

**ORE CITY INDEPENDENT
SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

YEAR ENDED AUGUST 31, 2024

RUTHERFORD, TAYLOR & COMPANY, P.C.
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ORE CITY INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
YEAR ENDED AUGUST 31, 2024

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CERTIFICATE OF BOARD

Ore City Independent School District
Name of School District

Upshur
County

230-903
Co.-Dist. Number

We, the undersigned, certify that the attached auditor's report of the above named school district was reviewed and ✓ **approved**/ _____ **disapproved** for the year ended August 31, 2024, at a meeting of the board of school trustees of such school district on October 28, 2024.

Virginia Harris
Signature of Board Secretary

[Signature]
Signature of Board President

If the auditor's report was checked above as disapproved, the reasons(s) therefore is/are (attach list if necessary):

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Members of the Board
Ore City Independent School District

Report on the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement 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 judgement 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 judgement 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 including 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 judgement, 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 charges with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedules related to pension and other post-employment benefit activities 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 supplemental 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 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*, is presented for purposes of additional analysis and is 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Rutherdale, Taylor & Company PC". The signature is written in a cursive style.

October 21, 2024
Greenville, Texas

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

Members of the Board
Ore City Independent School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ore City Independent School District (District), as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 21, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that 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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Report on Internal Control – Continued

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.

Rutherford, Taylor & Company PC

October 21, 2024
Greenville, Texas

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

Members of the Board
Ore City Independent School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud, or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, 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 judgement 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.

Internal Control over Compliance with the Uniform Guidance – Continued

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

- Exercise professional judgement 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 weakness, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

Purpose of This Report

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



October 21, 2024
Greenville, Texas

ORE CITY INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED AUGUST 31, 2024

Summary of Auditor's Results (Section I)

Financial Statements –

Type of auditor's report issued	Unmodified Opinion
Internal Control over Financial Reporting: Material Weaknesses identified	None
Significant deficiencies identified that are not considered to be material weaknesses	None reported
Noncompliance material to the financial statements noted	None

Federal Awards –

Internal control over major programs: Material weaknesses identified	None
Significant deficiencies identified that are not considered to be material weaknesses	None reported
Type of Auditor's report issued on compliance for major programs	Unmodified Opinion
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance	No
Identification of major programs	ESSA Title I Part A – Improving Programs (84.010a)
Dollar threshold used to distinguish between Type A and Type B programs	\$ 750,000
Entity qualified as a low risk auditee	Yes
Pass-through Entity	Texas Education Agency

ORE CITY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2024

Financial Finding (Section II)

NONE

ORE CITY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2024

Federal Award Findings and Questions Costs (Section III)

NONE

ORE CITY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2024

Prior Year Findings (Section IV)

NONE

ORE CITY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2024

Corrective Action Plans (Section V)

NONE

ORE CITY INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2024

This section of Ore City Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the year ended August 31, 2024. Please read it in conjunction with the District's basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total combined net position was \$ 14,334,907 at August 31, 2024.
- During the year, the District's expenses were \$ 561,017 less than the \$ 14,934,971 generated in taxes and other revenues for governmental activities.
- The General Fund reported a fund balance this year of \$ 7,685,675, an increase of \$ 1,002,784.
- No new debt was added in the year.

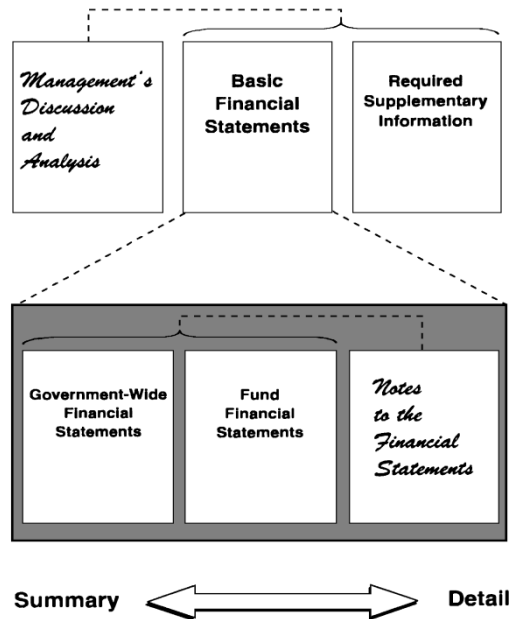
OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the government, reporting the District's operations in more detail than the government-wide statements.
- The governmental funds statements tell how general government services were financed in the short term as well as what remains for future spending.
- Fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The basic financial statements also include notes that explain some of the information in the basic financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the basic financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-1, Required Components of the District's Annual Financial Report



**ORE CITY INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2024**

Figure A-2. Major Features of the District's Government-wide and Fund Financial Statements

Figure A-2 summarizes the major features of the District's basic financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

GOVERNMENT-WIDE STATEMENTS

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

<i>Type of Statements</i>	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
<i>Scope</i>	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the district that are not proprietary or fiduciary	Activities the district operates similar to private businesses: self insurance	Instances in which the district is the trustee or agent for someone else's resources
<i>Required financial statements</i>	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures & changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

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

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

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

FUND FINANCIAL STATEMENTS

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

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

The District has the following kinds of funds:

- Governmental funds—Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explain the relationship (or differences) between them.

ORE CITY INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2024

- Fiduciary funds—The District is the trustee, or fiduciary, for certain funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's combined net position was \$ 14,334,907 at August 31, 2024.

Ore City Independent School District's Net Position			Table A-1
	Governmental Activities		Total Percentage Change
	2024	2023	2023-2024
Assets:			
Cash and Investments	\$ 6,732,698	\$ 8,544,269	-21.20%
Other Assets	2,863,272	2,294,449	24.79%
Capital Assets less Accumulated Depreciation	19,294,695	19,424,022	-0.67%
Total Assets	\$ 28,890,665	\$ 30,262,740	-4.53%
Total Deferred Outflows of Resources	\$ 5,263,472	\$ 5,240,656	0.44%
Liabilities:			
Current Liabilities	\$ 585,921	\$ 2,474,815	-76.32%
Long-term Liabilities	15,429,153	15,050,471	2.52%
Total Liabilities	\$ 16,015,074	\$ 17,525,286	-8.62%
Total Deferred Inflows of Resources	\$ 3,804,156	\$ 4,204,220	-9.52%
Net Position:			
Net Investment in Capital Assets	\$ 11,294,284	\$ 10,864,294	3.96%
Restricted	179,315	172,569	3.91%
Unrestricted	2,861,308	2,737,027	4.54%
Total Net Position	\$ 14,334,907	\$ 13,773,890	4.07%

Approximately \$ 61,080 of the District's restricted net position represent amounts restricted to debt retirement. Unrestricted net position represents resources available to fund the programs of the District in the coming year.

CHANGES IN NET POSITION

The District's total revenues were \$ 14,934,971 15% of the District's revenue comes from local property taxes (See Table A-2). 77% of revenue comes from state aid and federal grants, while only 8% relates to charges for services and other sources.

The total cost of all programs and services was \$ 14,373,954. 53% of these costs are for instruction and related staff and student services.

The District's base tax collection (base tax only – current and delinquent) percentage rate was 95.84%. The total tax collection (base tax plus penalty and interest) percentage rate was 99.79%.

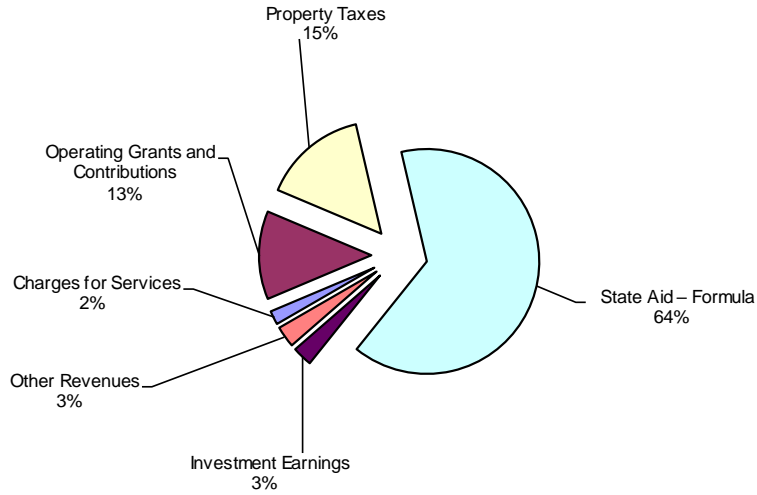
ORE CITY INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2024

