accounting principles accepted in the United States of America as applied to governmental units in conjunction with the Texas Education Agency’s *Financial Accountability System Resource Guide* (the "Resource Guide"). The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting principles.

A. *New Accounting Pronouncements*

In the fiscal year 2024, the District implemented the following pronouncements:

GASB Statement No. 100, *Accounting Changes and Error Corrections*, this Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting the beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to the financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by the reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). There were no significant impacts of implementing this Statement.

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

GASB Statement No. 101, *Compensated Absences*: This statement aims to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. It achieves that objective by aligning the recognition and measurement guidance under a unified model and amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

The District is evaluating the requirements of the above statements and the impact on reporting.

B. ***Basis of Presentation***

The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities demonstrates the degree to which program revenues offset the direct expenses of a given function. Direct expenses are those that are identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included in program revenues are reported as general revenues.

Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

Major individual government funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated by type and reported as non-major funds.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded as soon as they are both available and measurable. Revenues are considered available when they are collectible within the current period or soon after that to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within the 60 days after year-end, except for Instructional Facilities Allotment and Existing Debt Allotment funding from the Texas Education Agency (TEA), for which the period was extended to 90 days due to delays by TEA in processing amendments related to this funding. Grants and similar revenues, revenues from the State of Texas, and interest income are all considered susceptible to accrual and have been recognized as revenues in the current period. All other revenue items are considered to be measurable and available only when the government receives cash.

Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to longevity pay, claims, and judgments, are recorded only when payment is due.

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

Unearned revenue is reported in the governmental funds when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received before the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or the government has a legal claim to the resources, the liability for unearned revenue is removed, and revenue is recognized.

In the fund financial statements, governmental funds report fund balances based on the following classifications: non-spendable, restricted, committed, assigned, and unassigned. Restricted fund balances are amounts legally restricted by outside parties for use for a specific purpose.

Commitments of fund balance require action from the Board of Trustees. When appropriate, the Board of Trustees delegates the responsibility to assign fund balance to the Superintendent or his designee. Funds will be utilized in the following spending order: restricted, committed, assigned, and unassigned.

The District reports the following major governmental funds:

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

- **ESSER III ARP – Elementary and Secondary School Emergency Relief Fund III –** The ESSER III ARP fund is used to provide the District with emergency relief funds to address the impact that COVID-19 has had, and continues to have, on elementary and secondary schools.

- **Capital Projects Fund—**The capital projects fund accounts for the proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions.

Additionally, the District reports the following fund types:

Nonmajor Governmental Funds

- **Special Revenue Funds—**The District accounts for resources restricted to, or designated for, specific purposes by the District or grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.

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

Proprietary Funds

- **Internal Service Fund** - An internal service fund accounts for revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis. The District's Internal Service Funds are the Worker's Compensation Plan, Unemployment Clearing Account, and Flexible Spending Clearing.

Fiduciary Funds

- **Custodial Funds—**The District accounts for resources held for others in a custodial capacity in custodial funds. These funds are used to account for assets held by the District as an agent for students and other organizations. The District's Custodial Funds consist of the Student Activity Fund.

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

D. ***Other Accounting Policies***

1. Cash and Cash Equivalents and Investments

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

The District reports its investments at fair value. It categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles.

The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's local government investment pools are recorded at amortized cost as permitted by GASB Statement No. 79, *Certain Investment Pools and Pool Participants.*

2. Receivables and Payables

Interfund activities representing lending/borrowing arrangements that are outstanding at the end of the fiscal year are referred to as "due to / due from other funds." All trade and property tax receivables are shown net of allowances for uncollectible balances.

3. Inventories and Prepaid Items

The District reports inventories of supplies at weighted average cost, including consumable maintenance, and food service items. Supplies are recorded as expenditures when they are consumed. Inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and unearned revenue when received. When requisitioned, inventory and unearned revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount. A portion of the fund balance is classified as non-spendable to reflect the minimum inventory quantities necessary for the District's continuing operations.

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

4. Capital Assets

Capital assets, including land, buildings, furniture, equipment, and right-to-use leased assets, are reported in the applicable governmental columns in the government-wide financial statements. The District defines capital assets as assets with an initial individual cost that equals or exceeds $5,000 and an estimated useful life over two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

Assets	Years
Infrastructure	30
Buildings	50
Building improvements	20
Vehicles	2-15
Office Equipment	3-15
Computer Equipment	3-15

5. Leases

The District is a lessee for non-cancellable leases of equipment. In the government-wide and internal service fund financial statements, the District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) with an initial individual value of $5,000 or more.

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

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

- The District uses the interest rate the lessor charges as the discount rate. When the interest rate the lessor charges is not provided, the District generally uses the Federal Reserve Bank Prime Interest Rate as the discount rate for leases.
- The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and, if any, the purchase option price that the District is reasonably certain to exercise.

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

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

6. Subscription Based Information Technology Arrangements (SBITA)

The District has identified various contracts for SBITA financial and educational software. During the fiscal year, the District evaluated the SBITA contracts and determined that one contract does meet GASB 96's SBITA definition and meets requirements for capitalization as a lease and liability.

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7. *Compensated Absences*

Vacations are taken within the same year they are earned, and unused days at the end of the year are forfeited. Therefore, no liabilities have been accrued in the accompanying general-purpose financial statements. Employees of the District are entitled to sick leave based on category/class of employment. State sick leave can be accumulated and carried over to the subsequent year. A liability for unused state sick leave has been recorded in the accompanying general-purpose financial statements.

8. *Long-Term Obligations*

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

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Refunding gains and losses on bonds are treated as deferred charges and amortized over the shorter term of existing or new related debt.

9. *Deferred Outflows and Inflows of Resources*

Deferred outflows and inflows of resources are reported in the statement of financial position as described below:

A *deferred outflow of resources* is a consumption of a government's net assets (a decrease in assets over any related decrease in liabilities or an increase in liabilities over any related increase in assets) by the government that applies to future reporting periods. The District has three items that qualify for reporting in this category:

Deferred outflows of resources for refunding – Reported in the government-wide statement of net position, this deferred charge on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter life of the refunded or refunding debt.

Deferred outflows of resources for pension – Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of 1) changes in the District's actuarial assumptions; 2) differences between expected and actual actuarial experiences and 3) changes in the District's proportional share of pension liabilities.

The deferred outflows of resources related to pensions resulting from the District contributions after the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year.

The remaining pension-related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive) who receive pensions through the pension plan.

Deferred outflows of resources for post-employment benefits – Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of 1) differences between projected and actual earnings on pension plan investments and 2) changes in the District's proportional share of pension liabilities. The deferred outflows of resources related to post-employment benefits resulting from District contributions after the measurement date will be recognized as reducing the net post-employment benefits liability in the next fiscal year.

The deferred outflows resulting from differences between projected and actual earnings on OPEB plan investments will be amortized over a closed five-year period. The remaining deferred outflows will be amortized over the expected remaining lives so that all employees (active and inactive) are provided with post-employment benefits through the post-employment benefit plan.

A *deferred inflow of resources* is an acquisition of a government's net assets (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that applies to a future reporting period. The District has three items that qualify for reporting in this category:

Deferred inflows of resources for unavailable revenues – Reported only in the governmental funds' balance sheet, unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts became available. The District reported property taxes that are unavailable as deferred inflows of resources on the fund financial statements.

Deferred inflows of resources for pension – Reported in the government-wide financial statement of net position, these deferred inflows result primarily from 1) differences between projected and actual earnings on pension plan investments; 2) changes in actuarial assumptions; 3) differences between expected and actual actuarial experiences and 4) changes in the District's proportional share of pension liabilities. The deferred inflows resulting from the differences between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The remaining pension-related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) who are provided with pension through the pension plan.

