

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



SINGLETON, CLARK
& COMPANY, PC CERTIFIED PUBLIC ACCOUNTANTS

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

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CERTIFICATE OF BOARD

Salado Independent School District
Name of School District

Bell
County

014-908
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 June 30, 2024, at a meeting of the Board of Trustees of such school district on the 18th day of November, 2024.



Signature of Board Secretary



Signature of Board President

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

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Salado Independent School District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Salado Independent School District (the "District"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund 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 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 the management's discussion and analysis section which precedes the basic financial statements and the pension and other post-employment benefits liabilities related schedules following the notes to the financial statements be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

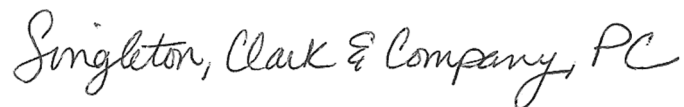
Other Information

Management is responsible for the other information included within the annual report. The other information comprises exhibits required by the Texas Education Agency which present property tax collection and receivable information, budget-to-actual comparisons for the Child Nutrition Fund and Debt Service Fund, and information related to expenditure levels of selected state funding allotments. Our opinions on the basic financial statements do not cover this 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 September 6, 2024 on our consideration of Salado Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



Singleton, Clark & Company, PC
Cedar Park, Texas

September 6, 2024

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SALADO INDEPENDENT SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

MANAGEMENT’S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of Salado Independent School District (the “District”) discuss and analyze the financial performance of the District for the fiscal year ended June 30, 2024. Please read this information in conjunction with the District’s basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District’s net position for governmental activities increased by \$3,330,054 as a result of this year’s current operations, to end at \$14,632,394.
- Total governmental funds of the District (the General Fund plus all Special Revenue Funds, the Capital Projects Funds, and the Debt Service Fund) reported an overall fund balance increase of \$107,402,431, to end at \$126,196,954.
- The General Fund of the District reported a fund balance increase of \$122,907 for the year, to end at \$6,567,117.

OVERVIEW OF THE FINANCIAL SECTION

The Financial Section is the most substantial part of this Annual Financial and Compliance Report. It consists of the independent auditor’s report, management’s discussion and analysis (this section), a set of basic financial statements with required note disclosures, and finally, required supplementary information and other supporting statements and schedules as applicable.

Independent Auditor’s Report

State law requires the District’s financial statements to be audited by an independent certified public accountant each year. The primary purpose of the annual audit is for the auditor to express an opinion as to whether the financial statements of the District appear to be free from material misstatement. The audit is required to be conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The District received an *Unmodified* opinion on its financial statements this year.

Management’s Discussion and Analysis

The Management’s Discussion and Analysis (MD&A) section of the report is intended to introduce the financial statements and to provide discussion and analysis regarding the financial performance of the District during the year. The MD&A is written by management of the District and provides for a less formal presentation of the financial activities of the District than is found within the basic financial statements themselves.

Basic Financial Statements

The Basic Financial Statements consist of a series of financial statements and required note disclosures. These statements include government-wide financial statements which present the District in a consolidated and long-term manner using full-accrual accounting similar to that of a business enterprise, and fund financial statements which present a more detailed view of the District using a more short-term view and traditional modified-accrual governmental accounting. These financial statements are followed with detailed notes which provide narrative explanations and additional data for full disclosure of information.

SALADO INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

Required Supplementary Information

The previously discussed Management's Discussion and Analysis section is considered to be required supplementary information, however, the governmental reporting framework requires that it be presented before the financial statements. When applicable, additional required supplementary information must follow the financial statements. Within this financial report, the District presents required schedules related to its participation in the Teacher Retirement System of Texas and the Texas Public School Retired Employees Group Insurance Plan.

Combining and Individual Fund Statements and Schedules

The combining statements provide detailed information about the District's nonmajor funds. While the primary financial statements present the nonmajor funds in a consolidated manner, the combining statements list all of the nonmajor funds separately, each in its own column. In addition, this section also includes schedules required by the Texas Education Agency to report tax collection information and budget to actual information for the District's child nutrition and debt service functions.

OVERVIEW OF THE FEDERAL AWARDS SECTION

Report on Internal Controls and Compliance

In accordance with *Government Auditing Standards*, the auditor is required to consider the internal controls the District has in place over financial reporting and whether any noncompliance with rules, laws, and regulations was noted during the audit. This report describes the scope of the testing of internal control and compliance, however, it does not provide an opinion on the effectiveness of internal control or on compliance.

Report on Compliance and Internal Control for Each Major Program

Because the District expended more than \$750,000 in federal grant awards, an additional independent auditor's report on compliance and internal control over the District's major federal grant programs was required. This report provides an opinion by the independent audit firm that the District complied, in all material respects, with the requirements applicable to the federal grants received and expended.

Schedule of Expenditures of Federal Awards

The Schedule of Expenditures of Federal Awards (SEFA) provides a detailed listing of the federal grant awards received by the District during the year. This listing includes federal grant names, identification numbers, and amounts expended.

Schedule of Findings and Questioned Costs

The Schedule of Findings and Questioned Costs provides an overall summary of auditor results, including identification of the type of opinion on the financial statements, whether any significant deficiencies or material weaknesses in internal controls were observed by the audit firm, and whether any material noncompliance was noted. This schedule also lists information related to the audit of the District's major federal programs and lists any audit findings reported by the audit firm for the year.

SALADO INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins with the government-wide financial statements which immediately follow this section. The government-wide financial statements include the Statement of Net Position and the Statement of Activities. The primary purpose of these financial statements is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets, deferred outflows, liabilities, and deferred inflows at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

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

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

In the Statement of Net Position and the Statement of Activities, school districts divide up their financial activities as follows:

- Governmental activities – School districts report basic services here, including the instruction of students, counseling, co-curricular activities, child nutrition services, transportation, maintenance, community services, and general administration. Property taxes, state block grants based on student attendance and demographics, and other state and federal grants finance most of these activities.
- Business-type activities – School districts may charge a fee to "customers" to help it cover all or most of the cost of services it provides for child care programs or other activities that closely model a business venture.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements follow the government-wide statements and provide detailed information about the most significant funds of the District, not the District as a whole. Laws and regulations require the District to establish separate funds, such as for grants received from the state and federal government, money received from bond issues for capital projects, or for money raised specifically for debt service purposes, in order to clearly display financial accountability for use of these funds.

SALADO INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

School districts use two different kinds of funds for operations, governmental funds and proprietary funds, which use different accounting approaches.

- A school district will use *governmental funds* to account for basic services. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.
- A school district will use *proprietary funds* to account for the activities for which it charges users (whether outside customers or other units of the District). Proprietary funds use the same accounting methods employed in the Statement of Net Position and the Statement of Activities. In fact, when a district utilizes enterprise funds, (one category of proprietary funds) these are the business-type activities reported in the government-wide statements but they contain more detail and additional information, such as cash flows. Internal service funds (the other category of proprietary funds) report activities that provide supplies and services for a district's other programs and activities, such as a district's self-insurance programs.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities and alumni scholarship programs. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages that follow the governmental fund and proprietary fund financial statements. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is however responsible for applying sound financial internal controls over these funds and for ensuring that these resources are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental activities and business-type activities.

Net position of the District's governmental activities increased from \$11,302,340 to \$14,632,394. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was (\$5,120,388) at June 30, 2024. The increase in governmental net position was primarily due to lower than anticipated expenditures during fiscal year 2024.

SALADO INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

TABLE I
SALADO INDEPENDENT SCHOOL DISTRICT
NET POSITION

	Governmental Activities 2024	Governmental Activities 2023	Change	Business- Type Activities 2024	Business- Type Activities 2023	Change
Current & Other Assets	\$136,293,405	\$ 21,269,527	\$115,023,878	\$ 167,095	\$ 124,787	\$ 42,308
Capital Assets	73,649,931	66,597,262	7,052,669	-	-	-
Total Assets	<u>209,943,336</u>	<u>87,866,789</u>	<u>122,076,547</u>	<u>167,095</u>	<u>124,787</u>	<u>42,308</u>
Deferred Outflows of Resources	7,499,941	7,414,319	85,622	-	-	-
Current Liabilities	12,362,467	2,917,644	9,444,823	-	3,450	(3,450)
Long-Term Liabilities	183,582,932	73,290,824	110,292,108	-	-	-
Total Liabilities	<u>195,945,399</u>	<u>76,208,468</u>	<u>119,736,931</u>	<u>-</u>	<u>3,450</u>	<u>(3,450)</u>
Deferred Inflows of Resources	6,865,484	7,770,300	(904,816)	-	-	-
Net Position:						
Net Investment in Capital Assets	2,197,550	3,238,149	(1,040,599)	-	-	-
Restricted	17,555,232	11,909,844	5,645,388	-	-	-
Unrestricted	<u>(5,120,388)</u>	<u>(3,845,653)</u>	<u>(1,274,735)</u>	<u>167,095</u>	<u>121,337</u>	<u>45,758</u>
Total Net Position	<u>\$ 14,632,394</u>	<u>\$ 11,302,340</u>	<u>\$ 3,330,054</u>	<u>\$ 167,095</u>	<u>\$ 121,337</u>	<u>\$ 45,758</u>

SALADO INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

TABLE II
SALADO INDEPENDENT SCHOOL DISTRICT
CHANGES IN NET POSITION

	Governmental Activities 2024	Governmental Activities 2023	Change	Business- Type Activities 2024	Business- Type Activities 2023	Change
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,606,564	\$ 1,571,977	\$ 34,587	\$ 144,542	\$ 113,817	\$ 30,725
Operating Grants & Cont.	3,715,946	2,577,982	1,137,964	-	-	-
General Revenues:						
Maintenance & Operations Taxes	11,040,036	12,835,976	(1,795,940)	-	-	-
Debt Service Taxes	8,244,256	7,496,074	748,182	-	-	-
State Aid - Formula Grants	8,695,028	6,825,248	1,869,780	-	-	-
Grants & Contributions not Rest.	271,374	240,915	30,459	-	-	-
Investment Earnings	3,336,655	472,920	2,863,735	-	-	-
Miscellaneous	69,106	1,120,729	(1,051,623)	-	-	-
Total Revenue	<u>36,978,965</u>	<u>33,141,821</u>	<u>3,837,144</u>	<u>144,542</u>	<u>113,817</u>	<u>30,725</u>
Expenses:						
Instruction	15,544,168	14,438,868	1,105,300	-	-	-
Instructional Res. & Media Svcs.	252,759	255,262	(2,503)	-	-	-
Curriculum & Inst. Staff Dev.	74,056	124,514	(50,458)	-	-	-
Instructional Leadership	349,280	334,062	15,218	-	-	-
School Leadership	1,290,728	1,145,269	145,459	-	-	-
Guidance, Couns., & Eval. Svcs.	1,074,993	1,010,084	64,909	-	-	-
Social Work Services	35,597	30,618	4,979	-	-	-
Health Services	253,517	247,705	5,812	-	-	-
Student Transportation	1,080,868	1,076,588	4,280	-	-	-
Food Services	967,394	1,068,314	(100,920)	-	-	-
Extracurricular Activities	2,913,720	2,991,501	(77,781)	-	-	-
General Administration	835,829	799,915	35,914	-	-	-
Facilities Maintenance & Oper.	2,387,613	2,342,370	45,243	-	-	-
Security and Monitoring Svcs.	588,980	224,781	364,199	-	-	-
Data Processing Services	893,271	880,298	12,973	-	-	-
Community Services	7,365	-	7,365	-	-	-
Debt Service	4,840,851	2,238,751	2,602,100	-	-	-
Pmts to Fiscal Agent of SSA	49,168	35,256	13,912	-	-	-
Other Intergov. Charges	208,754	199,181	9,573	-	-	-
Business-Type Activities	-	-	-	98,784	90,976	7,808
Total Expenses	<u>33,648,911</u>	<u>29,443,337</u>	<u>4,205,574</u>	<u>98,784</u>	<u>90,976</u>	<u>7,808</u>
Change in Net Position	<u>3,330,054</u>	<u>3,698,484</u>	<u>(368,430)</u>	<u>45,758</u>	<u>22,841</u>	<u>22,917</u>
Net Position at 7/1/23 and 7/1/22	<u>11,302,340</u>	<u>7,603,856</u>	<u>3,698,484</u>	<u>121,337</u>	<u>98,496</u>	<u>22,841</u>
Net Position at 6/30/24 and 6/30/23	<u>\$ 14,632,394</u>	<u>\$ 11,302,340</u>	<u>\$ 3,330,054</u>	<u>\$ 167,095</u>	<u>\$ 121,337</u>	<u>\$ 45,758</u>

SALADO INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

THE DISTRICT'S FUNDS

As the District completed this annual period, the General Fund reported an ending fund balance of \$6,567,117. The District's total General Fund revenues fell short of expenditures by \$123,268. This was primarily the result of less than originally anticipated local and intermediate sources revenues. However, the District also reported \$246,175 in proceeds from right to use lease assets that resulted in a net increase in fund balance for the year of \$122,907.

The District's Debt Service Fund reported an ending fund balance of \$16,771,976 which is \$5,506,692 greater than last year's total of \$11,265,284. The purpose of the Debt Service Fund is to provide for the payment of bond principal and interest payments as it becomes due.

The District's Capital Projects Fund I, a new fund for the year ended June 30, 2024, reported an ending fund balance of \$20,241,866. This fund was established for the purpose of issuing part of the District's Series 2024 Unlimited Tax School Building Bonds which will be used to finance various capital projects through the District.

The District's Capital Projects Fund II, also a new fund for the year ended June 30, 2024, reported an ending fund balance of \$81,329,868. This fund was established for the purpose of issuing part of the District's Series 2024 Unlimited Tax School Building Bonds which will be used to finance the District's new high school.

The District's other governmental funds reported combined fund balance increase of \$201,098 as a result of the current year's operations, to end at \$1,286,127.