GOVERNMENTAL ACTIVITIES

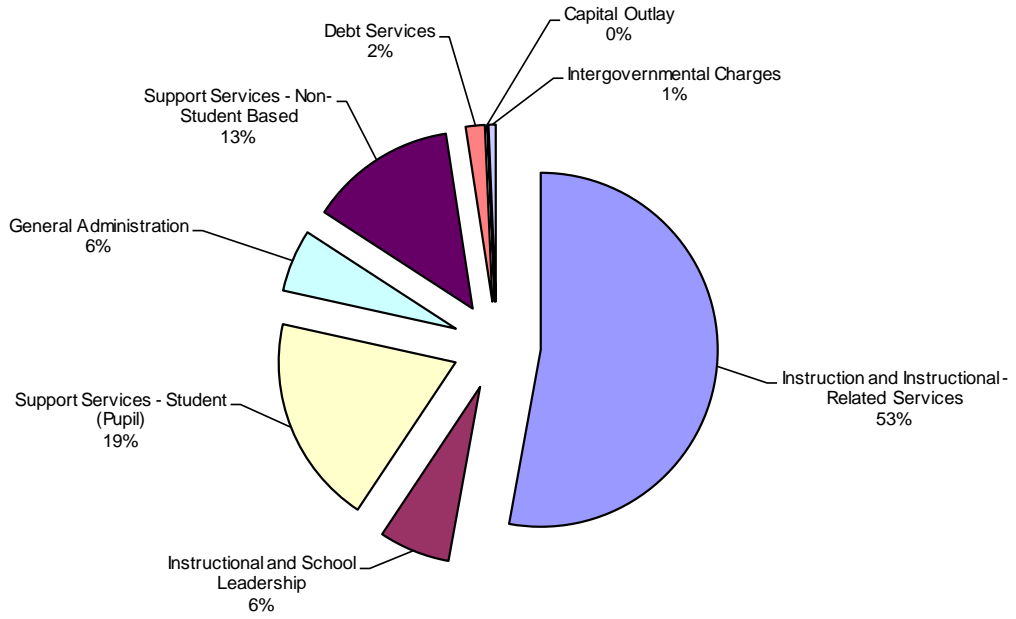
Changes in Ore City Independent School District's Net Position			Table A-2
	Governmental Activities		Total Percentage Change
	2024	2023	2023-2024
Program Revenues:			
Charges for Services	\$ 295,953	\$ 255,898	15.65%
Operating Grants and Contributions	1,897,452	3,579,178	-46.99%
General Revenues:			
Property Taxes	2,240,831	2,335,715	-4.06%
State Aid – Formula	9,616,996	8,066,204	19.23%
Investment Earnings	426,218	231,786	83.88%
Other Revenues	457,521	90,319	406.56%
Total Revenues	<u>\$ 14,934,971</u>	<u>\$ 14,559,100</u>	2.58%
Expenses:			
Instruction	\$ 7,399,865	\$ 7,517,828	-1.57%
Instructional Resources and Media Services	75,012	77,806	-3.59%
Curriculum and Staff Development	123,807	112,721	9.83%
Instructional Leadership	160,275	156,384	2.49%
School Leadership	770,936	694,834	10.95%
Guidance, Counseling and Evaluation Services	338,106	318,261	6.24%
Health Services	148,415	143,762	3.24%
Student Transportation	632,945	652,073	-2.93%
Food Services	750,029	801,862	-6.46%
Cocurricular/Extracurricular Activities	878,475	887,715	-1.04%
General Administration	820,366	768,928	6.69%
Facilities Maintenance and Operations	1,434,932	1,386,966	3.46%
Security and Monitoring Services	200,291	324,272	-38.23%
Data Processing Services	292,357	360,868	-18.99%
Debt Service	250,224	260,567	-3.97%
Capital Outlay	3,253	7,432	-56.23%
Payments to Juvenile Justice Alt Ed Programs	94,666	102,937	-8.04%
Total Expenses	<u>\$ 14,373,954</u>	<u>\$ 14,575,216</u>	-1.38%
Excess (Deficiency) Before Other Resources, Uses and Transfers	<u>\$ 561,017</u>	<u>\$ (16,116)</u>	3581.12%
Increase (Decrease) in Net Position	\$ 561,017	\$ (16,116)	3581.12%
Net Position - Beginning (September 1)	<u>13,773,890</u>	<u>13,790,006</u>	-0.12%
Net Position - Ending (August 31)	<u>\$ 14,334,907</u>	<u>\$ 13,773,890</u>	4.07%

ORE CITY INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2024

Sources of Revenue for Fiscal Year 2024 - See Table A-2



Functional Expenses for Fiscal Year 2024 - See Table A-2



ORE CITY INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2024

- Table A-3 presents the cost of selected functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.
- The cost of all governmental activities this year was \$ 14,373,954.
- However, the amount that our taxpayers paid for these activities through property taxes was \$ 2,240,831
- Some of the cost was paid by those who directly benefited from the programs, \$ 134,817, or
- By grants and contributions, \$ 1,897,452.

Ore City Independent School District's Net Cost of Selected District Functions						Table A-3
	<u>Total Cost of Services</u>		<u>% Change</u>	<u>Net Cost of Services</u>		<u>% Change Change</u>
	2024	2023		2024	2023	
Instruction	\$ 7,399,865	\$ 7,517,828	-1.57%	\$ 6,527,005	\$ 5,088,178	28.28%
School Leadership	770,936	694,834	10.95%	758,512	537,908	41.01%
General Administration	820,366	768,928	6.69%	810,214	765,561	5.83%
Facilities Maintenance and Operations	1,434,932	1,386,966	3.46%	1,423,883	1,381,744	3.05%
Debt Service	250,224	260,567	-3.97%	116,142	155,474	-25.30%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues in the governmental funds totaled \$ 15,306,642. This represents an increase of \$ 290,807 from the prior year revenues of \$ 15,015,835. The increase reflects increased state revenue related to enrollment and attendance. Local revenues decreased due to the increase in the homestead tax exemption as well as reduced federal grant funds.

Expenditures in the governmental funds totaled \$ 14,765,445. This represents a decrease of \$ 1,100,523 from the prior year expenditures of \$ 15,865,968. This decrease is generally related to the completion of capital improvement projects that were active in the prior year. Personnel costs as well as other operating costs continue to increase as economic conditions change.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised its General Fund budget several times. Even with these adjustments, actual expenditures were \$ 2,972,784 below final budget amounts. The most significant positive variance resulted from less than expected expenditures in the instruction and capital outlay functional categories.

General Fund resources available were \$ 1,581,684 above the final budgeted amount. The favorable variance was due to state revenue related to attendance and enrollment which were higher than anticipated.

ORE CITY INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2024

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

At year end, the District had invested \$ 33,359,204 in a broad range of capital assets, including land, equipment, buildings, and vehicles (See Table A-4).

Ore City Independent School District's Capital Assets			Table A-4
	Governmental Activities		Total Percentage Change
	2024	2023	2023-2024
Land	\$ 518,546	\$ 518,546	0.00%
Construction in Progress	1,462,693	1,056,137	100.00%
Buildings and Improvements	28,794,301	28,570,521	0.78%
Equipment	608,039	536,710	13.29%
Vehicles	1,975,625	1,998,566	-1.15%
Totals at Historical Cost	\$ 33,359,204	\$ 32,680,480	2.08%
Total Accumulated Depreciation	(14,064,509)	(13,256,458)	6.10%
Net Capital Assets	<u>\$ 19,294,695</u>	<u>\$ 19,424,022</u>	-0.67%

DEBT

At year-end the District had \$ 8,003,367 in debt outstanding as shown in Table A-5. More detailed information about the District's debt is presented in the notes to the basic financial statements.

Bond Ratings -
The District's bonds presently carry "AAA" ratings.

Ore City Independent School District's Debt			Table A-5
	Governmental Activities		Total Percentage Change
	2024	2023	2023-2024
Bonds Payable	\$ 6,545,000	\$ 6,895,000	-5.08%
Loans Payable	792,000	949,000	-16.54%
Other Debt Payable	666,367	715,728	-6.90%
Total Debt Payable	<u>\$ 8,003,367</u>	<u>\$ 8,559,728</u>	-6.50%

ORE CITY INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2024

ECONOMIC FACTORS

The District's property valuation has continued to increase as economic conditions have improved following the Covid pandemic. This has provided stable tax revenues to the District. Local property tax rates for maintenance and operations are restricted by statute to \$.97, without local elections. In prior years, the State Legislature passed House Bill 2 (HB2) which included various changes to the property tax rate structure limiting school districts' opportunities for tax modifications and requires compressing the rates charged to taxpayers. During the latest special session of the Texas Legislature, the bodies passed Senate Bill 2 (SB2) which provides a mandatory increase in the homestead exemption to \$100,000. The measure was approved and implemented in the 2024 fiscal year. This and additional changes required under SB2 could impact the District's financial operations, including cash flows.