Deferred inflows of resources for post-employment benefits – Reported in the government-wide financial statement of net position, these deferred inflows result primarily from 1) changes in actuarial assumptions and 2) differences between expected and actual actuarial experiences. These post-employment-related deferred inflows will be amortized over the expected service lives of all employees (active and inactive employees) who are provided with post-employment benefits through the post-employment benefit plan.

10. Fund Balance Classifications

The following classifications describe the relative strength of the spending constraints:

Non-spendable fund balance – amounts not in spendable form or must be maintained intact. The inventory and prepaid items have been classified correctly in the governmental funds' balance sheet (see exhibit C-1).

Restricted fund balance – amounts that can only be spent for specific purposes because of local, state, or federal laws or externally imposed conditions by grantors or creditors. The fund balances for the debt service fund, capital projects fund, child nutrition fund, and other grant funds are classified as restricted.

Committed fund balance – amounts constrained to specific purposes by the District itself, using its highest decision-making authority (i.e., the Board of Trustees). To be reported as committed, amounts cannot be used for any other purposes unless the District takes the same highest level of action to remove or change the constraint.

Assigned fund balance – amounts the District intends to use for a specific purpose. Intent can be expressed by the District or by an official or body to which the Board of Trustees delegates the authority.

Unassigned fund balance - amounts that are available for any purpose.

11. Net Position

Net Position on the Statement of Net Position includes the following:

- Net investment in capital assets - this component of net position consists of capital assets and net accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets or related debt will be included in this component of net position.
- Restricted for federal and state programs—This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets, which federal and state granting agencies restrict.
- Restricted for debt service—This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. The assets arise from bond issuances, which are restricted by bond covenants for future debt service payments.
- Unrestricted net position—This component of net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

12. Data Control Codes

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

13. Use of Estimates

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

14. Encumbrance Accounting

The District employs encumbrance accounting whereby purchase orders and contracts document encumbrances for goods or purchases. An encumbrance represents a commitment of Board appropriation related to unperformed contracts for goods or services. Issuing a purchase order or signing a contract creates an encumbrance but does not represent an expenditure for the period, only a commitment to expend resources. Appropriations lapse on August 31st, and encumbrances outstanding are either canceled or appropriately provided for in the subsequent year’s budget.

NOTE III. RELATED PARTIES

For the year ended August 31, 2024, the District did not have any related parties.

NOTE IV. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. *Budgetary Data*

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund, and the Child Nutrition Program Fund. The District must present each fund's adopted and final amended budgeted revenues and expenditures. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1, and the Child Nutrition Program Fund and Debt Service Fund budgets are in Exhibits J-2 and J-3, respectively.

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

1. Before August 20th, the District prepares a budget for the next succeeding fiscal year beginning September 1st. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called to adopt the proposed budget. At least ten days' public notice of the meeting must be given.
3. Before September 1st, the budget is legally enacted by passing a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by the approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end. Amendments were necessary during the year.

B. *Finance-Related Legal and Contractual Provisions*

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

Violations Reported	Actions Taken
None	Not applicable

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

As of August 31, 2024, the District did not have any deficit fund balances.

D. *Excess of Expenditures over Appropriations*

As of August 31, 2024, the District's General Fund did not have any excess of expenditures over appropriations.

NOTE V. DEPOSITS AND INVESTMENTS

The District's funds must be deposited and invested under the terms of contracts with the corresponding depository bank, the contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect the District funds daily during the contract period. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

The District's investment policy is in accordance with the Public Funds Investment Act, the Public Funds Collateral Act, and federal and state laws. It contains specific provisions in investment practices, management reports, and the establishment of appropriate policies.

Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, Fair Value Measurement and Application, provides a framework for measuring fair value, establishing a three-level fair value hierarchy that describes the inputs used to measure assets and liabilities.

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

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

Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) banker's acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

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

For the year ended August 31, 2024, the District invested in TexPool. TexPool is the largest and oldest local government investment pool in the State of Texas. The State Comptroller of Public Accounts oversees TexPool and Federated Hermes is the full-service provider to the pools. The investment pools seek to maintain a $1.00 value per share as required by the Texas Public Funds Investment Act. There are no minimum balance requirements for TexPool and there is no limit on the number of accounts a participant can have. TexPool's fee is 0.045% annually and is calculated daily on the fund balance of each pool. The fees are deducted from the interest earnings of the pools so there is no direct reduction of the client account. Interest is accrued daily and paid monthly and can be left in the client's account or withdrawn. Deposits and withdrawals can be made on any business day of the week.

The District's investments, other than obligations of or guaranteed by the U.S. government, are rated as to credit quality. On August 31, 2024, the District's investment balances, and weighted average maturity of these investments were as follows:

	August 31, 2024	Quoted Prices In Active Markets for (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobserable Inputs (Level 3)	Percent of Total Investments	Weighted Average Maturity (Days)	Credit Risk
Investments Measured at Amortized Cost Not Subject to Level Reporting							
Investment pools:							
TexPool - Local Maintenance	$ 7,249,412	$ 7,249,412	$ -	$ -	70.57%	30	AAAm
TexPool - Construction Bond 2022	3,023,681	3,023,681	-	-	29.4%	30	AAAm
Total Investments	$ 10,273,093	$ 10,273,093	$ -	$ -	100.00%		
Cash and Checking Accounts	3,762,501						
Total Cash and Cash Equivalents and Investments	$ 14,035,594						

The following is a reconcilement of the District's total cash and investments as of August 31, 2024:

Governmental activities	Total
Deposits and petty cash	$ 3,762,501
Investments	10,273,093
Total governmental activities	14,035,594
Fiduciary Funds	
Deposits	65,269
Total fiduciary funds	65,269
Total	$ 14,100,863

Credit Risk

This is the risk that a security issuer may default on interest or principal payment. State law limits investments in local government pools to those rated AAA or equivalent by at least one Nationally Recognized Statistical Rating Organization (NRSRO).

The District controls and monitors this risk by purchasing quality-rated instruments evaluated by agencies such as Standard and Poor's (S&P) or Moody's Investors Service, or by investing in public fund investment pools rated no lower than AAA or AAAm. The District's investments for the current fiscal year met the required rating.

Interest-Rate Risk

This type of risk occurs when potential purchases of debt securities do not agree to pay face value for those securities if interest rates rise. In accordance with state law and the District's investment policy, the District does not purchase any investments greater than five (5) years for its operating funds.

Concentration Risk

The investment portfolio is diversified in terms of investment instruments and maturity scheduling to reduce risk of loss resulting from over concentration of assets in specific class of investments, specific maturity or specific issuer.

Custodial Credit Risk – Deposits

State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the District complies with this law, it has no custodial risk for deposits.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investments in the external investment pool are not exposed to custodial risk. External investment pools are not subject to custodial risk because investments are not evidenced by securities in physical or book entry form. State law limits investments in public funds investment pools to those rated no lower than AAA or AAAm or an equivalent rating by at least one nationally recognized rating service. As of August 31, 2024, the District's investments are held in the District's name and have met the required rating.

NOTE VI. PROPERTY TAX

Property taxes are levied by October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year they were imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period and are expected to be collected 60 days after the close of the school fiscal year.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. The District's 2024 tax rate was $0.6692 for maintenance and operations and $0.5137 for debt service per $100 assessed valuation. The 2024 assessed valuation was $271,779,721. Allowances for uncollectible 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.

On August 31, 2024, the property tax receivables in the general and debt service funds were $364,590 and $209,006, respectively, with corresponding allowances for doubtful accounts of $18,229 and $10,450.