Over the course of the year, the Board of Trustees generally revises the District's budget based on financial updates provided by management of the District. These amendments involve moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs, or to react to originally unforeseen circumstances, such as unanticipated new revenues or unavoidable new costs. Budget amendments made to the Instruction, Student Transportation, and General Administration Functions in the General Fund were considered significant.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2024, the District had \$73,649,931 (net of accumulated depreciation) invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance.

A summary of the ending balances of capital assets by major category for both 2024 and 2023 is as follows:

	Governmental Activities 2024	Governmental Activities 2023	Change
Land	\$ 3,781,091	\$ 3,781,091	\$ -
Construction in Progress	10,514,281	-	10,514,281
Buildings	81,268,696	81,258,796	9,900
Furniture and Equipment	4,430,050	4,218,394	211,656
Right to Use Lease Assets	4,370,420	4,124,245	246,175
SBITA	100,609	100,609	-
Total	104,465,147	93,483,135	10,982,012
Less Accumulated Depreciation	(30,815,216)	(26,885,873)	(3,929,343)
Capital Assets, Net of Depreciation	\$ 73,649,931	\$ 66,597,262	\$ 7,052,669

**SALADO INDEPENDENT SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

Debt

At year-end, the District had \$173,024,115 in bonds and other long-term debt outstanding versus \$64,095,260 last year. The increase is attributable to the issuance of Unlimited Tax School Building Bonds, Series 2024.

A summary of the ending balances of long-term debt by type for both 2024 and 2023 is as follows:

	Governmental Activities 2024	Governmental Activities 2023	Change
Bonds Payable	\$ 170,060,363	\$ 61,096,275	\$ 108,964,088
Right to Use Lease Assets Payable	2,936,819	2,937,614	(795)
SBITA Liabilities	26,933	61,371	(34,438)
Total	<u>\$ 173,024,115</u>	<u>\$ 64,095,260</u>	<u>\$ 108,928,855</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the fiscal year 2024- 2025 budget and tax rates. Those factors include property values, changes in enrollment, the economy, projections of future budget years, and legislative mandates. The District has adopted a General Fund budget of approximately \$23.1 million for the 2024-2025 fiscal year. This reflects an approximate increase of \$950 thousand in originally budgeted expenditures from the fiscal year 2023-2024 adopted budget to fiscal year 2024-2025.

For the 2024-2025 budget year, the District has decreased its maintenance and operations tax rate at \$0.6669 per hundred of taxable value. The District adopted a debt service tax rate of \$0.620015 for the 2024-2025 budget year in order to fund required debt payments in the coming year. The combined tax rate of the District for the 2024-2025 budget year is \$1.286915 per hundred of taxable value.

DISTRICT ACCOMPLISHMENTS

Our students were very successful again this past (2023-2024) school year. In fact, they earned 5th place out of 214 high schools in the 4A size classification of the UIL Lone Star Cup rankings. Standings for the Lone Star Cup are compiled via a year-long accumulation of points based on team success at the District and State level in UIL activities. We scored a total of 88 Lone Star Cup points in the following activities:

Academics – District Championship (4 points), Regional Championship (4 points), second place in state (8 points) = 16 points; Volleyball – qualified for playoffs (2 points), District Championship (2 points), won five rounds of playoffs (10 points) = 14 points; Girls’ Soccer – qualified for playoffs (2 points), won five rounds of playoffs (10 points) = 12 points; Softball – qualified for playoffs (2 points), District championship (2 points), won three rounds of playoffs (6 points) = 10 points; Boys’ Soccer – qualified for playoffs (2 points), District Championship (2 points), won two rounds of playoffs (4 points) = 8 points; Baseball – qualified for playoffs (2 points), won three rounds of playoffs (6 points) = 8 points; Girls’ Cross Country – 3rd place in state = 6 points; Girls’ Basketball – qualified for playoffs (2 points), won two rounds of playoffs (4 points) = 6 points; One Act Play – qualified for the state competition (2 points), 5th place in state (2 points) = 4 points; Boys’ Cross Country – 5th place in state = 2 points; Team Tennis – qualified for playoffs (2 points) = 2 points.

In academics, we won the District championship out of the seven high schools in our UIL academic District. Salado High School earned 713 points and the second place school earned 320 points. We also won the regional academic championship out of the 56 high schools in our UIL academic region. This is the 24th year in a row we have won the regional academic championship. We earned 2nd place in the state academic competition out of 214 high schools in the 4A size classification.

SALADO INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Office, at Salado Independent School District, P.O. Box 98, Salado, Texas 76571, or by calling (254) 947-6909.

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BASIC FINANCIAL STATEMENTS

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SALADO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024

Data Control Codes	Primary Government			
	1 Governmental Activities	2 Business-Type Activities	3 Total	
ASSETS				
1110	Cash and Cash Equivalents	\$ 132,200,881	\$ 167,095	\$ 132,367,976
1225	Property Taxes Receivable, net	404,523	-	404,523
1240	Due from Other Governments	3,634,202	-	3,634,202
1290	Other Receivables, net	53,799	-	53,799
	Capital Assets:			
1510	Land Purchase and Improvements	3,781,091	-	3,781,091
1520	Buildings and Improvements, net	55,505,379	-	55,505,379
1530	Furniture and Equipment, net	1,164,118	-	1,164,118
1550	Right to Use Assets, net	2,685,062	-	2,685,062
1580	Construction in Progress	10,514,281	-	10,514,281
1000	Total Assets	<u>209,943,336</u>	<u>167,095</u>	<u>210,110,431</u>
DEFERRED OUTFLOWS OF RESOURCES				
1705	Deferred Outflows-Pension	4,526,283	-	4,526,283
1706	Deferred Outflows-OPEB	2,973,658	-	2,973,658
	Total Deferred Outflows of Resources	<u>7,499,941</u>	<u>-</u>	<u>7,499,941</u>
LIABILITIES				
2110	Accounts Payable	6,508,914	-	6,508,914
2140	Interest Payable	2,670,539	-	2,670,539
2150	Payroll Deductions and Withholdings	6,487	-	6,487
2160	Accrued Wages Payable	1,660,639	-	1,660,639
2200	Accrued Expenses	268,816	-	268,816
2300	Unavailable Revenue	1,247,072	-	1,247,072
	Noncurrent Liabilities:			
2501	Due Within One Year	3,789,793	-	3,789,793
2502	Due in More Than One Year	169,234,322	-	169,234,322
2540	Net Pension Liability	7,009,822	-	7,009,822
2545	Other Post-Employment Benefits Liability	3,548,995	-	3,548,995
2000	Total Liabilities	<u>195,945,399</u>	<u>-</u>	<u>195,945,399</u>
DEFERRED INFLOWS OF RESOURCES				
2605	Deferred Inflows-Pension	1,637,981	-	1,637,981
2606	Deferred Inflows-OPEB	5,227,503	-	5,227,503
	Total Deferred Inflows of Resources	<u>6,865,484</u>	<u>-</u>	<u>6,865,484</u>
NET POSITION				
3200	Net Investment in Capital Assets	2,197,550	-	2,197,550
	Restricted for:			
3820	Federal & State Programs	629,868	-	629,868
3850	Debt Service	16,925,364	-	16,925,364
3900	Unrestricted	(5,120,388)	167,095	(4,953,293)
3000	Total Net Position	<u>\$ 14,632,394</u>	<u>\$ 167,095</u>	<u>\$ 14,799,489</u>

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

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

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
11 Instruction	\$ 15,544,168	\$ 7,775	\$ 1,905,959
12 Instructional Resources & Media Services	252,759	-	6,752
13 Curriculum & Instructional Staff Development	74,056	-	28,346
21 Instructional Leadership	349,280	-	10,477
23 School Leadership	1,290,728	-	47,629
31 Guidance, Counseling, & Evaluation Services	1,074,993	-	234,986
32 Social Work Services	35,597	-	-
33 Health Services	253,517	-	48,578
34 Student Transportation	1,080,868	-	29,680
35 Food Services	967,394	437,053	559,792
36 Extracurricular Activities	2,913,720	1,092,488	34,390
41 General Administration	835,829	69,248	23,182
51 Facilities Maintenance and Operations	2,387,613	-	46,015
52 Security and Monitoring Services	588,980	-	210,633
53 Data Processing Services	893,271	-	26,010
61 Community Services	7,365	-	-
72 Interest on Long-Term Debt	3,961,076	-	503,517
73 Bond Issuance Cost & Fees	879,775	-	-
93 Payments to Fiscal Agent of SSA	49,168	-	-
99 Other Intergovernmental Charges	208,754	-	-
TG Total Governmental Activities:	<u>33,648,911</u>	<u>1,606,564</u>	<u>3,715,946</u>
BUSINESS-TYPE ACTIVITIES:			
01 Enterprise Fund - After School Care Program	98,784	144,542	-
TB Total Business-Type Activities:	<u>98,784</u>	<u>144,542</u>	<u>-</u>
TP TOTAL PRIMARY GOVERNMENT:	<u>\$ 33,747,695</u>	<u>\$ 1,751,106</u>	<u>\$ 3,715,946</u>
General Revenues:			
Taxes:			
MT Property Taxes, Levied for General Purposes			
DT Property Taxes, Levied for Debt Service			
SF State Aid - Formula Grants			
GC Grants and Contributions, not Restricted			
IE Investment Earnings			
MI Miscellaneous Local and Intermediate Revenue			
Total General Revenues			
CN Change in Net Position			
NB Net Position -- Beginning			
NE Net Position -- Ending			

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

Net (Expense) Rev. & Changes in Net Position		
6	7	8
Primary Gov.		
Governmental Activities	Business-Type Activities	Total
\$ (13,630,434)	\$ -	\$ (13,630,434)
(246,007)	-	(246,007)
(45,710)	-	(45,710)
(338,803)	-	(338,803)
(1,243,099)	-	(1,243,099)
(840,007)	-	(840,007)
(35,597)	-	(35,597)
(204,939)	-	(204,939)
(1,051,188)	-	(1,051,188)
29,451	-	29,451
(1,786,842)	-	(1,786,842)
(743,399)	-	(743,399)
(2,341,598)	-	(2,341,598)
(378,347)	-	(378,347)
(867,261)	-	(867,261)
(7,365)	-	(7,365)
(3,457,559)	-	(3,457,559)
(879,775)	-	(879,775)
(49,168)	-	(49,168)
(208,754)	-	(208,754)
<u>(28,326,401)</u>	<u>-</u>	<u>(28,326,401)</u>
-	45,758	45,758
-	45,758	45,758
<u>(28,326,401)</u>	<u>45,758</u>	<u>(28,280,643)</u>
11,040,036	-	11,040,036
8,244,256	-	8,244,256
8,695,028	-	8,695,028
271,374	-	271,374
3,336,655	-	3,336,655
69,106	-	69,106
<u>31,656,455</u>	<u>-</u>	<u>31,656,455</u>
3,330,054	45,758	3,375,812
11,302,340	121,337	11,423,677
<u>\$ 14,632,394</u>	<u>\$ 167,095</u>	<u>\$ 14,799,489</u>

SALADO INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects Fund I
ASSETS			
1110 Cash and Cash Equivalents	\$ 5,404,183	\$ 16,705,746	\$ 21,348,282
1220 Property Taxes - Delinquent	313,919	191,737	-
1230 Allowance for Uncollectible Taxes (Credit)	(62,784)	(38,349)	-
1240 Due from Other Governments	3,038,802	81,338	-
1260 Due from Other Funds	1,049,775	-	-
1290 Other Receivables	53,799	-	-
1000 Total Assets	<u>\$ 9,797,694</u>	<u>\$ 16,940,472</u>	<u>\$ 21,348,282</u>
LIABILITIES			
2110 Accounts Payable	\$ 110,415	\$ -	\$ 1,106,416
2150 Payroll Deductions and Withholdings	6,487	-	-
2160 Accrued Wages Payable	1,534,566	-	-
2170 Due to Other Funds	-	-	-
2200 Accrued Expenditures	114,443	-	-
2300 Unavailable Revenues	1,213,531	15,108	-
2000 Total Liabilities	<u>2,979,442</u>	<u>15,108</u>	<u>1,106,416</u>
DEFERRED INFLOWS OF RESOURCES			
2600 Deferred Inflows-Unavailable Revenues	251,135	153,388	-
Total Deferred Inflows of Resources	<u>251,135</u>	<u>153,388</u>	<u>-</u>
FUND BALANCES			
Restricted for:			
3450 Federal or State Funds Restricted	-	-	-
3470 Capital Acq. and Contractual Oblig.	-	-	20,241,866
3480 Retirement of Long-Term Debt	-	16,771,976	-
Committed for:			
3545 Other Committed Fund Balance	-	-	-
3600 Unassigned Fund Balance	6,567,117	-	-
3000 Total Fund Balances	<u>6,567,117</u>	<u>16,771,976</u>	<u>20,241,866</u>
4000 Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 9,797,694</u>	<u>\$ 16,940,472</u>	<u>\$ 21,348,282</u>

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

60		98
Capital Projects Fund II	Other Funds	Total Governmental Funds
\$ 86,711,347	\$ 2,031,323	\$ 132,200,881
-	-	505,656
-	-	(101,133)
-	514,062	3,634,202
-	85	1,049,860
-	-	53,799
<u>\$ 86,711,347</u>	<u>\$ 2,545,470</u>	<u>\$ 137,343,265</u>
\$ 5,248,862	\$ 43,221	\$ 6,508,914
-	-	6,487
-	126,073	1,660,639
-	1,049,860	1,049,860
132,617	21,756	268,816
-	18,433	1,247,072
<u>5,381,479</u>	<u>1,259,343</u>	<u>10,741,788</u>
-	-	404,523
-	-	404,523
-	629,868	629,868
81,329,868	-	101,571,734
-	-	16,771,976
-	656,259	656,259
-	-	6,567,117
<u>81,329,868</u>	<u>1,286,127</u>	<u>126,196,954</u>
<u>\$ 86,711,347</u>	<u>\$ 2,545,470</u>	<u>\$ 137,343,265</u>