The State has increased funding levels for the 2023 - 2025 biennium, which will affect the revenue levels of the District. The level of funding per attendance credits increased but the tax rate compression and expanded homestead exemption will reduce the local effort for revenues. This reduction is to be funded by the State in its annual foundation support. With these changes in funding, the District anticipates monitoring expenditure levels to ensure financial stability remains strong.

Student population has remained at a steady historical growth rate in the District. The economic outlook for the area is for growth to be fairly stable, as indicated by property value increases in prior years. Housing has not expanded at the rate of other north central Texas communities but is in a geographic position to see population growth. These economic conditions should allow the District to maintain constant funding and staffing levels in future years.

The State failed to modify the funding plan adopted along with HB2 in the 87th legislature. As a result, increased spending for personnel salaries and other operating costs has increased putting continued pressure on the finances of all school districts across the state. The District is monitoring these conditions and will continue to seek options to control spending and maintaining educational programs for its student population.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Cayla Mars, Director of Finance for the District.

BASIC FINANCIAL STATEMENTS

ORE CITY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2024

Data Control Codes		1 <u>Governmental Activities</u>
	ASSETS	
1110	Cash and Investments	\$ 6,732,698
1225	Property Taxes Receivable, Net	881,509
1240	Due from Other Governments	1,971,641
1290	Other Receivables, Net	10,122
	Capital Assets:	
1510	Land	518,546
1520	Buildings and Improvements, Net	16,709,912
1530	Furniture and Equipment, Net	603,544
1580	Construction in Progress	<u>1,462,693</u>
1000	Total Assets	<u>\$ 28,890,665</u>
	DEFERRED OUTFLOWS OF RESOURCES	
1701	Deferred Outflows - Refunding	\$ 500,917
1705	Deferred Outflows - Pensions	2,479,465
1706	Deferred Outflows - OPEB	<u>2,283,090</u>
1700	Total Deferred Outflows of Resources	<u>\$ 5,263,472</u>
	LIABILITIES	
2110	Accounts Payable	\$ 62,199
2140	Interest Payable	10,687
2165	Accrued Liabilities	379,045
2300	Unearned Revenues	133,990
	Noncurrent Liabilities:	
2501	Due within one year	518,000
2502	Due in more than one year	7,485,367
2540	Net Pension Liability	5,000,735
2545	Net OPEB Liability	<u>2,425,051</u>
2000	Total Liabilities	<u>\$ 16,015,074</u>
	DEFERRED INFLOWS OF RESOURCES	
2605	Deferred Inflows - Pensions	\$ 193,060
2606	Deferred Inflows - OPEB	<u>3,611,096</u>
2600	Total Deferred Inflows of Resources	<u>\$ 3,804,156</u>
	NET POSITION	
3200	Net Investment in Capital Assets	\$ 11,294,284
	Restricted For:	
3820	Federal and State Programs	118,235
3850	Debt Service	61,080
3900	Unrestricted	<u>2,861,308</u>
3000	Total Net Position	<u>\$ 14,334,907</u>

The accompanying notes are an integral part of this statement.

ORE CITY INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF ACTIVITIES
 YEAR ENDED AUGUST 31, 2024

Data Control Codes	Functions/Programs	1	3	4	Net (Expense) Revenue and Changes in Net Assets
		Expenses	Program Revenues		
			Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:					
11	Instruction	\$ 7,399,865	\$ 8,787	\$ 864,073	\$ (6,527,005)
12	Instructional Resources and Media Services	75,012	-	3	(75,009)
13	Curriculum and Staff Development	123,807	-	5,596	(118,211)
21	Instructional Leadership	160,275	-	2,949	(157,326)
23	School Leadership	770,936	-	12,424	(758,512)
31	Guidance, Counseling and Evaluation Services	338,106	-	121,794	(216,312)
33	Health Services	148,415	-	3,144	(145,271)
34	Student (Pupil) Transportation	632,945	-	6,065	(626,880)
35	Food Services	750,029	161,136	620,624	31,731
36	Cocurricular/Extracurricular Activities	878,475	126,030	6,119	(746,326)
41	General Administration	820,366	-	10,152	(810,214)
51	Plant Maintenance and Operations	1,434,932	-	11,049	(1,423,883)
52	Security and Monitoring Services	200,291	-	99,356	(100,935)
53	Data Processing Services	292,357	-	17	(292,340)
72	Interest on Long-term Debt	249,418	-	134,082	(115,336)
73	Debt Issuance Costs and Fees	806	-	-	(806)
81	Capital Outlay	3,253	-	-	(3,253)
95	Payments to Juvenile Justice Alt Ed Programs	94,666	-	5	(94,661)
TG	Total Governmental Activities	<u>\$ 14,373,954</u>	<u>\$ 295,953</u>	<u>\$ 1,897,452</u>	<u>\$ (12,180,549)</u>
TP	Total Primary Government	<u>\$ 14,373,954</u>	<u>\$ 295,953</u>	<u>\$ 1,897,452</u>	<u>\$ (12,180,549)</u>
General Revenues:					
MT	Property Taxes, Levied for General Purposes				\$ 1,671,616
DT	Property Taxes, Levied for Debt Service				569,215
IE	Investment Earnings				426,218
SF	State Aid - Formula Grants				9,616,996
MI	Miscellaneous				457,521
TR	Total General Revenues				<u>\$ 12,741,566</u>
CN	Change in Net Position				\$ 561,017
NB	Net Position - Beginning (September 1)				<u>13,773,890</u>
NE	Net Position - Ending (August 31)				<u>\$ 14,334,907</u>

The accompanying notes are an integral part of this statement.

ORE CITY INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
AUGUST 31, 2024

Data Control Codes	10 General Fund	50 Debt Service Fund	onmf Other Governmental Funds	98 Total Governmental Funds
ASSETS				
1110 Cash and Investments	\$ 6,505,207	\$ 3,425	\$ -	\$ 6,508,632
1225 Property Taxes Receivable, Net	737,469	144,040	-	881,509
1240 Due from Other Governments	1,509,316	-	462,325	1,971,641
1260 Due from Other Funds	35,000	-	-	35,000
1290 Other Receivables	8,133	1,989	-	10,122
1000 Total Assets	<u>\$ 8,795,125</u>	<u>\$ 149,454</u>	<u>\$ 462,325</u>	<u>\$ 9,406,904</u>
LIABILITIES				
Current Liabilities:				
2110 Accounts Payable	\$ 16,549	\$ -	\$ 140,762	\$ 157,311
2150 Payroll Deductions and Withholdings	916	-	-	916
2160 Accrued Wages Payable	347,234	-	21,790	369,024
2170 Due to Other Funds	-	35,000	-	35,000
2200 Accrued Expenditures	7,282	-	1,823	9,105
2300 Unearned Revenues	-	42,687	91,303	133,990
2000 Total Liabilities	<u>\$ 371,981</u>	<u>\$ 77,687</u>	<u>\$ 255,678</u>	<u>\$ 705,346</u>
DEFERRED INFLOWS OF RESOURCES				
2610 Deferred Property Tax Reveue	\$ 737,469	\$ 144,040	\$ -	\$ 737,469
2600 Total Deferred Inflows of Resources	<u>\$ 737,469</u>	<u>\$ 144,040</u>	<u>\$ -</u>	<u>\$ 881,509</u>
FUND BALANCES				
Restricted Fund Balances:				
3450 Federal/State Funds Grants	\$ -	\$ -	\$ 118,236	\$ 118,236
3480 Retirement of Long-Term Debt	-	(72,273)	-	(72,273)
3490 Other Restrictions of Fund Balance	-	-	253	253
Committed Fund Balances:				
3545 Other Committed Funds	-	-	88,158	88,158
Assigned Fund Balances:				
3590 Other Assigned Fund Balance	621,902	-	-	621,902
3600 Unassigned	7,063,773	-	-	7,063,773
3000 Total Fund Balances	<u>\$ 7,685,675</u>	<u>\$ (72,273)</u>	<u>\$ 206,647</u>	<u>\$ 7,820,049</u>
4000 Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 8,795,125</u>	<u>\$ 149,454</u>	<u>\$ 462,325</u>	<u>\$ 9,406,904</u>

The accompanying notes are an integral part of this statement.

ORE CITY INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET (GOVERNMENTAL FUNDS)
TO THE STATEMENT OF NET POSITION
AUGUST 31, 2024

Total fund balances - Balance Sheet (governmental funds)	\$	7,820,049
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
Capital assets used in governmental activities are not reported in the funds.		19,294,695
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.		881,509
The assets and liabilities of internal service funds are included in governmental activities in the SNP.		319,178
Payables for bond principal which are not due in the current period are not reported in the funds.		(6,545,000)
Payables for debt interest which are not due in the current period are not reported in the funds.		(10,687)
Payables for direct borrowing which are not due in the current period are not reported in the funds.		(792,000)
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.		500,917
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.		(5,000,735)
Deferred Resource Inflows related to the pension plan are not reported in the funds.		(193,060)
Deferred Resource Outflows related to the pension plan are not reported in the funds.		2,479,465
Bond premiums are amortized in the SNA but not in the funds.		(666,367)
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.		(2,425,051)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.		(3,611,096)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.		<u>2,283,090</u>
Net position of governmental activities - Statement of Net Position	\$	<u>14,334,907</u>

The accompanying notes are an integral part of this statement.