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NOTE VII. Receivables and Unearned Revenues

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

	General Fund	ESSER III ARP	Debt Service Fund	Nonmajor Governmental Funds	Total Receivables
Property taxes	$ 364,590	$ -	$ 209,006	$ -	$ 573,596
Due from other funds	2,502,816	-	-	56,343	2,559,158
Due from other governments	212,242	1,755,697	-	507,938	2,475,877
Other receivables	1,135	-	-	-	1,135
Gross Receivables	$ 3,080,783	$ 1,755,697	$ 209,006	$ 564,281	$ 5,609,766
Less: Allowance for Uncollectible	(18,229)	-	(10,450)	-	(28,679)
Net Total Receivables	$ 3,099,012	$ 1,755,697	$ 219,456	$ 564,281	$ 5,638,445

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period or in connection with resources that have been received but not yet earned. As of August 31, 2024, the District did not have unearned revenues.

A. *Disaggregation of Receivables and Payables*

Payables on August 31, 2024, were as follows:

	General Fund	ESSER III ARP	Debt Service Fund	Nonmajor Governmental Funds	Total Receivables
Accounts payable	$ 59,507	$ -	$ -	$ 67,674	$ 127,181
Due to other funds	46,277	1,755,697	-	757,184	2,559,158
Due to other governments	239,630	-	34,037	183	273,850
Total Governmental Funds	$ 345,414	$ 1,755,697	$ 34,037	$ 825,041	$ 2,960,189

B. *Interfund Receivables and Payables*

The composition of interfund balances as of August 31, 2024, is as follows:

Fund	Interfund Receivables	Interfund Payables
General Fund	$ 2,502,816	$ 36,155
Major Special Revenue Fund	-	
Nonmajor Governmental Funds	56,343	2,342,625
Capital Projects	-	180,378
Total Governmental Funds	2,559,158	2,559,158
Proprietary Funds	-	-
Custodial Funds	-	-
Total Proprietary and Custodial Funds	-	-
Total	$ 2,559,158	$ 2,559,158

Interfund transfers are defined as "flows of assets without equivalent flow of assets in return and without a requirement for repayment." Transfers are the use of funds collected in one fund and are transferred to finance various programs accounted for in other funds. The following is a summary of the District's transfers for the fiscal year ended August 31, 2024:

The outstanding balances between funds resulted mainly from the time lag between the dates transactions are recorded in the accounting system and payments between the funds are made. Amounts payable are scheduled to be repaid within one year.

NOTE VIII. CAPITAL ASSETS

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

Governmental Activities:	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Capital Assets, Not Being Depreciated					
Land	$ 1,323,232	$ -	$ -	$ -	$ 1,323,232
Construction in progress	280,277	-	(280,277)	-	-
Total capital assets, not being depreciated	1,603,509	-	(280,277)	-	$ 1,323,232
Capital assets, being depreciated					
Buildings and improvements	58,665,961	4,598,299	-	(206)	63,264,054
Vehicles	1,648,285	486,195	(88,509)	-	2,045,971
Equipment	5,569,880	665,527	(107,991)	10,571	6,137,987
Right to Use Assets					-
Leased Furniture and Equipment	268,667	-	-	-	268,667
Subscription Software (SBITA)	27,965	-	-	-	27,965
Total capital assets being depreciated, net	66,180,758	5,750,021	(196,500)	10,365	71,744,644
Total capital assets	67,784,267	5,750,021	(476,777)	10,365	73,067,876
Less accumulated depreciation for:					
Buildings and improvements	(34,862,796)	(1,926,447)	-	-	(36,789,243)
Vehicles	(1,115,225)	(133,937)	88,509	-	(1,160,653)
Equipment	(4,317,311)	(259,555)	107,991	(1,321)	(4,470,196)
Right to Use Assets					
Leased Furniture and Equipment	(103,334)	(74,616)	-	-	(177,950)
Subscription Software (SBITA)	(4,660)	(6,016)	-	-	(10,676)
Total accumulated depreciation	(40,403,326)	(2,400,571)	196,500	(1,321)	(42,608,718)
Total capital assets, net	25,777,432	3,349,450	-	9,044	29,135,926
Governmental activities capital assets, net	$ 27,380,941	$ 3,349,450	$ (280,277)	$ 9,044	$ 30,459,158

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The total depreciation of $2,400,571 increased by $1,321 to correct the accumulated depreciation for the year ending August 31, 2024. The District allocated a net depreciation expense of $2,400,571 to the following functions:

Instruction	$ 1,003,576
Instructional Resources and Media Services	1,951
Curriculum and Instructional Staff Developmen	13,299
Instructional Leadership	29,985
School Leadership	71,409
Guidance, Counseling and Evaluation Services	19,726
Social Work Services	-
Health Services	27,299
Student (Pupil) Transportation	122,356
Food Services	222,470
General Administration	126,022
Facilities Maintenance and Operations	449,686
Security and Monitoring Services	65,865
Extracurricular Activities	141,141
Data Processing Services	96,526
Community Services	9,260
	$ 2,400,571

The calculation of Net Investments in Capital Assets, as presented in Exhibit A-1, is as follows:

Capital Assets, Net of Depreciation and Amortization	$ 30,459,158
Less principal of capital-related debt	(26,958,797)
Net Investment in Capital Assets per Exhibit A-1	$ 3,500,361

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NOTE IX. LONG-TERM OBLIGATIONS

Long–term obligations include bonds payable, capital lease payable, claims payable, net pension and OPEB liability. Changes in long-term obligations for the year ended August 31, 2024, are as follows:

Governmental Activities: *Bonds Payable* General Obligation Bonds	Interest Rate Payable	Beginning Balance	Increase	Decrease	Ending Balance	Due in One Year	Interest Payable
Unlimited Tax Refunding Bond Series 2012	2.5% - 4%	$ 2,190,000	$ -	$ 175,000	$ 2,015,000	$ 180,000	$ 56,400
Unlimited Tax Refunding Bond Series 2016	2% - 4%	4,155,000	-	255,000	3,900,000	265,000	140,425
Unlimited Tax Refunding Bond Series 2020	3% - 4%	5,110,000	-	210,000	4,900,000	225,000	191,500
Unlimited Tax Refunding Bond Series 2021	4% - 5%	4,310,000	-	390,000	3,920,000	405,000	150,725
Unlimited Tax Refunding Bond Series 2022	3.5% - 5%	9,630,000	-	170,000	9,460,000	175,000	367,925
Total Series Bonds		25,395,000	-	1,200,000	24,195,000	1,250,000	906,975
Premium/discount on issuance of bonds		2,655,791	-	163,305	2,492,486	163,305	-
Right-to-use Lease Liability	3.94%	171,753	-	81,036	90,717	84,287	2,063
SBITA Liability	7.27%	23,849	-	6,560	17,289	7,053	1,025
Net Pension Liability		5,202,595	846,198	-	6,048,793	-	-
Net OPEB Liability		3,385,490	-	158,920	3,226,570	-	-
Claims Payable		5,367	52,368	35,848	21,887	21,887	-
Total Governmental Activities		$ 36,839,845	$ 898,566	$ 1,645,669	$ 36,092,742	$ 1,526,532	$ 910,063

A. *Advance Refunding in Prior Years*

The Unlimited Tax Refunding Bonds – Series 2020 are due in annual installments ranging from $120,000 to $610,000. The serial bonds mature in the years 2017 through 2040 with interest rates ranging from 3.00% to 4.00%. The Unlimited Tax Refunding Bond, Series 2020 in the amount of $6,625,000 were issued to refund selected maturities of the District's Unlimited Tax School Refunding Bonds, Series 2010 and Unlimited Tax School Building Bonds, Series 2010, for restructuring and debt service savings and to pay costs issuing the Bonds.