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

		1
Total Fund Balances - Governmental Funds		\$ 126,196,954
<p>1 Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.</p>		
Governmental capital assets	\$ 104,465,147	
Less accumulated depreciation	<u>(30,815,216)</u>	73,649,931
<p>2 Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.</p>		
Bonds payable, including unamortized premiums	(170,060,363)	
Right to use lease assets payable & SBITA liabilities	(2,963,752)	
Net pension liability	(7,009,822)	
Net OPEB liability	<u>(3,548,995)</u>	(183,582,932)
<p>3 Accrued interest on long-term debt related to governmental fund activities is not due and payable in the current period and, therefore, not reported in the governmental funds.</p>		
		(2,670,539)
<p>4 Deferred outflows and inflows of resources related to pensions and other post-employment benefits are applicable to future periods and, therefore, are not reported in the funds.</p>		
Deferred outflows of resources related to pensions	4,526,283	
Deferred inflows of resources related to pensions	(1,637,981)	
Deferred outflows of resources related to OPEB	2,973,658	
Deferred inflows of resources related to OPEB	<u>(5,227,503)</u>	634,457
<p>5 Property taxes are recognized as revenue in the governmental funds when collected, but recognized on the Statement of Activities in the year levied. Therefore, property taxes receivable, net of allowance for uncollectible accounts, is added to the Statement of Net Position for governmental activities.</p>		
		<u>404,523</u>
29 Net Position of Governmental Activities		<u><u>\$ 14,632,394</u></u>

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

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

Data	10	50	60
Control	General	Debt	Capital
Codes	Fund	Service Fund	Projects Fund I
REVENUES			
5700 Local and Intermediate Sources	\$ 11,675,158	\$ 9,026,415	\$ 405,764
5800 State Program Revenues	9,865,904	503,517	-
5900 Federal Program Revenues	190,534	-	-
5020 Total Revenues	<u>21,731,596</u>	<u>9,529,932</u>	<u>405,764</u>
EXPENDITURES			
0011 Instruction	12,005,325	-	-
0012 Instructional Resources & Media Services	216,783	-	-
0013 Curriculum & Instructional Staff Development	34,277	-	-
0021 Instructional Leadership	299,764	-	-
0023 School Leadership	1,116,830	-	-
0031 Guidance, Counseling & Evaluation Services	717,651	-	-
0032 Social Work Services	30,808	-	-
0033 Health Services	176,552	-	-
0034 Student Transportation	1,020,798	-	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	1,482,334	-	-
0041 General Administration	934,850	-	-
0051 Facilities Maintenance and Operations	2,090,480	-	-
0052 Security and Monitoring Services	309,524	-	-
0053 Data Processing Services	776,640	-	-
0071 Debt Service - Principal	281,408	1,695,000	-
0072 Debt Service - Interest	93,018	2,338,400	-
0073 Debt Service - Bond Issuance Costs	-	1,000	69,087
0081 Facilities Acquisition and Construction	9,900	-	1,163,899
0093 Payments to Fiscal Agent of SSA	49,168	-	-
0099 Other Intergovernmental Charges	208,754	-	-
6030 Total Expenditures	<u>21,854,864</u>	<u>4,034,400</u>	<u>1,232,986</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(123,268)</u>	<u>5,495,532</u>	<u>(827,222)</u>
OTHER FINANCING SOURCES (USES)			
7911 Issuance of Bonds	-	-	19,993,700
7913 Proceeds from Right to Use Lease Assets	246,175	-	-
7915 Transfers In	-	11,160	-
7916 Premium or Discount on Issuance of Bonds	-	-	1,075,388
8911 Transfers Out	-	-	-
7080 Total Other Financing Sources (Uses)	<u>246,175</u>	<u>11,160</u>	<u>21,069,088</u>
1200 Net Change in Fund Balance	122,907	5,506,692	20,241,866
0100 Fund Balance - Beginning	6,444,210	11,265,284	-
3000 Fund Balance - Ending	<u>\$ 6,567,117</u>	<u>\$ 16,771,976</u>	<u>\$ 20,241,866</u>

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

60		98	
Capital		Total	
Projects	Other	Governmental	
Fund II	Funds	Funds	
\$ 1,687,613	\$ 1,564,536	\$ 24,359,486	
-	626,854	10,996,275	
-	1,800,376	1,990,910	
<u>1,687,613</u>	<u>3,991,766</u>	<u>37,346,671</u>	
-	1,386,208	13,391,533	
-	2,480	219,263	
-	28,346	62,623	
-	-	299,764	
-	-	1,116,830	
-	205,032	922,683	
-	-	30,808	
-	41,328	217,880	
-	-	1,020,798	
-	893,181	893,181	
-	1,034,093	2,516,427	
-	-	934,850	
-	-	2,090,480	
-	200,000	509,524	
-	-	776,640	
-	-	1,976,408	
-	-	2,431,418	
809,688	-	879,775	
9,357,746	-	10,531,545	
-	-	49,168	
-	-	208,754	
<u>10,167,434</u>	<u>3,790,668</u>	<u>41,080,352</u>	
(8,479,821)	201,098	(3,733,681)	
85,236,300	-	105,230,000	
-	-	246,175	
-	-	11,160	
4,584,549	-	5,659,937	
(11,160)	-	(11,160)	
<u>89,809,689</u>	<u>-</u>	<u>111,136,112</u>	
81,329,868	201,098	107,402,431	
-	1,085,029	18,794,523	
<u>\$ 81,329,868</u>	<u>\$ 1,286,127</u>	<u>\$ 126,196,954</u>	

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

	Total Net Change in Fund Balances – Governmental Funds	\$ 107,402,431
1	Governmental funds report the portion of capital outlay for capitalized assets as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense.	
	Expenditures for capitalized assets	\$ 10,982,012
	Less current year depreciation	<u>(3,929,343)</u> 7,052,669
2	Repayment of principal on bonds, notes, leases and SBITA is an expenditure in the governmental funds, but this expenditure is removed from the Statement of Activities and these repayments instead reduce long-term liabilities on the Statement of Net Position.	1,976,408
3	Issuance of long-term debt increases current financial resources to governmental funds, but this increase is not shown on the Statement of Activities and instead increases long-term liabilities on the Statement of Net Position.	(111,136,112)
4	Accumulated accretion on bonds issued by governmental activities is recognized only when paid in the governmental funds, but is treated as interest expense on the Statement of Activities as it accretes.	(76,629)
5	Since long-term debt is not recorded in governmental funds, amortization of related issuance premiums and discounts is also not recorded.	307,478
6	The change in accrued interest due on long-term debt issued for governmental activities does not affect current financial resources and therefore is not reported in the governmental funds.	(1,760,507)
7	Property taxes are recognized as revenue in the governmental funds when collected but recognized on the Statement of Activities in the year levied. Therefore the uncollected amount of the current year levy is added to current year property tax revenue on the Statement of Activities.	(62,869)
8	Governmental funds report pension contributions as expenditures. However, pension contributions are reported as deferred outflows of resources on the Statement of Net Position if made after the net pension liability measurement date. In addition, the change in the net pension liability, adjusted for changes in deferred pension items, is reported as pension expense in the Statement of Activities.	(862,725)
9	Governmental funds report OPEB contributions as expenditures. However, OPEB contributions are reported as deferred outflows of resources on the Statement of Net Position if made after the net OPEB liability measurement date. In addition, the change in the net OPEB liability, adjusted for changes in deferred OPEB items, is reported as OPEB expense in the Statement of Activities.	489,910
29	Change in Net Position of Governmental Activities	<u><u>\$ 3,330,054</u></u>

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

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SALADO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

Data Control Codes	Budgeted Amounts		Actual	Variance With Final Budget	
	Original	Final	Amounts (GAAP BASIS)		
REVENUES					
5700	Local & Intermediate Sources	\$ 16,359,562	\$ 12,614,641	\$ 11,675,158	\$ (939,483)
5800	State Program Revenues	5,652,974	9,412,974	9,865,904	452,930
5900	Federal Program Revenues	166,931	154,982	190,534	35,552
5020	Total Revenues	22,179,467	22,182,597	21,731,596	(451,001)
EXPENDITURES					
Current:					
0011	Instruction	12,341,039	12,162,014	12,005,325	156,689
0012	Instructional Resources & Media Svcs.	221,300	227,949	216,783	11,166
0013	Curriculum & Instructional Staff Dev.	106,342	103,491	34,277	69,214
0021	Instructional Leadership	409,442	334,442	299,764	34,678
0023	School Leadership	1,056,132	1,129,473	1,116,830	12,643
0031	Guidance, Counseling & Evaluation Svcs.	751,060	748,991	717,651	31,340
0032	Social Work Services	30,808	30,808	30,808	-
0033	Health Services	180,929	187,929	176,552	11,377
0034	Student Transportation	1,209,081	1,124,774	1,020,798	103,976
0036	Extracurricular Activities	1,449,100	1,516,292	1,482,334	33,958
0041	General Administration	686,652	948,244	934,850	13,394
0051	Facilities Maintenance & Operations	2,142,183	2,144,283	2,090,480	53,803
0052	Security and Monitoring Services	278,949	319,964	309,524	10,440
0053	Data Processing Services	729,643	815,578	776,640	38,938
Debt Service:					
0071	Principal on Long Term Debt	261,928	263,303	281,408	(18,105)
0072	Interest on Long Term Debt	86,893	93,018	93,018	-
Capital Outlay:					
0081	Facilities Acquisition & Construction	40,000	65,526	9,900	55,626
Intergovernmental:					
0093	Payments to Fiscal Agent of SSA	45,000	45,000	49,168	(4,168)
0099	Other Intergovernmental Charges	152,986	223,653	208,754	14,899
6030	Total Expenditures	22,179,467	22,484,732	21,854,864	629,868
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(302,135)	(123,268)	178,867
OTHER FINANCING SOURCES (USES)					
7913	Proceeds from Right to Use Lease Assets	-	246,175	246,175	-
7080	Total Other Financing Sources (Uses)	-	246,175	246,175	-
1200	Net Change in Fund Balances	-	(55,960)	122,907	178,867
0100	Fund Balance-July 1 (Beginning)	6,444,210	6,444,210	6,444,210	-
3000	Fund Balance-June 30 (Ending)	\$ 6,444,210	\$ 6,388,250	\$ 6,567,117	\$ 178,867

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

SALADO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2024

Data Control Codes	Business-Type Activities
	After School Care Program
ASSETS	
1110 Cash and Cash Equivalents	\$ 167,095
1000 Total Assets	<u>167,095</u>
NET POSITION	
3900 Unrestricted Net Position	167,095
3000 Total Net Position	<u>\$ 167,095</u>

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

SALADO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

Data Control Codes	Business-Type Activities After School Care Program
OPERATING REVENUES	
5700 Local and Intermediate Sources	\$ 144,542
5020 Total Revenues	<u>144,542</u>
OPERATING EXPENSES	
6100 Payroll Costs	88,980
6300 Supplies and Materials	1,760
6400 Other Operating Costs	8,044
6030 Total Expenses	<u>98,784</u>
1300 Change in Net Position	45,758
0100 Total Net Position - Beginning	<u>121,337</u>
3300 Total Net Position - Ending	<u><u>\$ 167,095</u></u>

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

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SALADO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Business-Type Activities
Data	
Control	After School
Codes	Care Program
<u>Cash Flows from Operating Activities</u>	
Cash Received from User Charges	\$ 144,542
Cash Payments to Employees for Services	(92,041)
Cash Payments to Suppliers	(1,760)
Cash Payments for Other Operating Activities	(8,433)
Net Cash Provided by (Used for) Operating Activities	42,308
Net Increase (Decrease) in Cash and Cash Equivalents	42,308
Cash and Cash Equivalents at the Beginning of the Year	124,787
Cash and Cash Equivalents at the End of the Year:	\$ 167,095
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Provided by (Used for) Operating Activities</u>	
Operating Income (Loss):	\$ 45,758
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase (Decrease) in Wages Payable	(3,061)
Increase (Decrease) in Accrued Expenses	(389)
Net Cash Provided by (Used for) Operating Activities	\$ 42,308

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

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

Data Control Codes	828	829	865
	Private- Purpose Trust Fund	Private- Purpose Trust Fund	Custodial Fund
ASSETS			
1110 Cash and Cash Equivalents	\$ 39,224	\$ 5,028	\$ 90,638
1000 Total Assets	<u>39,224</u>	<u>5,028</u>	<u>90,638</u>
NET POSITION			
Restricted for:			
3800 Individuals and Organizations	<u>39,224</u>	<u>5,028</u>	<u>90,638</u>
3000 Total Net Position	<u>\$ 39,224</u>	<u>\$ 5,028</u>	<u>\$ 90,638</u>

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

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

Data Control Codes	828 Private- Purpose Trust Fund	829 Private- Purpose Trust Fund	865 Custodial Fund
ADDITIONS			
Contributions:			
5750 Fundraising Activities	\$ -	\$ -	\$ 82,097
5020 Total Contributions	-	-	82,097
Investment Earnings:			
5742 Interest, Dividends, and Other	2,219	286	-
Total Additions	2,219	286	82,097
DEDUCTIONS			
6200 Professional and Contracted Services	-	-	6,994
6300 Supplies and Materials	-	-	41,665
6400 Other Operating Costs	-	-	27,160
6030 Total Deductions	-	-	75,819
1200 Net Increase/(Decrease) in Fiduciary Net Position	2,219	286	6,278
0100 Net Position - Beginning	37,005	4,742	84,360
3000 Net Position - Ending	\$ 39,224	\$ 5,028	\$ 90,638

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

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SALADO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Reporting Entity

This report includes those activities, organizations and functions related to Salado Independent School District (the “District”), which are controlled by or dependent upon the District’s governing body, the Board of Trustees (the “Board”). The Board, a seven member group, is the level of government having governance responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the District. Since the District receives funding from local, state, and federal government sources, it must comply with the requirements of the entities providing those funds. However, the District is not included in any other governmental “reporting entity” as defined by Statement No. 14 of the Governmental Accounting Standards Board (GASB), since Board members are elected by the public and have decision making authority. Furthermore, there are no legally separate organizations, known as “component units”, included within the reporting entity.