ORE CITY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED AUGUST 31, 2024

Data Control Codes	10 General Fund	50 Debt Service Fund	onmf Other Governmental Funds	98 Total Governmental Funds
REVENUE				
5700 Local and Intermediate Sources	\$ 2,553,020	\$ 553,237	\$ 252,157	\$ 3,358,414
5800 State Program Revenues	10,193,847	134,082	276,426	10,604,355
5900 Federal Program Revenues	33,944	-	1,309,929	1,343,873
5020 Total Revenues	\$ 12,780,811	\$ 687,319	\$ 1,838,512	\$ 15,306,642
EXPENDITURES				
Current:				
0011 Instruction	\$ 6,196,202	\$ -	\$ 726,816	\$ 6,923,018
0012 Instructional Resources and Media Services	47,937	-	-	47,937
0013 Curriculum and Staff Development	117,679	-	3,942	121,621
0021 Instructional Leadership	160,821	-	-	160,821
0023 School Leadership	760,414	-	-	760,414
0031 Guidance, Counseling and Evaluation Services	212,491	-	117,606	330,097
0033 Health Services	149,727	-	-	149,727
0034 Student (Pupil) Transportation	577,917	-	-	577,917
0035 Food Service	-	-	734,699	734,699
0036 Cocurricular/Extracurricular Activities	639,789	-	65,957	705,746
0041 General Administration	810,458	-	-	810,458
0051 Plant Maintenance and Operations	1,445,288	-	-	1,445,288
0052 Security and Monitoring Services	199,767	-	99,329	299,096
0053 Data Processing Services	292,357	-	-	292,357
0071 Principal on Long-term Debt	-	507,000	-	507,000
0072 Interest on Long-term Debt	-	262,123	-	262,123
0073 Debt Issuance Costs and Fees	-	806	-	806
0081 Capital Outlay	541,654	-	-	541,654
0095 Payments to Juvenile Justice Alt Ed Programs	94,666	-	-	94,666
6030 Total Expenditures	\$ 12,247,167	\$ 769,929	\$ 1,748,349	\$ 14,765,445
1100 Excess (Deficiency) of Revenues Over Expenditures	\$ 533,644	\$ (82,610)	\$ 90,163	\$ 541,197
OTHER FINANCING SOURCES (USES)				
7912 Sale of Capital Assets	\$ 5,000	\$ -	\$ -	\$ 5,000
7915 Transfers In	464,140	-	-	464,140
8911 Transfers Out	-	-	(464,140)	(464,140)
7080 Net Other Financing Sources (Uses)	\$ 469,140	\$ -	\$ (464,140)	\$ 5,000
1200 Net Change in Fund Balances	\$ 1,002,784	\$ (82,610)	\$ (373,977)	\$ 546,197
0100 Fund Balances - Beginning (September 1)	6,682,891	10,337	580,624	7,273,852
3000 Fund Balances - Ending (August 31)	\$ 7,685,675	\$ (72,273)	\$ 206,647	\$ 7,820,049

The accompanying notes are an integral part of this statement.

ORE CITY INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED AUGUST 31, 2024

Net change in fund balances - total governmental funds	\$	546,197
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
Capital outlays are not reported as expenses in the SOA		742,724
The depreciation of capital assets used in governmental activities is not reported in the funds.		(872,051)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.		58,155
Expenses not requiring the use of current financial resources are not reported as expenditures in funds.		12,251
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.		350,000
Repayment of direct borrowings principal is an expenditure in the funds but is not an expense in the SOA.		157,000
(Increase) decrease in accrued interest expense from beginning of period to end of period.		454
The net revenue (expense) of internal service funds is reported with governmental activities.		41,340
OPEB expense is recorded in the SOA but not in the funds.		249,863
OPEB contributions in the CY are de-expended and recorded as deferred resource outflows.		78,658
OPEB contributions deferred in the prior year are expended in the current year.		(95,294)
Pension expense is recorded in the SOA but not in the funds.		(666,492)
Pension contributions in CY are de-expended and recorded as deferred resource outflows.		332,427
Pension contributions deferred in the prior year are expended in the current year.		<u>(374,215)</u>
Change in net position of government activities - Statement of Activities	\$	<u>561,017</u>

The accompanying notes are an integral part of this statement.

ORE CITY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
AUGUST 31, 2024

Data Control Codes	Internal Service Fund
ASSETS	
Current Assets:	
1110 Cash and Investments	\$ 361,735
Total Current Assets	\$ 361,735
1000 Total Assets	\$ 361,735
LIABILITIES	
Current Liabilities:	
2110 Accounts Payable	\$ 42,557
Total Current Liabilities	\$ 42,557
2000 Total Liabilities	\$ 42,557
NET POSITION	
3900 Unrestricted Net Position	\$ 319,178
3000 Total Net Position	\$ 319,178

The accompanying notes are an integral part of this statement.

ORE CITY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
YEAR ENDED AUGUST 31, 2024

Data Control Codes	Internal Service Fund
OPERATING REVENUES	
5700 Local and Intermediate Sources	\$ 79,520
5020 Total Operating Revenues	\$ 79,520
OPERATING EXPENSES	
6200 Professional and Contracted Services	\$ 38,180
6400 Other Operating Costs	-
6030 Total Operating Expenses	\$ 38,180
1300 Change in Net Position	\$ 41,340
0100 Total Net Position - Beginning (September 1)	277,838
3300 Total Net Position - Ending (August 31)	\$ 319,178

The accompanying notes are an integral part of this statement.

ORE CITY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED AUGUST 31, 2024

	Internal Service Fund
Cash Flows from Operating Activities:	
Cash Receipts from Quasi-External Operating Transfers	\$ 79,519
Cash Payments for Claims	(26,829)
Cash Payments for Administration and Reinsurance	(11,520)
Net Cash Provided by (Used for) Operating Activities	\$ 41,170
Cash Flows from Capital and Other Related Financing Activities:	
NONE	
Cash Flows for Noncapital Financing Activities:	
NONE	
Cash Flows from Investing Activities:	
NONE	
Net Increase (Decrease) in Cash and Investments	\$ 41,170
Cash and Investments - Beginning (September 1)	320,565
Cash and Investments - Ending (August 31)	\$ 361,735
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Increase (Decrease) in Net Position	\$ 41,340
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Increase (Decrease) in Claims Liability	(170)
Net Cash Provided by (Used for) Operating Activities	\$ 41,170

The accompanying notes are an integral part of this statement.

ORE CITY INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
 AUGUST 31, 2024

Data Control Codes		Private Purpose Trust Fund Scholarship Funds	Custodial Funds Student Activity
ASSETS:			
1110	Cash and Investments	\$ 22,042	\$ 58,349
1000	Total Assets	\$ 22,042	\$ 58,349
LIABILITIES:			
Current Liabilities:			
2190	Accounts Payable	\$ -	\$ -
2000	Total Liabilities	\$ -	\$ -
NET POSITION:			
3800	Held in Trust	\$ 22,042	\$ -
Restricted for:			
3490	Student Groups	-	58,349
3000	Total Net Position	\$ 22,042	\$ 58,349

The accompanying notes are an integral part of this statement.

ORE CITY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
AUGUST 31, 2024

Data Control Codes		Private Purpose <u>Trust Fund</u>	Custodial <u>Funds</u>
		Scholarship <u>Funds</u>	Student <u>Activity</u>
ADDITIONS			
5700	Fundraising Activities	\$ -	\$ 36,776
5744	Donations	<u>1,500</u>	<u>-</u>
1000	Total Assets	<u>\$ 1,500</u>	<u>\$ 36,776</u>
DEDUCTIONS			
Current Liabilities:			
6499	Scholarship Payments	\$ 4,500	\$ -
6400	Group Activities	<u>-</u>	<u>48,811</u>
2000	Total Deductions	<u>\$ 4,500</u>	<u>\$ 48,811</u>
1300	Change in Net Position	\$ (3,000)	\$ (12,035)
0100	Net Position - Beginning (September 1)	<u>25,042</u>	<u>70,384</u>
3000	Net Position - Ending (August 31)	<u>\$ 22,042</u>	<u>\$ 58,349</u>

The accompanying notes are an integral part of this statement.

ORE CITY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2024

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

The Board of School Trustees (Board), a seven member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and as a body corporate has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency (Agency) or to the State Board of Education are reserved for the Board, and the Agency may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District is not included in any other governmental "reporting entity" as defined by GASB in its Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity.