On March 30, 2021, the District issued $4,980,000 of Unlimited Tax Refunding Bonds, Series 2021 to be used to refund selected maturities of the District's Unlimited Tax School Refunding Bonds, Series 2011 of $3,765,000 and Unlimited Tax Refunding Bonds, Series 2011A of $1,925,000, for restructuring and debt service savings and to pay costs of issuing the Bonds. The serial bonds mature in the years 2022 through 2033 with interest rates ranging from 4.00% - 5.00% and are due in annual installments ranging from $145,000 to $545,000 with the final maturity on February 15, 2040. The refunding transaction resulted in an economic gain of $869,933. The percentage savings of refunded bonds was 15.29%.

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B. ***Bond Debt Service Requirements***

Bond debt service requirements for bonds are as follows:

August 31,	Principal	Interest	Total Requirements
2025	$ 1,250,000	$ 906,975	$ 2,156,975
2026	1,300,000	857,550	2,157,550
2027	1,345,000	806,425	2,151,425
2028	1,400,000	751,425	2,151,425
2029	1,455,000	695,675	2,150,675
2030-2034	7,215,000	2,596,600	9,811,600
2035-Thereafter	10,230,000	2,890,003	13,120,003
	$ 24,195,000	$ 9,504,653	$ 33,699,653

C. ***Right-to-Use Liability and SBITA Requirements***

Right-to-Use Liability and SBITA requirements are as follows:

Xerox Right-to-Use Lease Liability

August 31,	Principal	Interest	Requirements
2025	$ 84,287	$ 2,063	$ 86,350
2026	6,430	21	6,451
2027			
2028	-	-	-
2029	-	-	-
2030-2034	-	-	-
2035-Thereafter	-	-	-
	$ 90,717	$ 2,084	$ 92,801

PowerSchool SBITA

August 31,	Principal	Interest	Requirements
2025	$ 7,053	$ 1,025	$ 8,078
2026	7,583	495	$ 8,078
2027	2,652	40	$ 2,693
2028	-	-	-
2029	-	-	-
2030-2034	-	-	-
2035-Thereafter	-	-	-
	$ 17,289	$ 1,560	$ 18,849

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NOTE X. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

Revenues from local and intermediate sources consisted of the following:

	General Fund	Major Program	Debt Service Fund	Nonmajor Governmental Funds	Total
Property taxes	$ 1,642,233	$ -	$ 1,243,621	$ -	2,885,854
Penalties and Interest	55,217	-	34,863	-	90,080
Investment Earnings	379,756	-	-	274,601	654,357
Rent	-	-	-	-	-
Other Revenues	115,967	-	9,560	10,000	135,527
Total	$ 2,193,174	$ -	$ 1,288,044	$ 284,601	$ 3,765,819

NOTE XI. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

In the fiscal year, the District reported deferred outflows and inflows of resources in connection with its employee pension plan and other pension employee benefit plans. Governmental funds report deferred inflows in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. The deferred outflows and inflows are as follows:

	Statement of Net Position	Balance Sheet - Governmental Funds			
	Governmental Activities	General Fund	EESER III ARP	Debt Service Fund	Total Governmental Funds
Deferred outflows of resources:					
Deferred outflows from TRS Pension	$ 2,145,994	$ -	$ -	$ -	$ 2,145,994
Deferred outflows from TRS OPEB	930,567	-	-	-	930,567
Total deferred outflows of Resources resources	$ 3,076,561	$ -	$ -	$ -	$ 3,076,561
Deferred inflows of resources:					
Deferred inflows from TRS Pension	$ 806,948	$ -	$ -	$ -	$ 806,948
Deferred inflows from TRS OPEB	8,422,360	-	-	-	8,422,360
Unavailable property taxes	-	346,360	-	198,556	544,916
Unearned SHARS	-	-	-	-	-
Total deferred inflows of resources	$ 9,229,308	$ 346,360	$ -	$ 198,556	$ 9,774,224

NOTE XII. CONTINGENT AND CONTINGENCIES

The District participates in numerous state and federal grant programs governed by various rules and regulations of the grantor agencies.

Audits of these programs for the period ending August 31, 2024, have not been conducted. Accordingly, the District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures that the granting agencies may disallow cannot be determined at this time, although the District expects such amounts to be immaterial.

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, if any, refunds of any money received may be required. The collectability of any related receivable at August 31, 2024, may be impaired. In the district's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants.

The District is a party to various legal actions, none of which the administration believes will have a material effect on its financial condition. Accordingly, no provision for losses has been recorded in the accompanying financial statements for such contingencies.

The District does not have active construction projects as of August 31, 2024.

NOTE XIII. DEFINED BENEFIT RETIREMENT PLAN

Summary of Significant Accounting Policies

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

A. Plan Description

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

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

B. Pension Plan Fiduciary Net Position

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

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C. Benefits Provided

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

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

D. Contributions

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2019 thru 2025. Contribution Rates can be found in the TRS 2023 ACFR, Note 11, on page 88.

	Contribution Rates	
	2024	2023
Member (Employee)	8.25%	8.00%
Non-employer contributing entity (State)	8.25%	8.00%
Employers (District)	8.25%	8.00%

As of August 31, 2024, the District and employee contributions are as follows:

Current fiscal year employer contributions	$	462,087
Current fiscal year member contributions	$	1,156,539
2023 measurement year NECE on-behalf contributions	$	871,739

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).

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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 or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50 percent of the state contribution rate for certain instructional or administrative employees; and 100 percent of the state contribution rate for all other employees.

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

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

E. Actuarial Assumptions

The total pension liability in the August 31, 2022 actuarial valuation was determined using the following actuarial assumptions: *Actuarial Assumptions can be found in the 2023 TRS ACFR, Note 11, page 89.*

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

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

Discount Rates

A single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 9.50 percent of payroll in fiscal year 2024 increasing to 9.56 percent in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

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

The long-term rate of return on pension plan investments is 7.00 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2023 (see page 56 of the 2023 TRS ACFR) are summarized below:

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

* Absolute return includes credit sensitive investments.
** Target allocations are based on the FY2023 policy model.
*** Capital Market Assumptions come from Aon Hewitt (as of 6/30/2023).
**** The volatility drag results from the conversion between arithmetic and geometric mean returns.

F. Discount Rate Sensitivity Analysis

The following table presents the net pension liability of the plan using the discount rate of 7.00 percent, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate. The discount rate can be found in the 2023 TRS ACFR, Note 11, page 90 and the Table of Sensitivities [Table 11.I.1] can be found on page 91.

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportional share of the net pension liability	$ 9,043,281	$ 6,048,793	$ 3,558,875

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

On August 31, 2024, the District reported a liability of $6,048,793 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction in State pension support provided to the District.

The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	$ 6,048,793
State's proportionate share that is associated with the District	11,649,275
Total	$ 17,698,068

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

On August 31, 2023, the employer's proportion of the collective net pension liability was .0088058849%, which was a increase of 0.0000425022% from the proportion measured as of August 31, 2022.

Changes in Assumptions and Benefits Since the Prior Actuarial Valuation

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

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

For the year ended August 31, 2024, the District recognized pension expenses of $5,121,439 and revenue of $1,758,940 for support provided by the State.

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

	Deferred Outflows	Deferred Inflows
Differences between expected and actual actuarial experiences	$ 215,521	$ 73,244
Changes in actuarial assumptions	572,097	140,005
Differences between projected and actual investment earnings	880,246	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	16,043	593,699
Total as of August 31, 2023 measurement date	$ 1,683,907	$ 806,948
Contributions paid to TRS subsequent to the measurement date	462,087	-
Total as of fiscal year-end	$ 2,145,994	$ 806,948

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

Fiscal year ended August 31,	Pension Expense Amount
2025	$ 18,006
2026	$ (15,998)
2027	$ 648,024
2028	$ 202,253
2029	$ 24,674
Thereafter	-

NOTE XIV. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN

Summary of Significant Accounting Policies

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

A. Plan Description

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

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

B. OPEB Plan Fiduciary Net Position

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

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C. Benefits Provided

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

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

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

	Medicare	Non Medicare
Retiree*	$ 135	$ 200
Retiree and spouse	529	689
Retiree* and children	468	408
Retiree and family	1,020	999

D. Contributions

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65 percent of salary. Section 1575.204 establishes a public school contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the employer. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act, which is 0.75 percent of each active employee's pay for fiscal year 2023.