The accounting policies of the District comply with the rules prescribed by the Texas Education Agency (TEA) in its Financial Accountability System Resource Guide (FASRG). These accounting policies conform to generally accepted accounting principles applicable to state and local governments.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly 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 among program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Custodial funds have no measurement focus. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided and 2) operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

SALADO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Major revenue sources considered susceptible to accrual include state and federal program revenues and property taxes. No accrual for property taxes collected within sixty days of year end has been made as such amounts are deemed immaterial; delinquent property taxes at year end are reported as deferred inflows of resources within the governmental fund financial statements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Major Funds and Fund Types

The District reports the following major governmental funds:

The General Fund includes financial resources that are not required to be reported separately in another fund. It is a budgeted fund, and any unrestricted fund balances are considered to be resources available for current operations.

The Debt Service Fund includes debt service taxes and other revenues collected to retire bond principal and to pay interest due. It is a budgeted fund.

The Capital Projects Fund I is used to account for various construction, improvement and renovation projects throughout the District. This fund is budgeted on a project basis rather than annually.

The Capital Projects Fund II, is used to account for the construction of the District's new high school. This fund is budgeted on a project basis rather than annually.

The Capital Projects Fund I and Capital Projects Fund II are new major funds for the year ended June 30, 2024. These funds became major funds for the year ended June 30, 2024 as a result of meeting the quantitative threshold. These changes within the financial reporting entity are considered a change in circumstance and do not require an adjustment or restatement to fund balance in accordance with GASB Statement No. 100 which is discussed in further detail in Note 18 to the financial statements as neither of these funds reported ending fund balance for the year ended June 30, 2023.

Additionally, the District reports the following fund types:

Special Revenue Funds are governmental funds which include resources restricted, committed, or assigned for specific purposes by a grantor or the Board. Federally financed programs where unused balances are returned to the grantor at the close of specified project periods are accounted for in these funds.

Enterprise Funds are proprietary funds used to account for operations of the District whereby individuals or others are charged a fee for a specific benefit or service and there is a desire to measure a specific gain or loss on the activity.

Private Purpose Trust Funds are fiduciary funds used to account for donations for which the donors have stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District utilizes this fund type to account for money collected and held for the purpose of awarding scholarships to selected students.

Custodial Funds are fiduciary funds used to account for resources held for others in a custodial capacity. The District utilizes this fund type to account for funds held on behalf of student clubs and organizations.

SALADO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

Budgetary Information

Budgets are prepared annually for the General Fund, the Child Nutrition Fund, and the Debt Service Fund on the modified accrual basis, which is consistent with generally accepted accounting principles. A formal budget is prepared by the end of June and is adopted by the Board at a public meeting after public notice of the meeting has been given no earlier than the 30th day or later than the 10th day before the public hearing. The legal level of control for budgeted expenditures is the function level within the budgeted funds. Amendments to the budget are required prior to expending amounts greater than the budgeted amounts at the function level. Budgets are controlled at the departmental or campus level, the same level at which responsibility for operations is assigned. The budget was monitored by the administration throughout the year and amendments were brought to the Board as needed.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance

Investments - The District's investment policies and types of investments are governed by Section 2256 of the Texas Government Code ("Public Funds Investment Act"). The types of investments allowed under the Public Funds Investment Act are detailed in Note 2 - Deposits and Investments. The District's management believes that it complied with the requirements of the Public Funds Investment Act and the District's investment policies. The District accrues interest on temporary investments based on the terms and effective interest rates of the specific investments. Temporary investments throughout the year consisted of investments in external investment pools, which are recognized at amortized cost, and money market accounts.

Inventories - Inventories are generally not recorded in the General Fund or Child Nutrition Fund due to amounts of expendable supplies held or purchased food not being deemed material. When inventories are recorded, they are charged to expenditures when consumed. Amounts recorded are offset by a fund balance classification titled "nonspendable" which indicates that the inventory does not represent "available expendable resources."

Capital Assets - Capital assets, which include land, buildings and improvements, construction in progress, furniture and equipment, and vehicles are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of at least \$5,000 and a useful life of greater than one year. Such assets are recorded at historical cost, if purchased, or estimated fair value at the date of donation, if donated. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized. Capital assets (other than land and construction in progress) are depreciated using the straight line method over the following estimated useful lives: buildings and improvements - fifteen to thirty years, furniture and equipment - three to twenty years, and vehicles - five to ten years.

Prepaid Items - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are charged to expenditures when consumed. When prepaid items are recorded, they are charged to expenditures when the value represented by the prepaid item has been used. Amounts recorded are offset by a fund balance classification titled "nonspendable" which indicates that the prepaid item amount does not represent "available expendable resources."

Ad Valorem Property Taxes - Delinquent taxes, when received, are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectibles 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.

SALADO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

Leases - The District has entered into various lease agreements as a lessor. Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The District uses the interest rate charged by the lessor as the discount rate, if available. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise. The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability or lease asset.

Accumulated Sick Leave Liability - The State of Texas (the “State”) has created a minimum sick leave program consisting of five days of sick leave per year with no limit on accumulation and transferability among districts for every person regularly employed in Texas public schools. Each district’s local Board is required to establish a sick leave plan. Local school districts may provide additional sick leave beyond the state minimum.

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

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

Deferred Outflows and Deferred Inflows of Resources - The District complies with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provides guidance for reporting the financial statement elements of deferred outflows of resources, which represent a consumption of the District’s net position that is applicable to a future reporting period, and deferred inflows of resources, which represent the District’s acquisition of net position applicable to a future reporting period.

The District complies with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Fund Balance/Deficit - The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Statement of Cash Flows - For purposes of the statement of cash flows when Proprietary Funds are used, cash and cash equivalents include demand deposits.

SALADO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

Fair Value Measurements - The District adopted GASB Statement No. 72, *Fair Value Measurement and Application*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows below:

- Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access
- Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity
- Level 3 are unobservable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available

There are three general valuation techniques that may be used to measure fair value:

- Market approach - uses prices generated by market transactions involving identical or comparable assets or liabilities
- Cost approach - uses the amount that currently would be required to replace the service capacity of an asset (replacement cost)
- Income approach - uses valuation techniques to convert future amounts to present amounts based on current market expectations

Data Control Codes

The Data Control Codes shown on the financial statements refer to the account code structure prescribed by the FASRG. TEA requires school districts to display these codes in their financial statements to ensure accuracy in building a state-wide data base for policy development and funding plans.

2. DEPOSITS AND INVESTMENTS

The Public Funds Investment Act authorizes the District to invest in funds under a written investment policy, which is approved annually by the Board. The primary objectives of the District's investment strategy for operating and custodial funds, in order of priority, are safety, investment liquidity, and maturity sufficient to meet anticipated cash flow requirements. The primary objective of the District's investment strategy for Debt Service and Capital Projects Funds is sufficient investment liquidity to meet related obligations.

The District is authorized to invest in the following investment instruments provided that they meet the guidelines established in the investment policy:

- Obligations of, or guaranteed by, governmental entities
- Certificates of deposit and share certificates
- Fully collateralized repurchase agreements
- Securities lending programs
- Banker's acceptances
- Commercial paper
- No-load money market mutual funds and no-load mutual funds
- Guaranteed investment contracts as an investment vehicle for bond proceeds
- Public funds investment pools

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the School Depository Act. The depository bank deposits for safekeeping and trust with the District's agent approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance. Therefore the District is not exposed to custodial credit risk.

SALADO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

Under the depository contract, the District, at its own discretion, may invest funds in time deposits and certificates of deposit provided by the depository bank at interest rates approximating United States Treasury Bill rates.

At June 30, 2024, the carrying amount of the District's deposits was \$24,025,591 and the bank balance was \$24,299,620. The District's deposits with financial institutions at June 30, 2024 and during the year ended June 30, 2024 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name. The deposits were collateralized in accordance with Texas law and the District maintains copies of all safekeeping receipts in the name of the District.

The District maintains a cash pool consisting of demand deposits. The combined pool is available for use by most Special Revenue Funds. If a fund overdraws its share of the pool, the overdraft is reported as an interfund payable in that fund. The offsetting interfund receivable is reported in the General Fund.

The following is disclosed regarding coverage of combined balances on the date of highest deposit:

- a) Name of depository bank: Horizon Bank, Texas
- b) The amount of bond and/or security pledged as of the date of the highest combined balance on deposit was \$30,000,000.
- c) The largest cash, savings and time deposit combined account balance amounted to \$27,225,379 and occurred during the month of March 2024.
- d) Total amount of FDIC coverage at the time of highest combined balance was \$500,000.

Investments held at June 30, 2024 consisted of the following:

Investment Type	Fair Value	Weighted Average Maturity (Days)	Standard & Poor's Rating
Local Government Investment Pools:			
Lone Star Investment Pool	\$ 18,598	1	AAAm
Texas CLASS	108,458,674	1	AAAm
Total Investments	<u>\$ 108,477,272</u>		

The District had investments in two external local governmental investment pool at June 30, 2023, consisting of the Lone Star Investment Pool and the Texas CLASS Local Investment Pool. For purposes of external financial reporting, these investments have been classified as Cash and Cash Equivalents in the financial statements due to their liquidity.

Lone Star (First Public)

The Corporate Overnight Fund is a fund within the Lone Star Investment Pool. Its objective is to maintain a stable \$1.00 per share net asset value (NAV), while it provides the highest possible rate of return. The fund represents one of three Texas public investment funds sponsored by the Texas Association of School Boards (TASB). The other funds--Government Overnight Fund and Corporate Overnight Plus Fund--also maintain S&P Global ratings. The Lone Star Investment Pool was created pursuant to the Interlocal Cooperation Act of the State of Texas as an investment vehicle for local school districts and other public entities. The funds within Lone Star Investment Pool are not registered mutual funds under the Investment Company Act of 1940, and are not available to individual investors.

The Lone Star Investment Pool is sponsored by TASB. The investment advisers to the pool are American Beacon Advisors and Standish. First Public LLC provides administrative and distribution services to the pool and State Street Bank is the custodian for all pool assets. In addition, CAPTRUST Financial Advisors monitors the pool's operations and performance and reports its findings to First Public and the board of trustees for the Lone Star Investment Pools.

SALADO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

Texas Class (Public Trust)

Texas CLASS is a local government investment pool created to meet the cash management and short-term investment needs of Texas governmental entities. Texas CLASS seeks to provide participants with a competitive market yield while maintaining daily liquidity and a stable net asset value. Fund management expects the fund to maintain a maximum dollar-weighted average maturity of 60 days or less, and all investments will have a maximum maturity of 397 days or less, except for variable rate securities issued by the U.S. Treasury or agencies in instrumentalities, which carry a maximum maturity of 762 days. Eligible investments include securities issued or guaranteed by the U.S. government, its agencies, or instrumentalities, and repurchase agreements.

Public Trust Advisors, LLC serves as the pool's administrator and investment adviser. The marketing and operation functions of the portfolio are also performed by Public Trust Advisors, LLC. The pool is subject to the general supervision of the Board of Trustees and its Advisory Board, both of which are elected by the Texas CLASS Participants. Wells Fargo Bank, N.A. serves as custodian for the pool.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. At June 30, 2024, investments were included in local governmental investment pools with ratings from Standard & Poor's in compliance with the District's investment policy.

Custodial Credit Risk - Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the District, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At June 30, 2024, the District was not exposed to custodial credit risk.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. Information regarding investments in any one issuer that represents five percent or more of the District's total investments must be disclosed under GASB Statement No. 40, excluding investments issued or explicitly guaranteed by the U.S. government. At June 30, 2024, the District had 100% of its investments in local governmental investment pools.

Interest Rate Risk - As a means of minimizing risk of loss due to interest rate fluctuations, the District's investment policy requires that maturities will not exceed the weighted average maturity of 180 days for any internally created pool fund group and one year from the time of purchase for any other individual investment. The Board may specifically authorize a longer maturity for a given investment, within legal limits. The District considers the holdings in the local governmental investment pools to have a one day weighted average maturity due to the fact that the share position can usually be redeemed each day at the discretion of the shareholders, unless there has been a significant change in value. At June 30, 2024, investments were included in local government investment pools which have a weighted average maturity of one day.

3. PROPERTY TAXES

The Texas Legislature in 1979 adopted a comprehensive Property Tax Code (the "Code") which established a county-wide appraisal district and an appraisal review board in each county in the State. The Tax Appraisal District of Bell County (the "Appraisal District") is responsible for the recording and appraisal of all property in the District. Under the Code, the school board sets the tax rates on property and the Bell County Tax Assessor/Collector provides tax collection services. The Appraisal District is required under the Code to assess property at 100% of its appraised value. Further, real property must be reappraised at least every three years. Under certain circumstances, taxpayers and taxing units, including the District, may challenge orders of the Appraisal Review Board through various appeals and, if necessary, legal action.

SALADO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

Property taxes are levied as of 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 in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes and penalties and interest that are ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period, including those property taxes expected to be collected during a 60 day period after the end of the District’s fiscal year. The assessed value at January 1, 2023, upon which the October 2023 levy was based was \$1,677,302,429. The District levied taxes based on a combined tax rate of \$1.1692 per \$100 of assessed valuation for local maintenance (general governmental services) and debt service.

4. DUE FROM/TO OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully fund certain activities. The District also receives entitlements from the State through the School Foundation and Per Capita Programs. Grants and entitlements are recorded as revenue when earned, therefore at year end amounts earned but not yet received in cash may be recorded as due from the grantor government. Amounts already received in cash but not yet earned are recorded as due to the grantor government.

A summary of amounts recorded as Due From/Due To Other Governments in the basic financial statements as of June 30, 2024 are summarized below:

Due From Other Governments:			Non-Major	
	General	Debt	Governmental	
	Fund	Service Fund	Funds	Total
Governmental Activities:				
Foundation & Per Capita Entitlements	\$ 3,015,475	\$ -	\$ -	\$ 3,015,475
State Grants	-	63,502	216,513	280,015
Federal Grants	-	-	297,549	297,549
Miscellaneous	23,327	17,836	-	41,163
Total - Governmental Activities	<u>\$ 3,038,802</u>	<u>\$ 81,338</u>	<u>\$ 514,062</u>	<u>\$ 3,634,202</u>

No amounts were recorded as Due to Other Governments for the year ended June 30, 2024.