The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

2. Basis of Presentation – Basis of Accounting

a. Basis of Presentation

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

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

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

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

Debt Service Fund – This fund is used to account for the accumulation of resources for, and the payment of general long-term Debt principal, interest, and related costs.

ORE CITY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2024

A. Summary of Significant Accounting Policies (Continued)

In addition, the District reports the following fund types:

Special Revenue Funds – The District accounts for resources restricted to or designated for specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a special revenue fund, and sometimes unused balances must be returned to the grantor at the close of specified project years. The Board can commit specific types of resources to specific purposes which are included as special revenue funds.

Capital Projects Fund- This fund accounts for local funds set aside by the Board and are committed for future construction and improvement projects.

Internal Service Funds – These funds are proprietary type funds. These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements. The District uses internal service funds for self-insured workers compensation and self-insured technology repair activities.

Fiduciary Funds – These funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, or other governments. These include private-purpose trust and agency funds. Private-purpose trust funds account for resources, including both principal and earnings, which must be expended according to the provision of a trust agreement, and are accounted for in essentially the same manner as proprietary funds. Custodial funds account for student activity funds held by the District. Custodial funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

b. Measurement Focus – Basis of Accounting

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

Governmental Fund Financial Statements – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally measurable until received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital lease are reported as other financing sources.

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

ORE CITY INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2024

A. Summary of Significant Accounting Policies (Continued)

3. Budgetary Data

The official budget was prepared for adoption for the general, food service and debt service funds. The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

- a. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1.
- b. A meeting of the Board is called for the purpose of adopting the proposed budget with public notice given at least 10 days prior to the meeting.
- c. Prior to the expenditure of funds, the budget is adopted by the Board.

After adoption, the budget may be amended through action by the Board. Budget amendments are approved at the functional expenditure level. All amendments are before the fact and reflected in the official minutes of the Board. Budgets are controlled at the function level by personnel responsible for organizational financial reporting. All budget appropriations lapse at the year end. Budget amendments throughout the year were not significant.

4. Encumbrance Accounting

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget.

End-of-year outstanding encumbrances that were provided for in the subsequent year's budget are:

General Fund	\$	-0-
Special Revenue Fund		-0-
Debt Service Fund		-0-
Total	\$	-0-

5. Financial Statement Amounts

Cash and Investments

The District pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as a part of the District's cash and temporary investments.

For the purpose of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

Fund Balance

Governmental funds utilize a fund balance presentation for equity. Fund balance is categorized as nonspendable, restricted, committed, assigned or unassigned.

Nonspendable fund balance – represents amounts that cannot be spent because they are either not spendable form (such as inventory or prepaids) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted fund balance – represents amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, other governments, etc.) or imposed by enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

Committed fund balance – represents amounts that can only be used for specific purposes imposed by a formal action of the District's highest level of decision-making authority, the Board. Committed resources cannot be used for any other purpose unless the Board removes or changes the specific use by taking the same formal action that imposed the constraint originally.

ORE CITY INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2024

A. Summary of Significant Accounting Policies (Continued)

Assigned fund balance – represents amounts the District intends to use for specific purposes as expressed by the Board or an official delegated the authority. The Board has delegated the authority to assign fund balances to the Superintendent.

Unassigned fund balance – represents the residual classification for the general fund or deficit balances in other funds.

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, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

The following schedule provides information about the specific fund balance classification by fund:

	General	Debt Service Fund	Other Governmental	Total
Restricted:				
Retirement of Debt	\$ -	\$ (72,273)	\$ -	\$ (72,273)
Child Nutrition Program	-	-	118,236	118,236
Young Sheldon Grant	-	-	253	253
Committed:				
Campus Activity	-	-	88,158	88,158
Assigned:				
Juanita Ferguson Teacher Grant	621,902	-	-	621,902
Unassigned	7,063,773	-	-	7,063,773
Total	<u>\$ 7,685,675</u>	<u>\$ (72,273)</u>	<u>\$ 206,647</u>	<u>\$ 7,820,049</u>

The purchase method is used to account for inventories of school supplies, athletic equipment, and food products. Under this method, supplies and materials are debited as expenditures when purchased.

Prepaid Items

Certain payments to vendors reflect cost applicable to future accounting years and are recorded as prepaid items. Prepaid items are recorded as expenditures when the items are consumed or occur.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$ 5,000 is used.

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

Asset Class	Estimated Useful Lives
Buildings and Improvements	15-50
Vehicles	5-10
Other Equipment	3-15

Right of Use Assets and Liabilities

GASB Statement 87, *Leases* created new financial statement accounts "Right of Use" assets and similar offsetting liabilities. A "right of use" asset accounts for the net present value of future payments attached to a leased asset. Common examples of "Right of Use" assets are copiers, printers, and other types of equipment that the District does not take ownership of but uses under the lease agreement. The assets value will be amortized over the life of the lease using a straight-line method. The liability offsetting the "Right of Use" is presented as lease payable.

ORE CITY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2024

A. Summary of Significant Accounting Policies (Continued)

Subscription-Based Information Technology Arrangements (SBITA)

GASB Statement 96, *Subscription-Based Information Technology Arrangements* created new financial statement assets and offsetting liabilities. A SBITA asset accounts for the net present value of future payments required for right of use subscription assets. To the extent relevant, the standards for SIBTA's are based on the standards established by GASB Statement 87, *Leases*. A SBITA is defined as a contract that conveys control of the right of use of another party's information technology (software) as specified in the contract for a period of time in an exchange or exchange-like transaction. The asset will be amortized over the life of the contract allowing the use of the information technology over a straight line method. The asset is included in the financial statement caption right of use asset with the offsetting liability identified as SBITA payable.

Unearned Revenues

Unearned revenues include state funds received but have not been earned in the year. The balance will be earned in the future year and not recorded as liabilities.

6. Deferred Outflows and Inflows of Resources

The District implemented GASB Statement Number 68, *Accounting and Financial Reporting for Pensions* and GASB Statement Number 75, *Accounting and Financial Reporting for Postemployment Benefits and Other Pensions*. In addition to assets and liabilities, the government-wide Statement of Net Position and governmental fund Balance Sheet report separate sections for deferred outflows and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent the acquisition of net position/fund balance that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The District reports certain deferred inflows and outflows related to pensions on the government-wide Statement of Net Position. At the governmental fund level, earned but unavailable revenue is reported as a deferred inflow of resources.

The District also implemented GASB Statement Number 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which amends the transition provisions of GASB 68. GASB 71 requires that, at transition, governments recognize a beginning deferred outflow of resource for pension contributions made subsequent to the measurement date of the beginning Net Pension Liability. Implementation is reflected in the financial statements and the prior year adjustment.

7. Receivable and Payable Balances

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

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

8. Interfund Activities

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

ORE CITY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2024

A. Summary of Significant Accounting Policies (Continued)

9. Vacation, Sick Leave, and Other Compensated Absences

District employees are entitled to certain compensated absences based on their length of employment. Sick leave accrues at various rates established by the State and adopted by the Board of Trustees. Sick leave vests, accumulates, and is recorded as expense as it is incurred. Sick leave is paid upon separation from the District.

The District reimbursed employees who voluntarily retire through the Texas Retirement System, for up to 100 days of accrued local leave at a rate approved by the Board of Trustees. Currently the approved rate is \$ 60 per day.

10. 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. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement System of Texas (TRS) and additions to/ deductions from TRS's fiduciary net position have been determined on the same basis as they are reported by TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

11. Other Post-Employment Benefits (OPEB)

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expenses, 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 term. There are no investments as this a pay-as-you-go plan and all cash is held in a cash account.

12. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could vary from these estimates.

13. New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued various new accounting standards to better meet the information needed for users of financial statements by improving accounting and financial reporting. The GASB does this by issuing statements that cover various issues identified as needing additional clarification or direction to maintain standardization and comparability of financial information. During the year, the GASB issued no new standards. The following statements with varying effective dates noted are to be implemented in the coming periods:

Statement 99: *Omnibus 2024* (Effective upon issuance with some effective FY beginning after June 15, 2024)

Statement 100: *Accounting Changes and Error Corrections* (Effective FY beginning after June 15, 2024)

Statement 101: *Compensated Absences* (Effective FY beginning after December 15, 2024)

Statement 102: *Certain Risk Disclosures* (Effective FY beginning after June 15, 2024)

Statement 103: *Financial Reporting Model Improvements* (Effective FY beginning after June 15, 2025)

ORE CITY INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2024

A. Summary of Significant Accounting Policies (Continued)

14. Data Control Codes

Data control codes refer to the account code structure prescribed by the Agency in the *Guide*. The Agency requires the District to display these codes in its financial statements filed with the Agency in order to ensure accuracy in building a statewide database for policy development and funding plans.