The following tables show contributions to the TRS-Care plan by type of contributor.

Contribution Rates	2023	2024
Member	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%

Current fiscal year employer contributions	$ 127,540
Current fiscal year member contributions	$ 91,142
2023 measurement year NECE on-behalf contributions	$ 152,558

In addition to the employer contributions listed above, all TRS employers are subject to an additional surcharge *(regardless of whether they participate in the TRS Care OPEB program)*. When hiring a TRS retiree, employers must pay TRS Care a monthly surcharge of $535 per retiree.

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

E. Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2022. Update procedures were used to roll forward the total OPEB liability to August 31, 2023. The actuarial valuation was determined using the following actuarial assumptions: *Actuarial Assumptions can be found in the 2023 TRS ACFR, Note 9, page 79.*

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

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

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

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

Discount Rate

A single discount rate of 4.13 percent was used to measure the total OPEB liability. This was an increase of 0.22 percent in the discount rate since the previous year. *The Discount Rate can be found in the 2023 TRS ACFR on page 80.*

Because the investments are held in cash and there is no intentional objective to advance fund the benefits, the Single Discount Rate is equal to the prevailing municipal bond rate.

The source of the municipal bond rate is the Fidelity "20-year Municipal GO AA Index" as of August 31, 2023, using the Fixed Income Market Data/Yield Curve/ Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

F. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1 percentage point lower than and 1 percentage point higher than the discount rate that was used in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (3.13%)	Discount Rate (4.13%)	1% Increase in Discount Rate (5.13%)
Proportionate share of the net OPEB liability	$ 3,800,228	$ 3,226,570	$ 2,758,452

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

On August 31, 2024, the District reported a liability of $3,226,570 for its proportionate share of the TRS 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 was as follows:

District's proportionate share of the collective net OPEB liability	$ 3,226,570
State's proportionate share that is associated with the District	3,893,353
Total	$ 7,119,923

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

On August 31, 2023, the employer's proportion of the collective Net OPEB Liability was 0.0145746030% which was a increase of 0.0004354057% as of August 31, 2022.

Healthcare Cost Trend Rates Sensitivity Analysis

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Proportionate share of net OPEB liability	$ 2,656,919	$ 3,226,570	$ 3,959,428

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 (TOL) since the prior measurement period. These can be found in the 2023 TRS ACFR on page 80.

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

Changes of Benefit Terms Since the Prior Measurement Date

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

For the year ended August 31, 2023, the District recognized OPEB expenses of $(11,159,512) and revenue of $(832,317) for support provided by the State.

On August 31, 2024, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experiences	$ 145,978	$ 2,714,548
Changes in actuarial assumptions	440,403	1,975,714
Differences between projected and actual investment earnings	1,394	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	215,252	3,732,098
Total as of August 31, 2022 measurement date	$ 803,027	$ 8,422,360
Contributions paid to TRS subsequent to the measurement date	127,540	-
Total as of fiscal year-end	$ 930,567	$ 8,422,360

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

Fiscal year ended August 31,	OPEB Expense Amount
2025	$ (1,726,404)
2026	$ (1,578,419)
2027	$ (1,378,068)
2028	$ (1,053,875)
2029	$ (892,822)
Thereafter	$ (989,746)

Medicare Part D – On Behalf Payments

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 drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants.

For the year ended August 31, 2024, TRS-Care received $45,461, $67,287, and $69,584 in subsidy payments on behalf of the District for fiscal years 2022, 2023, and 2024, respectively.

M. Subsequent Events

Management has evaluated subsequent events through December 17, 2024, when the financial statements were available to be issued. No subsequent events after this date have been evaluated for inclusion in these financial statements.

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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.

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

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	REVENUES:				
5700	Total Local and Intermediate Sources	$ 2,377,919	$ 2,559,723	$ 2,193,174	$ (366,549)
5800	State Program Revenues	16,096,792	16,348,385	14,317,301	(2,031,084)
5900	Federal Program Revenues	500,000	1,840,794	1,631,930	(208,864)
5020	Total Revenues	18,974,711	20,748,902	18,142,405	(2,606,497)
	EXPENDITURES:				
	Current:				
0011	Instruction	6,900,000	7,280,723	7,204,777	75,946
0012	Instructional Resources and Media Services	200,000	100,000	14,003	85,997
0013	Curriculum and Instructional Staff Development	383,843	163,621	95,478	68,143
0021	Instructional Leadership	228,676	234,176	215,264	18,912
0023	School Leadership	785,793	565,793	512,650	53,143
0031	Guidance, Counseling, and Evaluation Services	450,000	275,000	141,615	133,385
0033	Health Services	300,000	225,000	195,983	29,017
0034	Student (Pupil) Transportation	900,000	900,000	878,409	21,591
0035	Food Services	1,565,794	1,606,387	1,597,138	9,249
0036	Extracurricular Activities	900,000	1,100,000	1,013,266	86,734
0041	General Administration	1,030,000	1,030,000	904,725	125,275
0051	Facilities Maintenance and Operations	3,600,000	3,289,000	3,228,345	60,655
0052	Security and Monitoring Services	370,000	474,388	472,851	1,537
0053	Data Processing Services	533,818	779,430	692,971	86,459
0061	Community Services	47,998	77,998	66,481	11,517
	Debt Service:				
0071	Principal on Long-Term Liabilities	-	100,000	87,596	12,404
0072	Interest on Long-Term Liabilities	-	20,000	6,832	13,168
	Capital Outlay:				
0081	Facilities Acquisition and Construction	-	156,804	-	156,804
	Intergovernmental:				
0093	Payments to Fiscal Agent/Member Districts of SSA	31,000	45,000	39,138	5,862
0099	Other Intergovernmental Charges	36,000	48,000	33,822	14,178
6030	Total Expenditures	18,262,922	18,471,320	17,401,344	1,069,976
1100	Excess of Revenues Over Expenditures	711,789	2,277,582	741,061	(1,536,521)
	OTHER FINANCING SOURCES (USES):				
7915	Transfers In	-	463,712	147,115	(316,597)
8911	Transfers Out (Use)	-	(463,712)	(147,115)	316,597
7080	Total Other Financing Sources (Uses)	-	-	-	-
1200	Net Change in Fund Balances	711,789	2,277,582	741,061	(1,536,521)
0100	Fund Balance - September 1 (Beginning)	11,975,821	11,975,821	11,975,821	-
3000	Fund Balance - August 31 (Ending)	$ 12,687,610	$ 14,253,403	$ 12,716,882	$ (1,536,521)

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PROGRESO INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

TEACHER RETIREMENT SYSTEM OF TEXAS

FOR THE YEAR ENDED AUGUST 31, 2024

	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021
District's Proportion of the Net Pension Liability (Asset)	0.008805885%	0.008763383%	0.008769236%
District's Proportionate Share of Net Pension Liability (Asset)	$ 6,048,793	$ 5,202,595	$ 2,233,214
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	11,649,275	9,412,071	4,303,821
Total	$ 17,698,068	$ 14,614,666	$ 6,537,035
District's Covered Payroll	$ 13,534,746	$ 12,086,093	$ 11,831,002
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	44.69%	43.05%	18.88%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.15%	75.62%	88.79%