5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

During the course of operations, the individual funds of the District may engage in temporary borrowings of money between one another to meet liquidity needs. These interfund receivables and payables are recorded on the balance sheet of the loaning fund as “Due from Other Funds” and on the balance sheet of the borrowing fund as “Due to Other Funds”. Amounts are repaid when funds are available in the borrowing fund.

Individual funds may also make payments between one another which are intended to be permanent and therefore not repaid. These transactions are recorded on the statement of revenues, expenditures, and changes in fund balance as “Transfers Out” for the paying fund and “Transfers In” for the receiving fund.

During the year, the Capital Projects Fund – Fund II transferred \$11,160 to the Debt Service Fund to repay certain costs associated with the District’s current year bond issuance.

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

	Receivable Fund	Payable Fund	
General Fund		Special Revenue Funds	\$ 1,049,775
Total General Fund			<u>1,049,775</u>
Special Revenue Funds		Special Revenue Funds	85
Total Special Revenue Funds			<u>85</u>
Grand Total			<u>\$ 1,049,860</u>

SALADO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

6. CAPITAL ASSETS

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

	Beginning Balance 7/1/23	Additions	Retirements	Ending Balance 6/30/24
Governmental Activities:				
Capital Assets, not Being Depreciated:				
Land	\$ 3,781,091	\$ -	\$ -	\$ 3,781,091
Construction in Progress	-	10,514,281	-	10,514,281
Total Capital Assets, not Being Depreciated	<u>3,781,091</u>	<u>10,514,281</u>	<u>-</u>	<u>14,295,372</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	81,258,796	9,900	-	81,268,696
Furniture and Equipment	4,218,394	211,656	-	4,430,050
Right to Use Lease Assets	4,124,245	246,175	-	4,370,420
SBITA Assets	100,609	-	-	100,609
Total Capital Assets, Being Depreciated	<u>89,702,044</u>	<u>467,731</u>	<u>-</u>	<u>90,169,775</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(22,412,985)	(3,350,332)	-	(25,763,317)
Furniture and Equipment	(3,033,829)	(232,103)	-	(3,265,932)
Right to Use Lease Assets	(1,428,998)	(336,847)	-	(1,765,845)
SBITA Assets	(10,061)	(10,061)	-	(20,122)
Total Accumulated Depreciation	<u>(26,885,873)</u>	<u>(3,929,343)</u>	<u>-</u>	<u>(30,815,216)</u>
Governmental Activities Capital Assets, Net	<u>\$ 66,597,262</u>	<u>\$ 7,052,669</u>	<u>\$ -</u>	<u>\$ 73,649,931</u>

Depreciation expense was charged to the functions of the District as follows:

Function	Depreciation Allocation
Instruction	\$ 2,124,488
Instructional Resources & Media Services	34,081
Curriculum & Instructional Staff Development	9,734
Instructional Leadership	46,593
School Leadership	173,593
Guidance, Counseling & Evaluation Services	143,416
Social Work Services	4,789
Health Services	33,866
Student Transportation	158,666
Food Services	138,830
Extracurricular Activities	391,137
General Administration	145,307
Facilities Maintenance and Operations	324,930
Security and Monitoring Services	79,197
Data Processing Services	120,716
Totals	<u>\$ 3,929,343</u>

SALADO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

7. BONDS, NOTES, AND OTHER LONG-TERM LIABILITIES

Governmental activities long-term debt obligations at June 30, 2024 consisted of the following:

General Long-Term Debt Description	Outstanding at June 30, 2024
Bonds Payable:	
\$8,625,000 Series 2013 - CIBs Unlimited Tax Refunding Bonds due February 15, 2025; interest at 2.00% to 3.50%.	\$ 30,000
Series 2013 - Unlimited Tax Refunding Bonds - accumulated accretion, due February 15, 2025.	812,776
\$5,450,000 Series 2015 Unlimited Tax Refunding Bonds due in remaining annual installments of \$1,205,000 to \$1,355,000 through February 15, 2037; interest at 2.00% to 4.00%.	5,120,000
\$46,180,000 Series 2019 Unlimited Tax Refunding Bonds due in remaining annual installments of \$960,000 to \$2,640,000 through February 15, 2049; interest at 3.00% to 5.00%.	42,095,000
\$6,995,000 Series 2021 Unlimited Tax Refunding Bonds due in remaining annual installments of \$820,000 to \$1,030,000 through February 15, 2032; interest at 3.00% to 4.00%.	6,450,000
\$105,230,000 Series 2024 Unlimited Tax School Building Bonds due in remaining annual installments of \$1,705,000 to \$6,165,000 through February 15, 2054; interest at 4.00% to 5.00%.	105,230,000
Right to Use Lease Assets Payable:	
\$3,300,000 RTU Lease Asset Payable for LED lighting and HVAC retrofit, due in remaining semi-annual installments of \$138,385 through 2035; interest at 3.1%.	2,660,213
\$7,675 RTU Lease Asset Payable for Copier Machines, due in one remaining monthly installments of \$136 through 2025; interest at 2.35%.	136
\$40,893 RTU Lease Asset Payable for Copier Machines, due in remaining monthly installments of \$723 through 2025; interest at 2.35%.	8,568
\$84,150 RTU Lease Asset Payable for Modular Buildings, due in remaining monthly installments of \$1,851 through 2026; interest at 2.695%.	44,958
\$246,175 RTU Lease Asset Payable for Copiers - CTWP, due in remaining monthly installments of \$4,374 through 2028; interest at 2.550%.	222,944
Subscription Based IT Arrangements Payable:	
\$50,520 Subscription Based IT Arrangement for Educational Technology Software Services, due in remaining annual installments of \$9,174 through 2027; interest at 1.1%.	26,933
Total General Long-Term Debt	<u>\$ 162,701,528</u>

The following is a summary of changes in long-term liabilities for the year ended June 30, 2024:

Type	Outstanding 7/1/23	Additions	Deletions	Outstanding 6/30/24	Due in One Year
Bonds Payable:					
General Obligation & Ref. Bonds	\$ 55,390,000	\$105,230,000	\$ (1,695,000)	\$158,925,000	\$ 2,695,000
Premium on Issuance of Bonds	4,970,128	5,659,937	(307,478)	10,322,587	-
Accretion on Bonds	736,147	76,629	-	812,776	812,776
Total Bonds Payable	<u>61,096,275</u>	<u>110,966,566</u>	<u>(2,002,478)</u>	<u>170,060,363</u>	<u>3,507,776</u>
Other Long-Term Liabilities:					
RTU Lease Assets Payable	2,937,614	246,175	(246,970)	2,936,819	273,137
SBITA Payable	61,371	-	(34,438)	26,933	8,880
Total Other Long-Term Liabilities	<u>2,998,985</u>	<u>246,175</u>	<u>(281,408)</u>	<u>2,963,752</u>	<u>282,017</u>
Total Governmental Activities	<u>\$ 64,095,260</u>	<u>\$111,212,741</u>	<u>\$ (2,283,886)</u>	<u>\$173,024,115</u>	<u>\$ 3,789,793</u>

SALADO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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For the general obligation bonds, the District has pledged as collateral the proceeds of a continuing, direct annual tax levied against taxable property within the District. The Texas Education Code generally limits issuance of additional ad valorem tax bonds if the tax rate needed to pay aggregate principal and interest amounts of the District's tax bond indebtedness would exceed \$0.50 per \$100 of assessed valuation of taxable property within the District.

Annual principal installments for outstanding bonds vary each year. The debt service requirements to maturity for general obligation bonds as of June 30, 2024 are as follows:

Year Ended June 30,	Bonds Payable			Total Requirements
	Principal	Accumulated Accretion	Interest	
2025	\$ 2,695,000	\$ 812,776	\$ 6,986,607	\$ 10,494,383
2026	3,530,000	-	6,947,000	10,477,000
2027	3,700,000	-	6,778,700	10,478,700
2028	3,870,000	-	6,602,250	10,472,250
2029	4,055,000	-	6,417,600	10,472,600
2030-2034	23,435,000	-	29,194,450	52,629,450
2035-2039	25,380,000	-	23,450,450	48,830,450
2040-2044	28,515,000	-	17,498,900	46,013,900
2045-2049	35,325,000	-	10,679,788	46,004,788
2050-2054	28,420,000	-	3,723,850	32,143,850
Total	\$ 158,925,000	\$ 812,776	\$ 118,279,595	\$ 278,017,371

The debt service requirement for right to use leases payable as of June 30, 2024 are as follows:

Year Ended June 30,	Right to Use Lease Assets Payable		Total Requirements
	Principal	Interest	
2025	\$ 273,137	\$ 87,155	\$ 360,292
2026	272,353	79,128	351,481
2027	259,916	71,198	331,114
2028	265,860	63,403	329,263
2029	247,501	55,516	303,017
2030-2034	1,215,442	168,411	1,383,853
2035-2036	402,610	12,545	415,155
Total	\$ 2,936,819	\$ 537,356	\$ 3,474,175

The debt service requirements for the District's SBITA payables as of August 31, 2023 are as follows:

Year Ended June 30,	SBITA Liabilities		Total Requirements
	Principal	Interest	
2025	\$ 8,880	\$ 294	\$ 9,174
2026	8,977	197	9,174
2027	9,076	98	9,174
Total	\$ 26,933	\$ 589	\$ 27,522

SALADO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

8. TEACHER RETIREMENT SYSTEM OF TEXAS PENSION PLAN

A. Pension Plan Description

The Teacher Retirement System of Texas (TRS or System or Plan) is a public employee retirement system (PERS) that is a multiple-employer, cost-sharing, defined benefit pension plan with a special funding situation. The Plan is administered by the Board of Trustees of TRS. Information regarding the Board of TRS and its composition can be found within the separately issued TRS Annual Comprehensive Financial Report within Note 1 to the financial statements. That report may be obtained online at www.trs.texas.gov; by writing to TRS at 1000 Red River Street, Austin, Texas, 78701-2698; or by calling (512) 542-6592.

Benefits are established or amended under the authority of the Texas Constitution, Article XVI, Section 67 and by the Legislature in the Texas Government Code, Title 8, Subtitle C. The Board of Trustees does not have the authority to establish or amend benefits.

B. Benefits Provided

TRS provides retirement, disability, and death benefits. Membership in the Plan includes 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 exempt from membership under Texas Government Code, Title 8, Section 822.002.

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

C. Contributors to the Plan

Contributors to the Plan include active members, employers, and the State of Texas as the only non-employer contributing entity. The State is also 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.

The number of participating employers during fiscal year 2023 are disclosed in the following table.

<u>Participating Employers</u>	
Independent School Districts	1,020
Charter Schools (open enrollment only)	200
Community and Junior Colleges	50
Senior Colleges and Universities	48
Regional Service Centers	20
Medical Schools	9
Educational Districts	2
State Agency	1
Total	1,350

SALADO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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Plan membership as of August 31, 2022 is shown in the following table. Because the actuarial valuation was based on a roll forward from fiscal year 2022 (see Section F), the Plan membership counts are as of August 31, 2022.

<u>Pension Plan Membership</u>	
Inactive plan members or beneficiaries currently receiving benefits	475,952
Inactive plan members entitled to but not yet receiving benefits	544,537
Active plan members	928,418
	1,948,907

The Average Expected Remaining Service Life (AERSL) of 5.6705 years is based on membership information as of the beginning of the fiscal year.

D. Contributions

Contribution requirements are established or amended pursuant to the following state laws:

- Article 16, Section 67 of the Texas Constitution requires the 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.
- Government Code section 821.006 prohibits benefit improvements if it increases the amortization period of TRS' unfunded actuarial liability to greater than 31 years or, if the amortization period already exceeds 31 years, the period would be increased by such action. Actuarial implications of the funding provided in this manner are determined by the System's actuary.

As the non-employer contributing entity, the State of Texas contributes to the retirement system the current employer contribution rate times the aggregate annual compensation of all members of the Plan during the fiscal year, reduced by the employer contributions described below.

All participating employers and the State of Texas, as the employer for senior universities and medical schools, are required to pay the employer contribution rate in the following situations:

- On the portion of a 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, private, local or non-educational and general 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.

SALADO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

Contribution rates and amounts for active employees, participating employers, and the State of Texas for the current and prior fiscal year are shown below

<u>Contribution Rates</u>	<u>2023</u>	<u>2024</u>
Members	8.00%	8.25%
Employer	8.00%	8.25%
State of Texas (NECE)	8.00%	8.25%
 <u>Contribution Amounts</u>		
Members	\$ 1,130,389	\$ 1,222,327
Employer	504,624	556,403
State of Texas (NECE)	905,820	943,383

Employers are also required to pay surcharges in the following cases:

- All public schools, charter schools and regional education 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 TRS, the employer shall pay an amount equal to the member contribution and the state contribution as an employment after retirement surcharge.

E. Net Pension Liability

Components of the Net Pension Liability of the Plan as of August 31, 2023 are disclosed below.

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

F. Actuarial Methods and Assumptions

Roll Forward

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

The total pension liability is determined by an annual actuarial valuation. The actuarial methods and assumptions were selected by the Board of Trustees based upon analysis and recommendations by the System's actuary. The Board of Trustees has sole authority to determine the actuarial assumptions used for the Plan. The actuarial methods and assumptions were primarily based on a study of actual experience for the four year period ending August 31, 2021 and were adopted in July 2022.

The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioners Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published projection scale ("U-MP"). The active mortality rates were based on the published PUB(2010) Mortality Tables for Teachers, below median, also with full generational mortality.

SALADO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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The long-term expected rate of return on pension plan investments is 7.00 percent. The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2023 are summarized in the chart below:

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

*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.

The following table discloses the assumptions that were applied to this measurement period.

Actuarial Methods and Assumptions

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

SALADO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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The actuarial assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2022. For a full description of these assumptions please see the actuarial valuation report dated November 22, 2022.