15. Accounting System

In accordance with Texas Education Code, Chapter 44, Subchapter A, the District adopted and implemented an accounting system which at least meets the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. The District's accounting system uses codes, and the code structure presented in the accounting code section of the *Guide*. Mandatory codes are utilized in the form provided in that section.

B. Deposits, Securities, and Investments

Cash Deposits

The District's funds are deposited and invested under the terms of a depository contract. The contract requires the depository to pledge approved securities in an amount significant to protect the District's day-to-day balances. The pledge is waived only to the extent of the dollar amount of Federal Deposit Insurance District (FDIC) insurance. At year end, all District cash deposits appear to have been adequately covered by FDIC insurance or by pledged collateral held by the District or the depository in the District's name. The District's deposits appear to have been properly secured throughout the year.

Investments

The District's investment policies and types of investments are governed by the Public Funds Investment Act (PFIA). The Act requires specific training reporting and establishment of local policies. The District appears to be in compliance with all the requirements of the Act.

The PFIA (Government Code Chapter 256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires a governmental entity to adopt, implement and publicize an investment policy. That policy must address the following areas (1) safety of principal and liquidity, (2) portfolio diversifications, (3) allowable investments, (4) acceptable risk level, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the state maturity date of portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preference for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) banker's acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The PFIA governs the District's investment policies and types of investments.

The District's management believes that it complies with the requirements of the PFIA and the District's investment policies.

District investments include investments in TexPool, which is a local government investment pool. All investments are reported at fair value and are presented as cash and investments.

The following table lists the District's investments at year end:

	Fair Value / Amortized Cost	Weighted Average Maturity (Days)
Governmental Activities:		
Investments:		
TexPool	9,466	36
Money Market Account	6,317,655	N/A
Total	\$ 6,327,121	

ORE CITY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2024

B. Deposits, Securities, and Investments (Continued)

Texas Local Government Investment Pool

The District invests in the Texas Local Government Investment Pool (TexPool), which is a local government investment pool that was established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the PFIA, Chapter 2256 of the Texas Government Code. The State Comptroller of Public Accounts oversees TexPool. Federated Investors, Inc. is the administrator and investment manager of TexPool under contract with the State Comptroller. In accordance with the Public Funds Investment Act, the State Comptroller has appointed the TexPool Investment Advisory Board to advise with respect to TexPool. The board is composed equally of participants in TexPool Portfolios and other persons who do not have a business relationship with TexPool Portfolios and are qualified to advise in respect to TexPool Portfolios.

The Advisory Board members review the investment policy and management fee structure. TexPool is rated AAAM by Standard and Poor's and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. All investments are stated at amortized cost, which approximates market value of the securities. The stated objective of TexPool is to maintain a stable average \$1.00 per unit net asset value; however, the \$1.00 net asset value is not guaranteed or insured. The financial statements can be obtained from the Texas Trust Safekeeping Trust Company website at www.ttsc.org.

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. 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 year end, the District was not significantly exposed to credit risk.

b. 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 risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At year end, the District was not exposed to custodial credit risk for 12 of the 12 months.

The largest combined balances of cash, saving and time deposit accounts amounted to \$ 10,020,936 and occurred in January 2024. The amount of bond or market value of securities pledged as of the date of the highest combine balance on deposit was \$ 9,607,894. The total amount of FDIC coverage at the time of the highest combined balance was \$ 513,555. First National Bank of East Texas, Gilmer, Texas is the District's depository.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. District investments are limited to short term maturities to limit any potential interest rate risk. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. State statutes do not allow for foreign investments this eliminating foreign currency rate risk. The District was not exposed to foreign currency risk.

ORE CITY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2024

B. Deposits, Securities, and Investments (Continued)

f. Fair Value Measurements

The District categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements require judgement and considers factors specific to each asset or liability.

C. Property Taxes

Property taxes are levied by October 1, in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the October 1 levy date. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed. Property tax revenues are considered available when collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year.

Property taxes 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. Section 33.05, Property Tax Code, requires the tax collector for the District to cancel and remove from the delinquent tax rolls a tax on real property that has been delinquent for more than 20 years or a tax on personal property that has been delinquent for more than 10 years. Delinquent taxes meeting this criteria may not be canceled if litigation concerning these taxes is pending.

The District levied taxes on property within the District at \$ 0.808700 to fund general operations and \$ 0.282100 for the payment of principal and interest on long term debt. The rates were levied on property assessed totaling \$ 199,800,978. The District contracts with a tax attorney for the collection of all delinquent taxes. Delinquent taxes are subject to both penalty and interest plus a 20% delinquent tax attorney collection fee.

D. Capital Assets

Capital asset activities during the year were as follows:

	Beginning Balance	Increases	Decreases	Ending Balances
<u>Governmental Activities</u>				
Capital Assets not Being Depreciated:				
Land	\$ 518,546	\$ -	\$ -	\$ 518,546
Construction in Progress	1,056,137	630,336	223,780	1,462,693
Total Capital Assets not being Depreciated	\$ 1,574,683	\$ 630,336	\$ 223,780	\$ 1,981,239
Capital Assets being Depreciated:				
Building and Improvements	\$ 28,570,521	\$ 223,780	\$ -	\$ 28,794,301
Equipment	536,710	71,329	-	608,039
Vehicles	1,998,566	41,059	64,000	1,975,625
Total Capital Assets being Depreciated	\$ 31,105,797	\$ 336,168	\$ 64,000	\$ 31,377,965
Less Accumulated Depreciation for :				
Buildings and Improvements	\$ 11,326,221	\$ 758,168	\$ -	\$ 12,084,389
Equipment	464,842	16,626	-	481,468
Vehicles	1,465,395	97,257	64,000	1,498,652
Total Accumulated Depreciation	\$ 13,256,458	\$ 872,051	\$ 64,000	\$ 14,064,509
Total Capital Assets being Depreciated, Net	\$ 17,849,339	\$ (535,883)	\$ -	\$ 17,313,456
Governmental Activities Capital Assets, Net	\$ 19,424,022	\$ 94,453	\$ 223,780	\$ 19,294,695

ORE CITY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2024

D. Capital Assets (Continued)

Depreciation and amortization was charged to governmental activities functions as follows:

Instruction	\$ 499,520
Instructional Resources and Media Services	26,868
School Leadership	12,151
Guidance, Counseling and Evaluation Services	1,523
Health Services	2,068
Student Transportation	99,111
Food Services	44,058
Cocurricular / Extracurricular Activities	166,454
General Administration	13,717
Facilities Maintenance and Operations	5,928
Security and Monitoring Services	653
Total	\$ 872,051

E. Long Term Obligations

Long Term Obligation Activity

Long-term obligation activities during the year were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
General Obligation Bonds	\$ 6,895,000	\$ -	\$ 350,000	\$ 6,545,000	\$ 360,000
Direct Borrowings	949,000	-	157,000	792,000	158,000
Bond Premium (Discount)	715,728	-	49,361	666,367	-
Total Governmental Activities	\$ 8,559,728	\$ -	\$ 556,361	\$ 8,003,367	\$ 518,000

Bonds

The District has issued various series of general obligation bonds to fund facility construction and improvements. Bonds mature at various times with varying rates of interest. The bonds issued require the District to levy an ad valorem tax annually to retire the current maturities. The District is required to make annual interest payments along with annual principal payments.

The following bonded debt issues are outstanding at year end:

Description	Interest Rate	Original Amount	Outstanding Balance
Unlimited Tax Refunding Bonds, Series 2016	4.0000%	\$ 8,385,000	\$ 6,545,000

Maturity requirements on bonded debt at year end are as follows:

Year Ending August 31	Principal	Interest	Total Requirements
2025	\$ 360,000	\$ 249,100	\$ 609,100
2026	370,000	238,150	608,150
2027	380,000	225,000	605,000
2028	400,000	209,400	609,400
2029	420,000	193,000	613,000
2030-2034	2,360,000	694,400	3,054,400
2035-2039	2,255,000	184,900	2,439,900
Totals	\$ 6,545,000	\$ 1,993,950	\$ 8,538,950

ORE CITY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2024

E. Long Term Obligations (Continued)

Direct Borrowings

The District issued various agreements identified here as direct borrowings. Direct borrowings include financing arrangements such as loans, maintenance tax notes and leases that transfer ownership

Terms of the various borrowing agreements vary with length of term not exceeding 15 years. Each agreement requires different payment terms, but will include both principal and interest amounts. Some of the agreements call for monthly payments while others require semiannual or annual. Maturity dates vary with the length of terms and final maturity dates are presented in the following table. Interest rates vary with each agreement and are presented in the table below.