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

FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
0.009521144%	0.011005507%	0.012964858%	0.013352713%	0.013383573%	0.0140278%	0.0082172%
$ 5,099,330	$ 5,721,006	$ 7,136,168	$ 4,269,478	$ 5,057,453	$ 4,958,641	$ 2,194,928
9,962,085	10,522,826	11,265,942	7,127,087	8,816,982	7,060,066	6,840,964
$ 15,061,415	$ 16,243,832	$ 18,402,110	$ 11,396,565	$ 13,874,435	$ 12,018,707	$ 9,035,892
$ 12,544,226	$ 12,962,504	$ 13,448,483	$ 14,626,381	$ 13,645,670	$ 12,018,707	$ 9,035,892
40.65%	44.14%	53.06%	29.19%	37.06%	41.26%	24.29%
75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

PROGRESO INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS

TEACHER RETIREMENT SYSTEM OF TEXAS

FOR THE YEAR ENDED AUGUST 31, 2024

	2024	2023	2022
Contractually Required Contribution	$ 462,087	$ 454,433	$ 414,125
Contribution in Relation to the Contractually Required Contribution	(462,087)	(454,433)	(414,125)
Contribution Deficiency (Excess)	$ -	$ -	$ -
District's Covered Payroll	$ 14,022,030	$ 13,534,746	$ 12,086,093
Contributions as a Percentage of Covered Payroll	3.30%	3.36%	3.43%

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

2021	2020	2019	2018	2017	2016	2015
$ 376,912	$ 389,784	$ 403,578	$ 430,376	$ 439,185	$ 425,229	$ 415,699
(376,912)	(389,754)	(403,578)	(430,376)	(439,185)	(425,229)	(415,699)
$ -	$ 30	$ -	$ -	$ -	$ -	$ -
$ 11,831,002	$ 12,544,226	$ 12,962,504	$ 13,448,483	$ 14,626,381	$ 13,645,670	$ 11,919,158
3.19%	3.11%	3.11%	3.20%	3.00%	3.12%	3.49%

PROGRESO INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

TEACHER RETIREMENT SYSTEM OF TEXAS

FOR THE YEAR ENDED AUGUST 31, 2024

	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.014574603%	0.014139197%	0.015232958%
District's Proportionate Share of Net OPEB Liability (Asset)	$ 3,226,570	$ 3,385,490	$ 5,876,033
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	3,893,353	4,129,766	7,872,574
Total	$ 7,119,923	$ 7,515,256	$ 13,748,607
District's Covered Payroll	$ 13,534,746	$ 12,086,093	$ 11,731,002
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	23.84%	28.01%	18.26%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	14.94%	11.52%	6.18%

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

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

FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
0.016842662%	0.019972575%	0.020811847%	0.026702385%
$ 6,402,656	$ 9,445,275	$ 10,391,546	$ 11,611,866
8,603,636	12,550,659	10,617,476	9,807,042
$ 15,006,292	$ 21,995,934	$ 21,009,022	$ 21,418,908
$ 12,544,226	$ 12,962,504	$ 13,448,483	$ 14,626,381
19.02%	29.35%	31.79%	37.36%
4.99%	2.66%	1.57%	0.91%

PROGRESO INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)

TEACHER RETIREMENT SYSTEM OF TEXAS

FOR THE YEAR ENDED AUGUST 31, 2024

	2024	2023	2022
Contractually Required Contribution	$ 127,540	$ 127,669	$ 118,824
Contribution in Relation to the Contractually Required Contribution	(127,540)	(127,669)	(118,824)
Contribution Deficiency (Excess)	$ -	$ -	$ -
District's Covered Payroll	$ 14,022,030	$ 13,534,746	$ 12,086,093
Contributions as a Percentage of Covered Payroll	0.91%	0.94%	0.98%

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

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

2021	2020	2019	2018
$ 121,679	$ 130,184	$ 152,721	$ 163,022
(121,679)	(130,184)	(152,721)	(163,022)
$ -	$ -	$ -	$ -
$ 11,731,002	$ 12,544,226	$ 12,962,504	$ 13,448,483
1.04%	1.04%	1.18%	1.21%

Note 1. Budget

A. Budgetary Information

Each school district in Texas is required by law to prepare annually a budget of anticipated revenues and expenditures for the general fund, debt service fund, and the National School Breakfast and Lunch Program special revenue fund. The Texas Education Code requires the budget to be prepared no later than August 20 and adopted by August 31 of each year. The budgets are prepared on a basis of accounting that is used for reporting in accordance with generally accepted accounting principles. The following procedures are followed in establishing the budgetary data reflected in the fund financial schedules:

1. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them..
2. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
3. Prior to September 1, the budget is formally approved and adopted by the Board.

The appropriated budget is prepared by fund and function. The District's campus/department heads may make transfers of appropriations within a campus or department. Transfers of appropriations between campuses or departments require the approval of the District's management. Increasing any one of the functional spending categories or revenues object accounts and other resources and uses requires the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level within a fund. All annual appropriations lapse at the end of the fiscal year.

B. Notes to Schedules for the TRS Pension

Changes of Benefit terms.

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

Changes of Assumptions.

There were no changes in assumptions.

C. Notes to Schedules for the TRS OPEB Plan

Changes in Benefits. There were no changes in benefits.

Changes in Assumptions.

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

COMBINING FUND FINANCIAL STATEMENTS

PROGRESO INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2024

Data Control Codes		211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
	ASSETS				
1110	Cash and Cash Equivalents	$ -	$ -	$ 46,220	$ -
1210	Property Taxes - Current	-	-	-	-
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes	-	-	-	-
1240	Due from Other Governments	199,736	47,569	159,210	-
1260	Due from Other Funds	-	-	56,343	-
1000	Total Assets	$ 199,736	$ 47,569	$ 261,773	$ -
	LIABILITIES				
2110	Accounts Payable	$ 15,483	$ 986	$ -	$ -
2160	Accrued Wages Payable	5,134	5,674	4,854	-
2170	Due to Other Funds	178,520	40,245	256,629	-
2180	Due to Other Governments	-	-	183	-
2200	Accrued Expenditures	599	664	107	-
2000	Total Liabilities	199,736	47,569	261,773	-
	DEFERRED INFLOWS OF RESOURCES				
2601	Unavailable Revenue - Property Taxes	-	-	-	-
2600	Total Deferred Inflows of Resources	-	-	-	-
	FUND BALANCES				
	Restricted Fund Balance:				
3480	Retirement of Long-Term Debt	-	-	-	-
3600	Unassigned Fund Balance	-	-	-	-
3000	Total Fund Balances	-	-	-	-
4000	Total Liabilities, Deferred Inflows & Fund Balances	$ 199,736	$ 47,569	$ 261,773	$ -

244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	274 GEAR UP	279 ESSER III TCLAS ARP Act	281 ESSER II CRRSA Act Supplemental	289 Title IV, Part A Suppart 1	429 2022-2024 Silent Panic Alert
$ -	$ 347	$ -	$ -	$ -	$ -	$ 3,156	$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	5,379	17,027	48,715	15,051	-	15,251	-
-	-	-	-	-	-	-	-
$ -	$ 5,726	$ 17,027	$ 48,715	$ 15,051	$ -	$ 18,407	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ 3,514	$ -
-	-	-	-	-	-	-	-
-	5,726	17,027	48,715	15,051	-	14,893	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	5,726	17,027	48,715	15,051	-	18,407	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
$ -	$ 5,726	$ 17,027	$ 48,715	$ 15,051	$ -	$ 18,407	$ -