Discount Rate

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 nonemployer contributing entity will be made at the rates set by the Legislature during the 2019 legislative session. It is assumed that future employer and state contributions will be 9.50 percent of payroll in fiscal year 2024 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 these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected 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.

G. Change of Assumptions Since the Prior Measurement Date

The actuarial assumptions and methods are the same as used in the determination of the prior year's Net Pension Liability.

H. Changes in Benefit Provisions Since Prior Measurement Date

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.

I. Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption

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.

Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption			
	1% Decrease 6.00%	Current Single Discount Rate 7.00%	1% Increase 8.00%
District's Proportionate Share of the Net Pension Liability:	\$ 10,480,072	\$ 7,009,822	\$ 4,124,307

J. District Net Pension Liabilities, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, and Pension Expense

The Net Pension Liability of the Plan as a whole was last measured as of August 31, 2023 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The District was assigned a proportion of the Plan’s Net Pension Liability based on the District’s contributions to the Plan relative to the contributions of all employers for the period September 1, 2022 through August 31, 2023.

SALADO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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The table below presents a two-year comparison of the District's assigned proportion and resulting proportionate share of the collective Net Pension Liability, as well as the State's proportionate share of the Net Pension Liability associated with the District.

	Measurement Date		Change
	8/31/22	8/31/23	
District's Proportion of the Collective Net Pension Liability	0.000096082372	0.000102049589	0.000005967217
District's Proportionate Share of the Net Pension Liability	\$ 5,704,163	\$ 7,009,822	\$ 1,305,659
State's Proportionate Share of the Net Pension Liability Associated with the District	9,822,830	11,394,781	1,571,951
Total Pension Liability	\$ 15,526,993	\$ 18,404,603	\$ 2,877,610

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 249,762	\$ 84,881
Changes in actuarial assumptions	662,992	162,249
Difference between projected and actual investment earnings	2,190,357	1,170,258
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	950,099	220,593
Contributions paid to TRS subsequent to the measurement date	473,073	-
Total	\$ 4,526,283	\$ 1,637,981

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

Measurement Year Ended August 31,	Pension Expense Amount
2024	\$ 542,453
2025	362,005
2026	1,062,514
2027	390,122
2028	58,135
Thereafter	-

For the year ended June 30, 2024, Salado Independent School District recognized pension expense of \$862,725 and revenue of \$1,720,513 for support provided by the State.

9. EMPLOYEE HEALTH CARE COVERAGE

During the year ended June 30, 2024, employees of the District were covered by the state-wide health insurance plan, TRS Active Care. The District contributed \$325 per month per employee to the Plan, the State provided an additional \$75 per month per employee, and employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. TRS manages TRS Active Care. The Plan is administered by Aetna while Caremark was assigned the prescription drug plan.

SALADO INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2024

10. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN – TRS-CARE

A. Plan Description

The Texas Public School Retired Employees Group Insurance Program (TRS-Care) 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 Board of Trustees of TRS administers the TRS-Care program and the related fund in accordance with the 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. Further detailed information regarding TRS and TRS-Care is available in a separately issued Annual Comprehensive Financial Report for TRS that includes financial statements and required supplementary information. That report may be obtained online at www.trs.texas.gov; by writing to TRS at 1000 Red River Street, Austin, Texas, 78701-2698; or by calling (512) 542-6592.

B. Benefits Provided

TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional service centers, and other educational districts who are members of the TRS pension system. 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.

The General Appropriations Act passed by the 86th Legislature included funding to maintain TRS-Care premiums at their current level through 2021. The 86th legislature also passed Senate Bill 1682 which requires TRS to establish a contingency reserve in the TRS-Care fund equal to 60 days of expenditures. This amount is estimated at \$336,000,000 as of August 31, 2023.

C. Contributors to TRS-Care

Contributors to the plan include active and retired members, employers, and the State of Texas as the only non-employer contributing entity.

During fiscal year 2023, the number of participating employers are presented in the following table.

<u>Participating Employers</u>	
Independent School Districts	1,019
Open Enrollment Charter Schools	200
Regional Service Centers	20
Other Educational Districts	<u>2</u>
Total	<u><u>1,241</u></u>

SALADO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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TRS-Care plan membership as of August 31, 2022 is shown in the following table. Because the actuarial valuation was based on a roll-forward (See Section F), the counts are as of that date.

<u>TRS-Care Plan Membership</u>	
Active plan members	757,626
Inactive plan members currently receiving benefits	188,218
Inactive plan members entitled to but not yet receiving benefits	13,971
Total	959,815

The Average Expected Remaining Service Life (AERSL) of 9.2215 years is based on the membership information as of the beginning of the fiscal year.

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 are based on active employee compensation. The TRS Board does not have the authority to set or amend contribution rates.

At the inception of the plan, funding was projected to last 10 years through fiscal year 1995. The original funding was sufficient to maintain the solvency of the fund through fiscal year 2000. Since that time, appropriations and contributions have been established to fund the benefits for each successive biennium.

Section 1575.202 of the Texas Insurance Code establishes the State's contribution rate which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee 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.

Contribution rates and amounts for active employees, participating employers, and the State of Texas for the current and prior fiscal year are shown below.

<u>Contribution Rates</u>	<u>2023</u>	<u>2024</u>
Members	0.65%	0.65%
Employer	0.75%	0.75%
State of Texas	1.25%	1.25%
Federal/Private Funding*	1.25%	1.25%
 <u>Contribution Amounts</u>		
Members	\$ 91,844	\$ 96,783
Employer	130,025	140,701
State of Texas (NECE)	159,851	166,479

* Contributions paid from federal funds and private grants are remitted by the employer and paid at the State rate.

All employers whose employees are covered by the TRS pension plan are also required to pay a surcharge of \$535 per month when employing a retiree of TRS. The TRS-Care surcharges for fiscal year 2023 totaled \$14,548,344.

SALADO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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A supplemental appropriation was received in 2023 for \$21.3 million 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. The premium rates for retirees are reflected in the following table.

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

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

E. Net OPEB Liability

Components of the Net OPEB Liability of the TRS-Care plan as of August 31, 2023 are disclosed in the following table.

<u>Components of OPEB Liability</u>	<u>Total</u>
Total OPEB Liability	\$ 26,028,070,267
Less: Plan Fiduciary Net Position	<u>(3,889,765,203)</u>
Net OPEB Liability	<u>\$ 22,138,305,064</u>
Net Position as a Percentage of Total OPEB Liability	14.94%

The Net OPEB Liability decreased by \$1.8 billion, from \$23.9 billion as of August 31, 2022, to \$22.1 billion as of August 31, 2023. The decrease was primarily due to favorable claims experience.

F. Actuarial Methods and Assumptions

Roll Forward

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 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.

Demographic Assumptions

The rates of mortality, retirement, termination and disability incidence are identical to the assumptions used to value the pension liabilities of the Teacher Retirement System of Texas (TRS). The demographic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2021.

Mortality Assumptions

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.

Election Rates

Normal Retirement - 62 percent participation rate prior to age 65 and 25 percent participation rate after age 65.
Pre-65 retirees - 30 percent of pre-65 retirees are assumed to discontinue coverage at age 65.

SALADO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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Health Care Trend Rates

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

Actuarial Methods and Assumptions

Valuation Date	August 31, 2022, rolled forward to August 31, 2023
Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.30%
Single Discount Rate	4.13% as of August 31, 2023
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Salary Increases	2.95% to 8.95%, including inflation
Ad Hoc 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. Since the plan is a pay-as-you-go plan, the single discount rate is equal to the prevailing municipal bond rate.

G. Change of Assumptions Since the Prior Measurement Date

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.

H. Changes of Benefit Terms Since the Prior Measurement Date

The following presents the Net OPEB Liability of the plan using the discount rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher, as well as what the Net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower, 3.13 percent or one percentage point higher, 5.13 percent, than the AA/Aa rate. The source for the rate is the Fixed Income Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in the Fidelity "20-Year Municipal GO AA Index", as of August 31, 2023.

I. Sensitivity of the Net OPEB Liability to the Single Discount Rate Assumption

The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher than the assumed healthcare cost trend rate.

Sensitivity of the Net OPEB Liability to the Single Discount Rate Assumption			
	1% Decrease 3.13%	Current Single Discount Rate 4.13%	1% Increase 5.13%
District's Proportionate Share of the Net OPEB Liability	\$ 4,179,977	\$ 3,548,995	\$ 3,034,099

SALADO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

J. Sensitivity of the Net OPEB Liability to the Healthcare Cost Trend Rate Assumptions

The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one percent lower or one-percent higher than the assumed healthcare cost trend rate.

Sensitivity of the Net OPEB Liability to the Healthcare Cost Trend Rate Assumption			
	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's Proportionate Share of the Net OPEB Liability	\$ 2,922,420	\$ 3,548,995	\$ 4,355,086

K. District Net OPEB Liabilities, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, and OPEB Expense

The Net OPEB Liability of the TRS-Care program as a whole was last measured as of August 31, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District was assigned a proportion of TRS Care's Net OPEB Liability based on the District's contributions to the program relative to the contributions of all employers for the period September 1, 2022 through August 31, 2023.

The table below presents a two-year comparison of the District's assigned proportion and resulting proportionate share of the collective Net OPEB Liability, as well as the State's proportionate share of the Net OPEB Liability associated with the District.

	Measurement Date		Change
	8/31/22	8/31/23	
District's Proportion of the Collective Net OPEB Liability	0.000145815228	0.000160310143	0.000014494915
District's Proportionate Share of the Net OPEB Liability	\$ 3,491,401	\$ 3,548,995	\$ 57,594
State's Proportionate Share of the Net OPEB Liability Associated with the District	4,258,960	4,282,408	23,448
Total OPEB Liability	<u>\$ 7,750,361</u>	<u>\$ 7,831,403</u>	<u>\$ 81,042</u>

At June 30, 2024, Salado Independent School District reported its proportionate share of 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 economic experience	\$ 160,565	\$ 2,985,807
Changes in actuarial assumptions	484,412	2,173,144
Difference between projected and actual investment earnings	8,071	6,538
Change in proportion and difference between the employer's contributions and the proportionate share of contributions	2,201,394	62,014
Contributions paid to TRS subsequent to the measurement date	119,216	-
Total	\$ 2,973,658	\$ 5,227,503

SALADO INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2024

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

Measurement Year Ended August 31,	OPEB Expense Amount
2024	\$ (637,193)
2025	(474,416)
2026	(254,044)
2027	(393,921)
2028	(283,327)
Thereafter	(330,159)

For the year ended June 30, 2024, Salado Independent School District recognized OPEB expense of (\$489,910) and revenue of (\$915,488) for support provided by the State.

11. FRINGE BENEFITS PAID BY OTHER GOVERNMENTS

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. Under Medicare Part D, TRS-Care receives retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the years ended June 30, 2024 and June 30, 2023, the subsidy payments received by TRS-Care on behalf of the District were \$80,840 and \$78,167, respectively.

12. FUND BALANCES

The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Those fund balance classifications are below.

Nonspendable - Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation.

Committed - Amounts that can only be used for specific purposes pursuant to approval by formal action by the Board.

Assigned - For the General Fund, the Board, or an official or body that has been delegated authority by the Board, may appropriate amounts that are to be used for a specific purpose. For all other governmental funds, any remaining positive amounts not previously classified as nonspendable, restricted or committed.

Unassigned - Amounts that are available for any purpose; these amounts can be reported only in the District’s General Fund.

A detail of the fund balance amounts within each category is included on the governmental funds balance sheet.

Fund balance of the District may be committed for a specific purpose by formal action of the Board, the District’s highest level of decision-making authority. Commitments may be established, modified, or rescinded only through a resolution approved by the Board. The Board has delegated authority to the Superintendent to assign fund balance for a specific purpose. In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

SALADO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

13. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

Type	General Fund	Debt Service Fund	Capital Projects Fund - I	Capital Projects Fund - II	Non-Major Governmental Funds	Proprietary Funds	Trust Funds	Custodial Funds	Total
Property Taxes	\$11,097,328	\$ 8,249,833	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$19,347,161
Tuition and Fees	7,775	-	-	-	-	144,542	-	-	152,317
Investment Income	387,670	772,313	405,764	1,687,613	83,295	-	2,505	-	3,339,160
Rent	69,248	-	-	-	-	-	-	-	69,248
Gifts	20,115	-	-	-	-	-	-	-	20,115
Food Sales	-	-	-	-	437,053	-	-	-	437,053
Athletics	48,300	-	-	-	-	-	-	-	48,300
Extracurricular Activ.	-	-	-	-	-	-	-	82,097	82,097
Enterprising Rev.	-	-	-	-	1,044,188	-	-	-	1,044,188
Misc. Local Rev.	44,722	4,269	-	-	-	-	-	-	48,991
Total	\$11,675,158	\$ 9,026,415	\$ 405,764	\$ 1,687,613	\$ 1,564,536	\$ 144,542	\$ 2,505	\$ 82,097	\$24,588,630

14. UNEARNED REVENUE

Unearned revenue at June 30, 2024 consisted of the following amounts:

Fund	Local Sources	State Grants	Total
General Fund	\$ -	\$ 1,213,531	\$ 1,213,531
Debt Service Fund	-	15,108	15,108
Non-Major Governmental Funds	18,433	-	18,433
Total	\$ 18,433	\$ 1,228,639	\$ 1,247,072

15. RISK MANAGEMENT

The District's risk management program includes coverages through third party insurance providers for property, automobile liability, school professional liability, crime, workers' compensation, and other miscellaneous bonds. During the year ended June 30, 2024, there were no significant reductions in insurance coverage from coverage in the prior year. Losses in excess of the various deductible levels are covered through traditional indemnity coverage for buildings and contents, and vehicle liability with various insurance firms. Settled claims have not exceeded insurance limits for the past three years.

16. COMMITMENTS AND CONTINGENCIES

The District participates in a number of federal financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of *Government Auditing Standards* and when applicable, the Uniform Guidance, for the year ended June 30, 2024, these programs are subject to financial and compliance audits performed by the specific grantors. These audits, if performed, could result in amounts of expenditures being disallowed by the granting agencies and subject to repayment. The District however expects that such amounts, if any, would be immaterial.