The following schedule lists personal property acquired through direct borrowings:

Description	Maturity Date	Interest Rate	Original Amount	Outstanding Balance
Qualified Zone Academy Tax Maintenance Note, Series 2014	08/15/2029	0.25%	\$ 2,346,000	\$ 792,000

Maturity requirements on the direct borrowings at year end are as follows:

Year Ending August 31	Principal	Interest	Total Requirements
2025	\$ 158,000	\$ 1,980	\$ 159,980
2026	158,000	1,585	159,585
2027	158,000	1,190	159,190
2028	159,000	795	159,795
2029	159,000	398	159,398
Totals	<u>\$ 792,000</u>	<u>\$ 5,948</u>	<u>\$ 797,948</u>

F. Defined Benefits Pension Plan

1. Plan Description

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

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

2. *Pension Plan Fiduciary Net Position*

Detailed information about the System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report(ACFR) that includes financial statements and required information. That report may be obtained on the internet at http://www.trs.texas.gov/pages/about_publications.aspx; by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698; or by calling (512) 542-6592. The information provided in the Notes to the Financial Statements in the 2022 ACFR for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2023, and 2022.

Net Pension Liability	2023	2022
Total Pension Liability	\$ 255,860,886,500	\$ 243,553,045,455
Less: Plan Fiduciary Net Position	(187,170,535,558)	(184,185,617,196)
Net Pension Liability	<u>\$ 68,690,350,942</u>	<u>\$ 59,367,428,259</u>
Net Position as percentage of Total Pension Liability	73.15%	75.62%

ORE CITY INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2024

F. Defined Benefits Pension Plan (Continued)

3. *Benefits Provided*

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

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

In May 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for gradual contribution increases from the state, participating employers, and active employees to make the pension fund actuarially sound. This action causing the pension fund to be actuarially sound, allowed the legislature to approve funding for a 13th check in September 2019. All eligible members retired as of December 31, 2018, received an extra annuity check in either the matching amount of their monthly annuity or \$ 2,000, whichever was less.

4. *Contributions*

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

Employee contribution rates are set in state statute, Texas Government Code, Section 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code Section 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025.

	<u>Contribution Rates</u>	
	<u>2023</u>	<u>2024</u>
Member	8.00%	8.25%
Non-Employer Contributing Entity (State)	8.00%	8.25%
Employers	8.00%	8.25%
Current Year Employer Contributions		\$ 332,427
Current Year Member Contributions		\$ 638,976
Measurement Year NECE On-Behalf Contributions		\$ 366,415

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

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

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

ORE CITY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2024

F. Defined Benefits Pension Plan (Continued)

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

- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- A Public Education Employer contribution surcharge of 1.7% of the member's salary beginning in fiscal year 2023, gradually increasing to 2% in fiscal year 2025 on all covered payroll.

5. *Actuarial Assumptions*

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

Valuation Date	August 31, 2022 rolled forward to August 31, 2023
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term expected Investment Rate	7.00%
Municipal Bond Rate as of August 31, 2022	4.13% - The source for the rate is the Fixed Income Market Data/Yield Curve?Data Municipal bonds with 20 years to maturity that nclude only federal 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 year)	2122
Inflation	2.30%
Salary Increases including inflation	2.95% to 8.95% including inflation
Ad hoc post-employment benefit changes	None

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

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

Asset Class*	Target Allocation %**	Long -Term Expected Geometric Real Rate of Return***	Expected Contribution to Long- Term Portfolio Returns
Global Equity			
USA	18.00%	4.00%	1.00%
Non-US Developed	13.00%	4.50%	0.90%
Emerging Markets	9.00%	4.80%	0.75%
Private Equity	14.00%	7.00%	1.50%
Stable Value			
Government Bonds	16.00%	2.50%	0.50%
Absolute Return*	0.00%	3.60%	0.00%
Stable Value Hedge Funds	5.00%	4.10%	0.20%
Real Return			
Real Estate	15.00%	4.90%	1.10%
Energy, Natural Resources & Infrastructure	6.00%	4.80%	0.40%
Commodities	0.00%	4.40%	0.00%
Risk Parity	8.00%	4.50%	0.40%
Asset Allocation Leverage			
Cash	2.00%	3.70%	0.00%
Asset Allocation Leverage	(6.00%)	4.40%	(0.10%)
Inflation Expectation			2.30%
Volatility Drag****			(0.90%)
Expected Return	<u>100%</u>		<u>8.00%</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.

ORE CITY INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2024

F. Defined Benefits Pension Plan (Continued)

For the fiscal year ended August 31, 2023, the annual money-weighted rate of return on pension plan investments was 3.84%. The annual money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A single discount rate of 7.00% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50% of payroll in fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

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

The long-term expected rate of return on pension plan investments is 7.25%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the TRS System's target asset allocation as August 31, 2023, are summarized on the next page:

6. *Discount Rate Sensitivity Analysis*

The following presents the District's share of the net pension liability of the plan using the discount rate of 7.00% as well as what the District's share of the net pension liability would be if it were calculated using a discount rate that is 1 – percentage point lower (6.00%) or 1 – percentage point higher (8.00%) than the current rate:

	1% Decrease	Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 7,476,375	\$ 5,000,735	\$ 2,942,238

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

At year end, the District reported a liability of \$ 5,000,735 for its proportionate share of the System's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$	5,000,735
State's proportionate share that is associated with the District		4,896,495
Total	\$	9,897,230

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

At August 31, 2023, the employer's proportion of the collective net pension liability was 0.0072801121%, which was an increase of 0.0005225777% from its proportion measured as of August 31, 2022.

ORE CITY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2024

F. Defined Benefits Pension Plan (Continued)

Changes Since the Prior Actuarial Valuation

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

Changes 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 was paid in January 2024. Therefore, this contingent liability was not reflected as of August 31, 2023.

Pension Expense

For the current year, the District recognized pension expense of \$ 1,780,035 and revenue of \$ 739,328 for support provided by the State.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual actuarial experiences	\$ 178,178	\$ 60,553
Changes of actuarial assumptions	472,972	115,747
Differences between projected and actual investment earnings	727,728	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	<u>768,160</u>	<u>16,760</u>
Total as of August 31, 2023 measurement date	\$ 2,147,038	\$ 193,060
Contributions paid to TRS subsequent to the measurement date	<u>332,427</u>	<u>-</u>
Total at fiscal year end	<u>\$ 2,479,465</u>	<u>\$ 193,060</u>

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

<u>Year Ending August 31</u>	<u>Amount</u>
2025	\$ 458,981
2026	339,230
2027	789,392
2028	319,676
2029	46,699
Thereafter	-

G. Other Post-Employment Defined Benefit Plans

1. *Plan Description*

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

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

ORE CITY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2024

G. Other Post-Employment Defined Benefit Plans (Continued)

2. *OPEB Plan Fiduciary Net Position*

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

The components of the Net OPEB Liability of the TRS-Care plan as of August 31, 2023, and 2022 are as follows:

Net OPEB Liability	2023	2022
Total OPEB Liability	\$ 26,028,070,267	\$ 27,061,942,520
Less: Plan Fiduciary Net Position	<u>(3,889,765,209)</u>	<u>(3,117,937,218)</u>
Net OPEB Liability	<u>\$ 22,138,305,058</u>	<u>\$ 23,944,005,302</u>
Net Position as percentage of Total OPEB Liability	14.94%	11.52%

3. *Benefits Provided*

TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible non-Medicare retirees and their dependents may 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 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. There are no automatic post-employment benefit changes, including automatic COLAs.

4. *Contributions*

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

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

Contribution Rates

	2023	2024
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding remitted by Employers	1.25%	1.25%
Current Year Employer Contributions		\$ 78,658
Current Year Membr Contributions		\$ 50,343
Measurement Period NECE On-Behalf Contributions		\$ 114,661

ORE CITY INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2024

G. Other Post-Employment Defined Benefit Plans (Continued)

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

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.

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

5. *Actuarial Assumptions*

The actuarial valuation was performed as of August 31, 2022. Updated procedures were used to roll forward the total OPEB liability to August 31, 2023. The actuarial valuation was determined using the following actuarial assumptions.

The actuarial valuation of TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, rates of retirement, termination, and disability including general inflation and salary increases are identical to those used in the respective TRS Pension valuation. These assumptions were developed in the experience study performed for TRS for the measurement period ended August 31, 2021. The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2022 TRS pension actuarial valuation that was rolled forward to August 31, 2023:

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

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

Additional Actuarial Methods and Assumptions:

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

ORE CITY INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2024

G. Other Post-Employment Defined Benefit Plans (Continued)

Health Care Trend Rates

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

Discount Rate

A single discount rate of 4.13% was used to measure the total OPEB liability. There was an increase of 0.22% in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate.

6. *Discount Rate Sensitivity Analysis*

The following schedule shows the impact of the net OPEB liability if the discount rate used was 1% greater than the discount rate that was used (4.13%) in measuring the net OPEB liability as well as what the net OPEB liability would be if it were calculated using a discount rate of 1% less than the rate used.