PROGRESO INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2024

Data Control Codes		470 Student Activity	Total Nonmajor Special Revenue Funds	599 Debt Service Fund	Total Nonmajor Governmental Funds
	ASSETS				
1110	Cash and Cash Equivalents	$ 4,914	$ 54,637	$ 622,503	$ 677,140
1210	Property Taxes - Current	-	-	21,862	21,862
1220	Property Taxes - Delinquent	-	-	187,144	187,144
1230	Allowance for Uncollectible Taxes	-	-	(10,450)	(10,450)
1240	Due from Other Governments	-	507,938	-	507,938
1260	Due from Other Funds	-	56,343	-	56,343
1000	Total Assets	$ 4,914	$ 618,918	$ 821,059	$ 1,439,977
	LIABILITIES				
2110	Accounts Payable	$ -	$ 19,983	$ -	$ 19,983
2160	Accrued Wages Payable	-	15,662	-	15,662
2170	Due to Other Funds	-	576,806	-	576,806
2180	Due to Other Governments	-	183	34,037	34,220
2200	Accrued Expenditures	-	1,370	-	1,370
2000	Total Liabilities	-	614,004	34,037	648,041
	DEFERRED INFLOWS OF RESOURCES				
2601	Unavailable Revenue - Property Taxes	-	-	198,556	198,556
2600	Total Deferred Inflows of Resources	-	-	198,556	198,556
	FUND BALANCES				
	Restricted Fund Balance:				
3480	Retirement of Long-Term Debt	-	-	166,272	166,272
3600	Unassigned Fund Balance	4,914	4,914	422,194	427,108
3000	Total Fund Balances	4,914	4,914	588,466	593,380
4000	Total Liabilities, Deferred Inflows & Fund Balances	$ 4,914	$ 618,918	$ 821,059	$ 1,439,977

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

Data Control Codes		211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
	REVENUES:				
5700	Total Local and Intermediate Sources	$ -	$ -	$ -	$ -
5800	State Program Revenues	-	-	4,261	-
5900	Federal Program Revenues	814,333	158,073	814,166	-
5020	Total Revenues	814,333	158,073	818,427	-
	EXPENDITURES:				
	Current:				
0011	Instruction	388,188	100,526	664,923	-
0012	Instructional Resources and Media Services	114,651	-	-	-
0013	Curriculum and Instructional Staff Development	6,876	-	2,114	-
0021	Instructional Leadership	103,001	1,267	1,641	-
0023	School Leadership	916	-	300	-
0031	Guidance, Counseling, and Evaluation Services	66,457	-	149,449	-
0032	Social Work Services	39,043	56,147	-	-
0033	Health Services	6,952	-	-	-
0041	General Administration	38,472	-	-	-
0052	Security and Monitoring Services	-	-	-	-
0061	Community Services	49,777	133	-	-
	Debt Service:				
0071	Principal on Long-Term Liabilities	-	-	-	-
0072	Interest on Long-Term Liabilities	-	-	-	-
0073	Bond Issuance Cost and Fees	-	-	-	-
6030	Total Expenditures	814,333	158,073	818,427	-
1200	Net Change in Fund Balance	-	-	-	-
0100	Fund Balance - September 1 (Beginning)	-	-	-	-
3000	Fund Balance - August 31 (Ending)	$ -	$ -	$ -	$ -

244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	274 GEAR UP	279 ESSER III TCLAS ARP Act	281 ESSER II CRRSA Act Supplemental	289 Title IV, Part A Suppart 1	429 2022-2024 Silent Panic Alert
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	8,810	13,805	-	7,619
27,553	97,292	92,597	85,953	164,684	-	67,375	-
27,553	97,292	92,597	85,953	173,494	13,805	67,375	7,619
27,553	-	91,730	6,349	65,846	13,805	57,963	-
-	-	-	-	-	-	-	-
-	-	-	1,237	-	-	7,050	-
-	-	-	457	107,648	-	-	-
-	-	-	-	-	-	-	-
-	-	-	77,708	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	2,362	7,619
-	97,292	867	202	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
27,553	97,292	92,597	85,953	173,494	13,805	67,375	7,619
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

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

Data Control Codes		470 Student Activity	Total Nonmajor Special Revenue Funds	599 Debt Service Fund	Total Nonmajor Governmental Funds
	REVENUES:				
5700	Total Local and Intermediate Sources	$ 10,000	$ 10,000	$ 1,288,044	$ 1,298,044
5800	State Program Revenues	-	34,495	781,279	815,774
5900	Federal Program Revenues	-	2,322,026	-	2,322,026
5020	Total Revenues	10,000	2,366,521	2,069,323	4,435,844
	EXPENDITURES:				
	Current:				
0011	Instruction	-	1,416,883	-	1,416,883
0012	Instructional Resources and Media Services	5,086	119,737	-	119,737
0013	Curriculum and Instructional Staff Development	-	17,277	-	17,277
0021	Instructional Leadership	-	214,014	-	214,014
0023	School Leadership	-	1,216	-	1,216
0031	Guidance, Counseling, and Evaluation Services	-	293,614	-	293,614
0032	Social Work Services	-	95,190	-	95,190
0033	Health Services	-	6,952	-	6,952
0041	General Administration	-	38,472	-	38,472
0052	Security and Monitoring Services	-	9,981	-	9,981
0061	Community Services	-	148,271	-	148,271
	Debt Service:				
0071	Principal on Long-Term Liabilities	-	-	1,200,001	1,200,001
0072	Interest on Long-Term Liabilities	-	-	956,412	956,412
0073	Bond Issuance Cost and Fees	-	-	3,750	3,750
6030	Total Expenditures	5,086	2,361,607	2,160,163	4,521,770
1200	Net Change in Fund Balance	4,914	4,914	(90,840)	(85,926)
0100	Fund Balance - September 1 (Beginning)	-	-	679,306	679,306
3000	Fund Balance - August 31 (Ending)	$ 4,914	$ 4,914	$ 588,466	$ 593,380

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.

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

	(1)	(2)	(3)
Last 10 Years Ended August 31	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2015 and prior years	$ 1.040000	$ 0.390000	$ Various
2016	1.040000	0.330000	137,661,730
2017	1.040000	0.350000	142,261,059
2018	1.040000	0.350000	175,092,025
2019	1.040000	0.350000	174,983,413
2020	0.970000	0.350000	179,233,280
2021	0.910000	0.365000	193,951,648
2022	0.992000	0.268000	215,652,948
2023	0.878100	0.451800	228,862,592
2024 (School year under audit)	0.669200	0.513700	271,779,721
1000 TOTALS			
8000 Total Taxes Refunded Under Section 26.1115, Tax Code			

(10) Beginning Balance 9/1/2023	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2024	(99) Taxes Refunded Under Section 26.1115c
$ 77,462	$ -	$ 725	$ 272	$ (10,070)	$ 66,395	
5,277	-	-	-	(1,065)	4,212	
4,087	-	-	-	-	4,087	
4,728	-	288	97	-	4,343	
6,261	-	668	225	-	5,368	
11,571	-	2,031	732	(1,045)	7,764	
16,511	-	4,115	1,583	(129)	10,684	
37,533	-	3,963	1,071	(9,264)	23,235	
177,442	-	47,177	24,274	(31,239)	74,752	
-	3,171,390	1,583,266	1,215,367	-	372,757	
$ 340,872	$ 3,171,390	$ 1,642,233	$ 1,243,621	$ (52,812)	$ 573,596	
						$ -

EXHIBIT J-2

PROGRESO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	REVENUES:				
5700	Total Local and Intermediate Sources	$ 25,000	$ 25,000	$ 12,429	$ (12,571)
5800	State Program Revenues	200,000	298,643	151,336	(147,307)
5900	Federal Program Revenues	1,340,794	1,340,794	1,547,885	207,091
5020	Total Revenues	1,565,794	1,664,437	1,711,650	47,213
	EXPENDITURES:				
	Current:				
0035	Food Services	1,565,794	1,606,387	1,597,138	9,249
6030	Total Expenditures	1,565,794	1,606,387	1,597,138	9,249
1200	Net Change in Fund Balances	-	58,050	114,512	56,462
0100	Fund Balance - September 1 (Beginning)	589,698	589,698	589,698	-
3000	Fund Balance - August 31 (Ending)	$ 589,698	$ 647,748	$ 704,210	$ 56,462