SALADO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

17. UNEMPLOYMENT COMPENSATION POOL

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

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore there is no need for specific or aggregate stop loss coverage for the Unemployment Compensation pool. For the year ended June 30, 2024, the Fund anticipates that Salado Independent School District has no additional liability beyond the contractual obligation for payment of contribution. The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2023, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

18. IMPLEMENTATION OF NEW GOVERNMENTAL ACCOUNTING STANDARD

During the year the District implemented Governmental Accounting Standards Board Statement No. 100 – *Accounting Changes and Error Corrections* (“GASB 100”). The objective of GASB 100 is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

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. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

For the year ended June 30, 2024, the District did not have any changes in policy or circumstance within the financial reporting entity that required a restatement or adjustment. The District’s Capital Projects Fund II became a major fund for the year ended June 30, 2024 as a matter of meeting the quantitative major fund threshold. However, this fund is a new fund for the year ended June 30, 2024 and thereby did not report fund balance in fiscal year 2023. Therefore, no reporting units were affected by the addition of this major fund, and thus, no tabular reconciliation was required. The District has disclosed in Note 1 to the financial statements on Page 60 of this report the addition of a new major fund, the Capital Projects Fund II.

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REQUIRED SUPPLEMENTARY INFORMATION

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

	Measurement Year			
	2023	2022	2021	2020
District's Proportion of the Net Pension Liability	0.0102049589%	0.0096082372%	0.0085789800%	0.0069977966%
District's Proportionate Share of the Net Pension Liability	\$ 7,009,822	\$ 5,704,163	\$ 2,184,763	\$ 3,747,877
State's Proportionate Share of the District Net Pension Liability	11,394,781	9,822,830	4,546,442	8,901,841
Total Pension Liability	<u>\$ 18,404,603</u>	<u>\$ 15,526,993</u>	<u>\$ 6,731,205</u>	<u>\$ 12,649,718</u>
District's Covered-Employee Payroll	\$ 14,129,867	\$ 13,033,148	\$ 12,295,359	\$ 10,802,511
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	49.61%	43.77%	17.77%	34.69%
Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability	73.15%	75.62%	88.79%	75.54%

The amounts presented are determined as of the Plan's measurement year which was as of August 31 in each prior calendar year from the District's fiscal year end.

This schedule reflects ten years of data as required by GASB 68.

Measurement Year					
2019	2018	2017	2016	2015	2014
0.0083853398%	0.0082054544%	0.0072624278%	0.0064772931%	0.0062096000%	0.0029766000%
\$ 4,358,962	\$ 4,516,481	\$ 2,322,133	\$ 2,447,673	\$ 2,195,011	\$ 795,092
7,538,160	7,969,119	4,664,235	5,053,303	4,779,405	4,042,918
<u>\$ 11,897,122</u>	<u>\$ 12,485,600</u>	<u>\$ 6,986,368</u>	<u>\$ 7,500,976</u>	<u>\$ 6,974,416</u>	<u>\$ 4,838,010</u>
\$ 9,967,340	\$ 9,263,341	\$ 7,182,552	\$ 7,090,930	\$ 6,682,804	\$ 6,504,929
43.73%	48.76%	32.33%	34.52%	32.85%	12.22%
75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

SALADO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS –
 TEACHER RETIREMENT SYSTEM
 FOR THE YEAR ENDED JUNE 30, 2024

	Fiscal Year			
	2024	2023	2022	2021
Contractually Required Contribution	\$ 556,403	\$ 504,624	\$ 432,980	\$ 350,125
Contribution in Relation to the Contractually Required Contribution	<u>(556,403)</u>	<u>(504,624)</u>	<u>(432,980)</u>	<u>(350,125)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 14,889,690	\$ 14,129,867	\$ 13,033,148	\$ 12,295,359
Contributions as a Percentage of Covered- Employee Payroll	3.74%	3.57%	3.32%	2.85%

The amounts presented are as of the District's fiscal year end of June 30.

This schedule reflects ten years of data as required by GASB 68.

Fiscal Year					
2020	2019	2018	2017	2016	2015
\$ 285,277	\$ 291,655	\$ 261,779	\$ 196,748	\$ 210,787	\$ 183,869
<u>(285,277)</u>	<u>(291,655)</u>	<u>(261,779)</u>	<u>(196,748)</u>	<u>(210,787)</u>	<u>(183,869)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 10,802,511	\$ 9,967,340	\$ 9,263,341	\$ 7,182,552	\$ 7,090,930	\$ 6,682,804
2.64%	2.93%	2.83%	2.74%	2.97%	2.75%

SALADO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY –
TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES GROUP INSURANCE PLAN
FOR THE YEAR ENDED JUNE 30, 2024

	Measurement Year			
	2023	2022	2021	2020
District's Proportion of the Net Liability for Other Post Employment Benefits	0.0160310143%	0.0145815228%	0.0139851777%	0.0121412522%
District's Proportionate Share of the Net Post Employment Benefit Liability	\$ 3,548,995	\$ 3,491,401	\$ 5,394,708	\$ 4,615,438
State's Proportionate Share of the Net Post Employment Benefit Liability Associated with the District	<u>4,282,408</u>	<u>4,258,960</u>	<u>7,227,706</u>	<u>6,202,043</u>
Total Other Post Employment Benefits Liability	<u>\$ 7,831,403</u>	<u>\$ 7,750,361</u>	<u>\$ 12,622,414</u>	<u>\$ 10,817,481</u>
District's Covered Payroll	\$ 14,129,867	\$ 13,033,148	\$ 12,295,359	\$ 10,802,511
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	25.12%	26.79%	43.88%	42.73%
Plan Fiduciary Net Position as a Percentage of the Total Net OPEB Liability	14.94%	11.52%	6.18%	4.99%

The amounts presented are determined as of the Plan's measurement year which was as of August 31 in each prior calendar year from the District's fiscal year end.

This schedule reflects the available years of data since the adoption of GASB 75 and will eventually reflect ten years of data.

Measurement Year		
2019	2018	2017
0.0115211115%	0.0117441719%	0.0106543337%
\$ 5,448,476	\$ 5,863,973	\$ 4,633,170
<u>7,239,804</u>	<u>8,202,529</u>	<u>7,103,886</u>
<u>\$ 12,688,280</u>	<u>\$ 14,066,502</u>	<u>\$ 11,737,056</u>
\$ 9,967,340	\$ 9,263,341	\$ 7,182,552
54.66%	63.30%	64.51%
2.66%	1.57%	0.91%

SALADO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS –
TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES GROUP INSURANCE PLAN
FOR THE YEAR ENDED JUNE 30, 2024

	Fiscal Year			
	2024	2023	2022	2021
Contractually Required Contribution	\$ 140,701	\$ 130,025	\$ 116,740	\$ 96,860
Contribution in Relation to the Contractually Required Contribution	(140,701)	(130,025)	(116,740)	(96,860)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 14,889,690	\$ 14,129,867	\$ 13,033,148	\$ 12,295,359
Contributions as a Percentage of Covered Payroll	0.94%	0.92%	0.90%	0.79%

The amounts presented are as of the District's fiscal year end of June 30.

This schedule reflects the available years of data since the inception of GASB 75 and will eventually reflect ten years of data.

Fiscal Year			
2020	2019	2018	2017
\$ 84,788	\$ 79,656	\$ 72,976	\$ 44,854
<u>(84,788)</u>	<u>(79,656)</u>	<u>(72,976)</u>	<u>(44,854)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 10,802,511	\$ 9,967,340	\$ 9,263,341	\$ 7,182,552
0.78%	0.80%	0.79%	0.62%

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

Teacher Retirement System

Actuarial Assumptions

The information presented in the required supplementary schedules was used in the actuarial valuation for determining the actuarially determined contribution rate and the Net Pension Liability in accordance with GASB 68. Actuarial methods and assumptions used for funding purposes can be found in the Teacher Retirement System of Texas Pension Plan note to the financial statements.

Changes of Benefit Provisions Since Prior Measurement Date

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 Since the Prior Measurement Date

- 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.

Texas Public School Retired Employees Group Insurance Plan

Actuarial Assumptions

Actuarial methods and assumptions used for funding purposes can be found in the Other Post-Employment Benefits (OPEB) Plan – TRS-Care note to the financial statements.

Changes of Assumptions Since the Prior Measurement Date

The following assumptions, methods and plan changes which are specific to TRS-Care were updated from the prior year's report:

- The actuarial assumptions and methods are the same as used in the determination of the prior year's Net Pension Liability

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**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

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

Data Control Codes	211	224	225	240
	ESEA, Title I, Part A	IDEA-Part B, Formula	IDEA-Part B, Preschool	National Breakfast and Lunch Program
ASSETS				
1110 Cash and Cash Equivalents	\$ 32,011	\$ 47,934	\$ 438	\$ 676,451
1240 Due from Other Governments	31,446	109,143	-	-
1260 Due from Other Funds	-	-	-	-
1000A Total Assets and Deferred Outflows	<u>\$ 63,457</u>	<u>\$ 157,077</u>	<u>\$ 438</u>	<u>\$ 676,451</u>
LIABILITIES				
2110 Accounts Payable	\$ -	\$ 31,509	\$ -	\$ 1,139
2160 Accrued Wages Payable	14,615	43,607	-	20,097
2170 Due to Other Funds	46,485	73,700	438	3,466
2200 Accrued Expenditures	2,357	8,261	-	3,448
2300 Unearned Revenues	-	-	-	18,433
2000 Total Liabilities	<u>63,457</u>	<u>157,077</u>	<u>438</u>	<u>46,583</u>
FUND BALANCES				
Restricted for:				
3450 Federal or State Funds Restricted	-	-	-	629,868
Committed for:				
3545 Other Committed Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>629,868</u>
4000 Total Liab., Def. Inflows & Fund Balances	<u>\$ 63,457</u>	<u>\$ 157,077</u>	<u>\$ 438</u>	<u>\$ 676,451</u>

255	279	281	282	283	284	285
ESEA, Title II, Part A	TCLAS - ESSER III	ESSER II	ESSER III	ESSER -SUPP of ARP	IDEA-Part B, Formula-ARP	IDEA - Part B, Preschool - ARP
\$ 1,008	\$ -	\$ 151,240	\$ 195,368	\$ 164,711	\$ 13,812	\$ 1,044
11,536	56,730	-	72,970	-	-	-
-	-	-	-	-	-	-
<u>\$ 12,544</u>	<u>\$ 56,730</u>	<u>\$ 151,240</u>	<u>\$ 268,338</u>	<u>\$ 164,711</u>	<u>\$ 13,812</u>	<u>\$ 1,044</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6,718	-	-	38,060	-	-	-
4,865	56,730	151,240	223,892	164,711	13,812	1,044
961	-	-	6,386	-	-	-
-	-	-	-	-	-	-
<u>12,544</u>	<u>56,730</u>	<u>151,240</u>	<u>268,338</u>	<u>164,711</u>	<u>13,812</u>	<u>1,044</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 12,544</u>	<u>\$ 56,730</u>	<u>\$ 151,240</u>	<u>\$ 268,338</u>	<u>\$ 164,711</u>	<u>\$ 13,812</u>	<u>\$ 1,044</u>

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

Data Control Codes	288 Federally Funded Special Revenue Fund-Locally Defined	289 Federally Funded Spec. Rev. Fund	397 Advanced Placement Incentives	410 State Instructional Materials Fund
ASSETS				
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ 85	\$ -
1240 Due from Other Governments	10,573	5,151	-	160,680
1260 Due from Other Funds	-	-	-	-
1000A Total Assets and Deferred Outflows	<u>\$ 10,573</u>	<u>\$ 5,151</u>	<u>\$ 85</u>	<u>\$ 160,680</u>
LIABILITIES				
2110 Accounts Payable	\$ 10,573	\$ -	\$ -	\$ -
2160 Accrued Wages Payable	-	2,976	-	-
2170 Due to Other Funds	-	1,832	85	160,680
2200 Accrued Expenditures	-	343	-	-
2300 Unearned Revenues	-	-	-	-
2000 Total Liabilities	<u>10,573</u>	<u>5,151</u>	<u>85</u>	<u>160,680</u>
FUND BALANCES				
Restricted for:				
3450 Federal or State Funds Restricted	-	-	-	-
Committed for:				
3545 Other Committed Fund Balance	-	-	-	-
3000 Total Fund Balances	-	-	-	-
4000 Total Liab., Def. Inflows & Fund Bal.	<u>\$ 10,573</u>	<u>\$ 5,151</u>	<u>\$ 85</u>	<u>\$ 160,680</u>

427	428	429	461	Total Non-Major Governmental Funds
State Funded Special Revenue Funds - Locally Defined	State Funded Special Revenue Funds	State Funded Special Revenue Funds	Campus Activity Funds	
\$ 72,563	\$ -	\$ 18,484	\$ 656,174	\$ 2,031,323
50,459	-	5,374	-	514,062
-	-	-	85	85
<u>\$ 123,022</u>	<u>\$ -</u>	<u>\$ 23,858</u>	<u>\$ 656,259</u>	<u>\$ 2,545,470</u>
\$ -	\$ -	\$ -	\$ -	\$ 43,221
-	-	-	-	126,073
123,022	-	23,858	-	1,049,860
-	-	-	-	21,756
-	-	-	-	18,433
<u>123,022</u>	<u>-</u>	<u>23,858</u>	<u>-</u>	<u>1,259,343</u>
-	-	-	-	629,868
-	-	-	656,259	656,259
-	-	-	656,259	1,286,127
<u>\$ 123,022</u>	<u>\$ -</u>	<u>\$ 23,858</u>	<u>\$ 656,259</u>	<u>\$ 2,545,470</u>