EXHIBIT J-3

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

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	REVENUES:				
5700	Total Local and Intermediate Sources	$ 1,425,272	$ 1,425,272	$ 1,288,044	$ (137,228)
5800	State Program Revenues	634,543	634,543	781,279	146,736
5020	Total Revenues	2,059,815	2,059,815	2,069,323	9,508
	EXPENDITURES:				
	Debt Service:				
0071	Principal on Long-Term Liabilities	2,156,038	1,155,000	1,200,001	(45,001)
0072	Interest on Long-Term Liabilities	-	1,001,038	956,412	44,626
0073	Bond Issuance Cost and Fees	-	-	3,750	(3,750)
6030	Total Expenditures	2,156,038	2,156,038	2,160,163	(4,125)
1200	Net Change in Fund Balances	(96,223)	(96,223)	(90,840)	5,383
0100	Fund Balance - September 1 (Beginning)	679,306	679,306	679,306	-
3000	Fund Balance - August 31 (Ending)	$ 583,083	$ 583,083	$ 588,466	$ 5,383

PROGRESO INDEPENDENT SCHOOL DISTRICT
STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2024

Section A: Compensatory Education Programs

AP1	Did your district expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the district have written policies and procedures for its state compensatory education program?	Yes
AP3	Total state allotment funds received for state compensatory education programs during the district's fiscal year.	1694157.85
AP4	Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24,26,28,29,30)	1225294

Section B: Bilingual Education Programs

AP5	Did your district expend any bilingual education program state allotment funds during the district's fiscal year?	Yes
AP6	Does the district have written policies and procedures for its bilingual education program?	Yes
AP7	Total state allotment funds received for bilingual education programs during the district's fiscal year.	470072.66
AP8	Actual direct program expenditures for bilingual education programs during the district's fiscal year. (PIC 25)	92230.47

REQUIRED TEXAS EDUCATION AGENCY COMPLIANCE SCHEDULES

Juarez PLLC CPA FIRM

513 E. Jackson St., Ste 321
Harlingen, Texas 78550-6877
(956) 465-0465

Tony Juarez, CPA, CIA, EdD
ajuarez@jcpafirm.com

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

To the Board of Trustees
Progreso Independent School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Progreso Independent School District ("the District"), as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 17, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

PLLC
CPA FIRM

Harlingen, Texas
December 17, 2024

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

To the Board of Trustees
Progreso Independent School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control over Compliance

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

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

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

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

PLLC
CPA FIRM

Harlingen, Texas
December 17, 2024

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on GAAP financial statements:	Unmodified
Internal control over financial reporting.	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported

Federal Awards

Internal control over major programs.	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major programs.	Unmodified
Any audit findings disclosed that are required to be reported in Accordance with the 2 CFR 200.516(a), Uniform Guidance?	No

Identification of Major Programs:

Assistance Listing Numbers (ALN)	Name of Federal Program or Cluster
84.027	IDEA Part B – Formula
10.553	School Breakfast Program
10.555	National School Lunch Program

Dollar Threshold Considered Between Type A and B Federal Programs	$750,000
Auditee qualified as low-risk auditee:	Yes

II. Financial statement findings required to be report in accordance with *Government Auditing Standards* — None

III. Federal Award Findings and Questioned Costs — None

There we no federal award findings and questioned costs required to be reported in accordance with Uniform Guidance, Section 200.516(a).l

PROGRESO INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2024

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

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

Prior Audit Findings

Not applicable

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

I. Corrective Action Plan

Not Applicable

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

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal Assistance Listing No.	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
PASS THROUGH TEXAS EDUCATION AGENCY			
Direct Programs			
Title IV, Part A-Subpart 1	84.424A	24680101108910	$ 67,375
Total Direct Programs			67,375
TOTAL PASS THROUGH TEXAS EDUCATION AGENCY			67,375
U.S. DEPARTMENT OF EDUCATION			
Passed Through Texas Education Agency			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	23610101108910	271,483
ESEA, Title I, Part A - Improving Basic Programs	84.010A	24610101108910	542,850
Total Assistance Listing Number 84.010			814,333
ESEA, Title I, Part C - Migratory Children	84.011	24615001108910	158,073
*IDEA - Part B, Formula	84.027	236600011089106000	533,828
*IDEA - Part B, Formula	84.027	246600011089106600	284,600
Total Assistance Listing Number 84.027			818,428
Total Special Education Cluster (IDEA)			818,428
Career and Technical - Basic Grant	84.048	21420006108910	27,553
GEAR UP	84.334B	P334A180025	85,953
Title III, Part A - English Language Acquisition	84.365A	23671001108910	85
Title III, Part A - English Language Acquisition	84.365A	24671001108910	92,512
Total Assistance Listing Number 84.365			92,597
ESEA, Title II, Part A, Teacher Principal Training	84.367A	22694501108910	97,292
COVID 19 - ESSER II - School Emergency Relief	84.425D	21528042108910	6,945
COVID 19 - ESSER II - School Emergency Relief	84.425D	21528042108910	6,859
COVID 19 - ESSER III - School Emergengy Relief	84.425D	215280587110114	208,829
COVID 19 - ESSER III - School Emergengy Relief	84.425D	21528001108910	4,316,309
COVID 19 - Learning Supports - (TCLAS) ESSER III	84.425U	21528042108910	15,401
COVID 19 - Learning Supports - (TCLAS) ESSER III	84.425U	21528042108910	158,093
Total Assistance Listing Number 84.425			4,712,436
Total Passed Through Texas Education Agency			6,806,665
TOTAL U.S. DEPARTMENT OF EDUCATION			6,806,665
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through the Texas Department of Agriculture			
*School Breakfast Program	10.553	71402401	552,066
*National School Lunch Program - Cash Assistance	10.555	71302401	903,084
*National School Lunch Prog. - Non-Cash Assistance	10.555	71302401	92,735
Total Assistance Listing Number 10.555			995,819
Total Child Nutrition Cluster			1,547,885
Total Passed Through the Texas Department of Agriculture			1,547,885
TOTAL U.S. DEPARTMENT OF AGRICULTURE			1,547,885
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 8,421,925

*Clustered Programs

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

1. The District uses the fund types specified in the Texas Education Agency's Financial Accountability System Resource Guide for all Federal programs. Special Revenue funds account for resources restricted to or designated for specific purposes by a grantor. Federal and state financial assistance is generally 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 a Special Revenue Fund, which is a Government Fund type. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. The modified-accrual basis of accounting is used for governmental funds.

   This accounting basis recognizes revenues in the accounting period in which they become measurable and available and expenditures in the accounting period in which the fund liability is incurred, except that principal and interest on general long-term debt are recognized when due. Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until earned.

3. The period of availability for federal grant funds for liquidation of outstanding obligations made on or before the ending date of the federal project period is extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, 0MB Uniform Guidance.

4. Reconciliation of the Schedule of Expenditures of Federal Awards to Exhibit C-3 is as follows.

Amount reported on the Schedule of Expenditures of Federal Awards	$ 8,421,925
Teacher Retirement System Care On-Behalf Payments	(203,054)
SHARS Revenues in the General Fund	8,572
Bilingual Compensatory Revenues in the General Fund	2,939
Federal Revenues Disturbuted by TEA in the General Fund	72,534
Total Federal Funds in Schedule C-3	$8,302,916

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

SCHOOLS FIRST QUESTIONNAIRE

PROGRESO INDEPENDENT SCHOOL DISTRICT

Fiscal Year 2024

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 Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If payments were not made or warrant hold not cleared within 30 days of when due, then payments are NOT timely.)	Yes
SF4	Was the school district issued a warrant hold? (Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, answer is still YES.)	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 and/or substantial doubt about the district's ability to continue as a going concern?	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 district's administration and school board members discuss any changes and/or impact to local, state, and federal funding 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.	0