SALADO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2024

Data Control Codes	211	224	225	240
	ESEA, Title I, Part A	IDEA-Part B, Formula	IDEA-Part B, Preschool	National Breakfast and Lunch Program
REVENUES				
5700 Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 471,138
5800 State Program Revenues	-	-	-	24,424
5900 Federal Program Revenues	143,465	353,242	6,005	541,892
5020 Total Revenues	<u>143,465</u>	<u>353,242</u>	<u>6,005</u>	<u>1,037,454</u>
EXPENDITURES				
0011 Instruction	143,465	197,083	6,005	-
0012 Instructional Resources & Media Services	-	-	-	-
0013 Curriculum & Instructional Staff Development	-	-	-	-
0031 Guidance, Counseling & Evaluation Services	-	156,159	-	-
0033 Health Services	-	-	-	-
0035 Food Services	-	-	-	893,181
0036 Extracurricular Activities	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
6030 Total Expenditures	<u>143,465</u>	<u>353,242</u>	<u>6,005</u>	<u>893,181</u>
1200 Net Change in Fund Balance	-	-	-	144,273
0100 Fund Balance - Beginning	-	-	-	485,595
3000 Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 629,868</u>

255	279	281	282	283	284	285
ESEA, Title II, Part A	TCLAS - ESSER III	ESSER II	ESSER III	ESSER -SUPP of ARP	IDEA-Part B, Formula-ARP	IDEA - Part B, Preschool - ARP
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
52,886	139,629	25,006	437,109	65,099	11,155	23
52,886	139,629	25,006	437,109	65,099	11,155	23
52,886	114,722	25,006	346,460	64,752	11,155	23
-	-	-	-	-	-	-
-	24,907	-	795	-	-	-
-	-	-	48,873	-	-	-
-	-	-	40,981	347	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
52,886	139,629	25,006	437,109	65,099	11,155	23
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

SALADO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2024

Data Control Codes	288 Federally Funded Special Revenue Fund-Locally Defined	289 Federally Funded Spec. Rev. Fund	397 Advanced Placement Incentives	410 State Instructional Materials Fund
REVENUES				
5700 Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	247,419
5900 Federal Program Revenues	10,573	14,292	-	-
5020 Total Revenues	10,573	14,292	-	247,419
EXPENDITURES				
0011 Instruction	10,573	14,292	-	247,419
0012 Instructional Resources & Media Services	-	-	-	-
0013 Curriculum & Instructional Staff Development	-	-	-	-
0031 Guidance, Counseling & Evaluation Services	-	-	-	-
0033 Health Services	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
6030 Total Expenditures	10,573	14,292	-	247,419
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - Beginning	-	-	-	-
3000 Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

427	428	429	461	
State Funded Special Revenue Funds - Locally Defined	State Funded Special Revenue Funds	State Funded Special Revenue Funds	Campus Activity Funds	Total Non- Major Governmental Funds
\$ -	\$ -	\$ -	\$ 1,093,398	\$ 1,564,536
78,689	200,000	76,322	-	626,854
-	-	-	-	1,800,376
78,689	200,000	76,322	1,093,398	3,991,766
78,689	-	73,678	-	1,386,208
-	-	-	2,480	2,480
-	-	2,644	-	28,346
-	-	-	-	205,032
-	-	-	-	41,328
-	-	-	-	893,181
-	-	-	1,034,093	1,034,093
-	200,000	-	-	200,000
78,689	200,000	76,322	1,036,573	3,790,668
-	-	-	56,825	201,098
-	-	-	599,434	1,085,029
\$ -	\$ -	\$ -	\$ 656,259	\$ 1,286,127

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

Last 10 Years Ended June 30,		1		2	3
		Tax Rates		Debt Service	Assessed/Appraised Value for School Tax Purposes
		Maintenance			
2015	and prior years	Various		Various	Various
2016		1.04000		0.23550	\$ 693,670,527
2017		1.04000		0.18380	730,050,826
2018		1.04000		0.18380	782,925,900
2019		1.04000		0.18380	845,315,295
2020		0.97000		0.50000	939,681,088
2021		0.87470		0.50000	1,094,921,801
2022		0.87200		0.50000	1,237,147,522
2023		0.85460		0.50000	1,519,355,677
2024	(School year under audit)	0.66920		0.50000	1,677,302,429
TOTALS					

10	20	31	32	40	50	99
Beginning Balance 7/1/23	Current Year's Total Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance 6/30/24	Total Taxes Refunded Under Section 26.1115c
\$ 31,372	\$ -	\$ 95	\$ 21	\$ (16,639)	\$ 14,617	
9,145	-	397	90	-	8,658	
8,791	-	410	72	-	8,309	
12,595	-	416	73	-	12,106	
17,019	-	1,016	180	185	16,008	
30,586	-	3,772	1,945	395	25,264	
40,526	-	9,906	5,663	(3,587)	21,370	
57,618	-	29,131	16,704	14,682	26,465	
376,590	-	145,915	85,370	(85,633)	59,672	
-	19,611,020	10,794,807	8,065,456	(437,570)	313,187	
<u>\$ 584,242</u>	<u>\$ 19,611,020</u>	<u>\$ 10,985,865</u>	<u>\$ 8,175,574</u>	<u>\$ (528,167)</u>	<u>\$ 505,656</u>	
						<u>\$ 69,827</u>

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

Data Control Codes	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts (GAAP BASIS)	Final Budget
REVENUES				
5700 Local & Intermediate Sources	\$ 410,000	\$ 410,000	\$ 471,138	\$ 61,138
5800 State Program Revenues	28,783	28,783	24,424	(4,359)
5900 Federal Program Revenues	447,760	540,758	541,892	1,134
5020 Total Revenues	886,543	979,541	1,037,454	57,913
EXPENDITURES				
0035 Food Services	872,256	995,254	893,181	102,073
6030 Total Expenditures	872,256	995,254	893,181	102,073
1200 Net Change in Fund Balances	14,287	(15,713)	144,273	159,986
0100 Fund Balance-July 1 (Beginning)	485,595	485,595	485,595	-
3000 Fund Balance-June 30 (Ending)	\$ 499,882	\$ 469,882	\$ 629,868	\$ 159,986

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

Data Control Codes	Budgeted Amounts		Actual	Variance With Final Budget	
	Original	Final	Amounts (GAAP BASIS)		
REVENUES					
5700	Local & Intermediate Sources	\$ 9,527,443	\$ 9,527,443	\$ 9,026,415	\$ (501,028)
5800	State Program Revenues	-	-	503,517	503,517
5020	Total Revenues	9,527,443	9,527,443	9,529,932	2,489
EXPENDITURES					
Debt Service:					
0071	Principal on Long Term Debt	1,695,000	1,695,000	1,695,000	-
0072	Interest on Long Term Debt	2,338,400	2,338,400	2,338,400	-
0073	Bond Costs and Fees	20,000	20,000	1,000	19,000
6030	Total Expenditures	4,053,400	4,053,400	4,034,400	19,000
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	5,474,043	5,474,043	5,495,532	21,489
OTHER FINANCING SOURCES (USES)					
7915	Transfers In	-	11,160	11,160	-
8940	Payments to Bond Ref. Escrow Agent	(6,307,900)	-	-	-
7080	Total Other Finance Sources (Uses)	(6,307,900)	11,160	11,160	-
1200	Net Change in Fund Balances	(833,857)	5,485,203	5,506,692	21,489
0100	Fund Balance-July 1 (Beginning)	11,265,284	11,265,284	11,265,284	-
3000	Fund Balance-June 30 (Ending)	\$ 10,431,427	\$ 16,750,487	\$ 16,771,976	\$ 21,489

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SALADO INDEPENDENT SCHOOL DISTRICT
USE OF FUNDS REPORT – SELECT STATE ALLOTMENT PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2024

Data Control Codes	1 Responses
Section A: Compensatory Education Programs	
Districts are required to use at least 55% of state compensatory education state allotment funds on direct program costs. Statutory Authority: Texas Education Code §48.104.	
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. \$ 830,263
AP4	Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24, 26, 28, 29, 30, 34) \$ 514,846
Section B: Bilingual Education Programs	
Districts are required to use at least 55% of bilingual education state allotment funds on direct program costs. Statutory Authority: Texas Education Code §48.105.	
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. \$ 83,254
AP8	Actual direct program expenditures for bilingual education programs during the District's fiscal year. (PICs 25, 35) \$ 49,465

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SALADO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
 FOR THE YEAR ENDED JUNE 30, 2024

Data Control Codes		1 Responses
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 the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments.)	Yes
	Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued.	
	Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules in effect at the school district's fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year end.	\$ 812,776

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FEDERAL AWARDS SECTION

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

To the Board of Trustees of
Salado Independent School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Salado Independent School District (the "District") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 6, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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.

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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.

Singleton, Clark & Company, PC

Singleton, Clark & Company, PC
Cedar Park, Texas

September 6, 2024

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

To the Board of Trustees of
Salado Independent School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In 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 June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 Salado Independent School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the 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 for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with 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.

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

We have audited the financial statements of Salado Independent School District as of and for the year ended June 30, 2024, and have issued our report thereon dated September 6, 2024, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Singleton, Clark & Company, PC

Singleton, Clark & Company, PC
Cedar Park, Texas

September 6, 2024

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

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	1 Federal ALN Number	2a Pass-Through Entity Identifying Number	3 Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Direct Awards</u>			
ESEA - Title VII - Impact Aid	84.041A		\$ 9,700
Total Direct Awards			<u>9,700</u>
<u>Passed through Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	23610101014908	143,465
IDEA - Part B, Formula ¹	84.027A	236600010149086000	353,242
SPED Capacity Contracted Services Grant ¹	84.027A	24-014908	10,573
COVID-19, IDEA - Part B, Formula - ARP ¹	84.027X	225350010149085000	11,155
Total Assistance Listing Number 84.027			<u>374,970</u>
IDEA - Part B, Preschool ¹	84.173A	236610010149086000	6,006
COVID-19, IDEA - Part B, Preschool - ARP ¹	84.173X	225360010149085000	23
Total Assistance Listing Number 84.173			<u>6,029</u>
ESEA, Title II, Part A - Teacher and Principal Training	84.367A	23694501014908	52,886
COVID-19, TCLAS - ESSER III	84.425U	21528042014908	166,043
COVID-19, ESSER II	84.425D	21521001014908	29,506
COVID-19, ESSER III	84.425U	21528001014908	474,780
COVID-19, ESSER Supplemental	84.425U	21528043014908	94,712
Total Assistance Listing Number 84.425			<u>765,041</u>
Title IV, Part A, Sub-Part 1	84.424A	23680101014908	14,292
Total Passed through Texas Education Agency			<u>1,356,683</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>1,366,383</u>
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed through Texas Education Agency</u>			
National School Breakfast Program ²	10.553	71402401	85,467
National School Lunch Program ²	10.555	71302401	293,414
Total Passed through Texas Education Agency			<u>378,881</u>
<u>Passed through Texas Department of Agriculture</u>			
Food Distribution Program - Non-Cash Assistance ²	10.555	NT4XL1YGLGC5	41,368
USDA Recipe Grant ²	10.555	NT4XL1YGLGC5	576
Supply Chain Assistance Program ²	10.555	NT4XL1YGLGC5	100,849
Commodity Storage Reimbursement ²	10.555	NT4XL1YGLGC5	1,217
Total Assistance Listing Number 10.555			<u>144,010</u>
National School Lunch Program Equipment Assistance Grant	10.579	NT4XL1YGLGC5	19,000
Total Passed through Texas Department of Agriculture			<u>163,010</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>541,891</u>
U.S. DEPARTMENT OF THE INTERIOR			
<u>Passed through Texas Comptroller of Public Accounts</u>			
Flood Control Act Lands	15.433	9A140827	2,180
Total Passed through Texas Comptroller of Public Accounts			<u>2,180</u>
TOTAL U.S. DEPARTMENT OF THE INTERIOR			<u>2,180</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,910,454</u>
<i>Not Considered Federal Financial Assistance:</i>			
School Health and Related Services (SHARS) Revenue			\$ 49,592
E-Rate Revenue			30,864
TOTAL FEDERAL REVENUE PER STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE			<u>\$ 1,990,910</u>

¹ Special Education (IDEA) Cluster as defined in OMB Compliance Supplement.

² Child Nutrition Cluster as defined in OMB Compliance Supplement.

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

1. BASIS OF PRESENTATION

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The expenditures reported on the Schedule are presented using the modified-accrual basis of accounting, with the exception of the National School Lunch Program, School Breakfast Program and the Food Distribution Program. Under the modified-accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement.

Expenditures for the National School Lunch Program, School Breakfast Program and the Food Distribution Program are shown on the Schedule in an amount equal to the related revenue, but are not specifically attributable to this revenue source. Expenditures are reported in this manner due to the Child Nutrition Fund being a fund that combines local, state, and federal revenues, and spends those resources together to support the overall operations of the Child Nutrition Program.

The District has elected to use the indirect cost rate for the ESSER grant funds as allowed under the Uniform Guidance.

Relationship to Basic Financial Statements - Expenditures of federal awards are reported in the District’s basic financial statements in the special revenue funds.

Relationship to Federal Financial Reports - Amounts reported in the accompanying Schedule agree with the amounts reported in the related federal financial reports in all significant respects.

Valuation of Non-Cash Programs – The District values revenues and expenditures for the Food Distribution Program based on the value of commodities received.

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

SECTION I – SUMMARY OF AUDITOR’S RESULTS

FINANCIAL STATEMENTS

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

FEDERAL AWARDS

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

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

Elementary and Secondary School Emergency Relief	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with the federal Uniform Guidance? Yes No

Identification of major programs:

<u>ALN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425D, 84.425U	TCLAS-ESSER III, ESSER II, III, ESSER Supplemental

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

Auditee qualified as low-risk auditee? Yes No

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

SECTION II – FINANCIAL STATEMENT FINDINGS

Findings Related to Financial Statements Which are Required to be Reported in Accordance with *Government Auditing Standards*:

No findings or questioned costs required to be reported in accordance with *Government Auditing Standards* for the years ended June 30, 2024 and June 30, 2023.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Findings Related to Federal Awards Which are Required to be Reported in Accordance with federal Uniform Guidance:

No findings or questioned costs required to be reported in accordance with federal Uniform Guidance for the years ended June 30, 2024 and June 30, 2023.