	1% Decrease	Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 2,856,205	\$ 2,425,051	\$ 2,073,219

7. *Healthcare Cost Trend Rates Sensitivity Analysis*

The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate (8.25%), as well as what the net OPEB liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed healthcare cost trend rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 1,996,908	\$ 2,425,051	\$ 2,975,858

8. *OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

At August 31, 2024, the District reported a liability of \$ 2,425,051 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

	\$ 2,425,051
District's proportionate share of the collective net OPEB liability	2,926,197
State's proportionate share that is associated with the District	\$ 5,351,248
Total	

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

At August 31, 2023, the District's proportion of the collective net OPEB liability was 0.0109540941%, which was an increase of 0.0006009012% from its proportion measured as of August 31, 2022.

ORE CITY INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2024

G. Other Post-Employment Defined Benefit Plans (Continued)

Change Since the Prior Actuarial Valuation

The following were changed to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability since the prior measurement period:

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

Changes of Benefit Terms Since the Prior Measurement Date

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

OPEB Expense

The amount of OPEB expense recognized by the District in the reporting period was (\$ 780,128) and revenue of (\$ 625,559) for support provided by the State.

At year end, the District reported its proportionate share of TRS-Care's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources at year:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experience		
Changes in actuarial assumptions	\$ 109,715	\$ 2,040,221
Differences between projected and actual investment earnings	331,002	1,484,923
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	1,048	-
	1,762,667	85,952
Total as of August 31, 2023 measurement date	\$ 2,204,432	\$ 3,611,096
Contributions paid to TRS subsequent to the measurement date	78,658	-
Total at fiscal year end	\$ 2,283,090	\$ 3,611,096

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

Year Ending August 31	Amount
2025	\$ (356,688)
2026	(245,460)
2027	(94,878)
2028	(240,288)
2029	(232,126)
Thereafter	(237,224)

H. Medicare Part D Coverage

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. Under Medicare Part D, TRS-Care receives retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the years ended August 31, 2024, 2023 and 2022, the subsidy payments received by TRS-Care on behalf of the District were \$ 41,553, \$ 40,011, and \$ 29,679, respectively. These payments are recorded as equal revenues and expenditures in the governmental funds financial statement of the District.

ORE CITY INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2024

I. Risk Management

Health Care

During the year, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$ 300 per month per full-time employees. Employees, at their opinion, authorized payroll withholdings to provide dependents coverage under the Plan. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the District and Blue Cross Blue Shield of Texas is renewable September 1 of each year and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for Blue Cross Blue Shield of Texas are available for the year ended December 31, 2023, and have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records

Workers Compensation

The District participates in the East Texas Educational Insurance Association Workers Compensation Self Insurance Joint Fund. The District is partially self-funded to a loss fund maximum of \$ 45,216 for the 2022-22 fiscal year. Additionally, the District incurred fixed costs of \$ 25,390 for their share of claims administration, loss control, record keeping, and cost of excess insurance.

Claims administration is provided by Claims Administrative Services, Inc. Reinsurance is provided for aggregate claim losses exceeding \$ 225,000. The fixed cost charge is based on total payroll paid by the District. Increases or decreases in the fixed costs will adjust subsequent year charges.

The accrued liability for workers' compensation self-insurance of \$ 66,926 includes \$ 34,399 of incurred but not reported claims. This liability is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," which require that a liability for claims be reported if information indicates that it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. The liability recorded is an undiscounted actuarial calculation.

Changes in the workers' compensation claims liability amounts in the years of 2024 and 2023 are represented below:

	2024	2023
Claims Liability - Beginning	\$ 42,348	\$ 48,355
Claims Incurred (Reduced)	36,092	5,811
Claim Payments	(11,514)	(11,818)
Claims Liability - Ending	\$ 66,926	\$ 42,348

Unemployment Compensation Pool

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

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued each month 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 current year, the fund anticipates that the District has no additional liability beyond the contractual obligation for payment of contribution.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan 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.

ORE CITY INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2024

I. Risk Management (Continued)

Other Risk Management

The District is exposed to various risks of loss related to torts; theft of damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2024, the District purchased commercial insurance to cover these liabilities. There were not significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

J. Litigation

The District appears to have no pending litigation as of August 31, 2024.

K. Commitments and Contingencies

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

The effects of the coronavirus-19 (COVID-19) pandemic continues to affect the District's operations including funding for student attendance and operating programs and cost. Continued funding allowances including additional federal funding will cease in future periods. The operational costs associated with these additional revenues will be evaluated along with the need for these services. The cost of the additional federal funded programs may exceed the available resources and require the District to either eliminate or curtail their existence.

L. Subsequent Events

Management has evaluated all events or transactions that occurred after August 31, 2024 up through October 21, 2024, the date the financial statements were issued.

M. Shared Service Arrangements

The District participates in cooperative programs with other local districts. The District does not account for revenue or expenditures of these programs and does not disclose them in these financial statements.

Shared Service Arrangements	Fiscal Agent	Service
Upshur SSA	Gilmer Independent District	DAEP and ABU Services
Upshur County Sheriff's Department	Upshur County	School Resource Officer Program

N. Revenue from Local and Intermediate Sources

During the year, the District received revenue from local and intermediate in the District's major funds and aggregate non major funds consisting of the following:

	General	Debt Service	Other Governmental	Total
Property Tax Collections	\$ 1,636,412	\$ 546,266	\$ -	\$ 2,182,678
Investment Income	419,246	6,971	-	426,217
Food Service Income	-	-	161,136	161,136
Insurance Recovery	256,430	-	-	256,430
Cocurricular Activities	36,051	-	89,976	126,027
Tuition and Fees	8,787	-	-	8,787
Donations	164,512	-	1,045	165,557
Other	31,582	-	-	31,582
Total	\$ 2,553,020	\$ 553,237	\$ 252,157	\$ 3,358,414

ORE CITY INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2024

O. Receivables

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

	General	Debt Service	Other Governmental	Total
Due from Other Governments	\$ 1,509,316	\$ -	\$ 462,325	\$ 1,971,641
Property Taxes	819,410	160,044	-	979,454
Less Allowance for Uncollectible				
Property Taxes	(81,941)	(16,004)	-	(97,945)
Other Receivables	8,133	1,989	-	10,122
Net Receivables	<u>\$ 2,254,918</u>	<u>\$ 146,029</u>	<u>\$ 462,325</u>	<u>\$ 2,863,272</u>

P. State Aid Reconciliation

The State provides various types of funding for local school districts as provided for in state statute. The following reconciliation presents funding earned by the District in each category presented. Because of the State's delay in reconciling the funding to local districts, the summary below represents an estimate of earnings. The settle up with the State will occur some 9 to 10 months following the fiscal year end.

Funding is earned for: 1) Available – annual allocation based on prior year enrollment; 2) Foundation – annual allocation based on student attendance, property tax collections and valuations, and special student population; 3) Instructional Facilities Allotment – based on property wealth; and 4) Existing Debt Allotment – based on eligible debt, student attendance and property wealth. Various other sources are received but not reconciled here as these are the major sources of funding.

	Available	Foundation	IFA	EDA
CY Summary of Finances (SOF)	\$ 318,098	\$ 9,265,874	\$ 31,269	\$ 102,813
Prior Periods Settle-ups	-	(66,546)	39,569	(39,569)
August Instructional Days Change	13,071	86,499	-	-
Financial Statement Earnings	<u>\$ 331,169</u>	<u>\$ 9,285,827</u>	<u>\$ 70,838</u>	<u>\$ 63,244</u>
Financial Statement Amounts				
SOF Receivable (Overpayment) *	\$ -	\$ 2,274,818	\$ 70,838	\$ 63,244
August Instructional Days Receivable	35,411	653,387	-	-

* Overpayments are represented in the financial statements as Unearned Revenue (government-wide and governmental).

Q. Interfund Balances and Activities

Interfund Receivables and Payables

Amounts due between funds at year end are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Debt Service Fund	\$ 35,000

Transfers Between Funds

Transfers between funds during the year consisted of the following:

Transfer From	Transfer To	Amount	Reason
Juanita Ferguson Teacher Grant	General Fund	\$ 464,140	Move Juanita Ferguson Fund

ORE CITY INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2024

R. Compliance, Stewardship and Accountability

Expenditures over Appropriations

The following individual funds incurred expenditures in excess of appropriations at functional expenditure levels:

	Budget	Actual	Excess
General Fund:			
Security & Monitoring	\$ 135,564	\$ 199,767	\$ 64,203

Deficit Fund Equity

The District did not receive the current year allotment for debt retirement from the State. The Existing Debt Allotment allocation was not provided to the District as has been in the past. The amount not received created the deficit equity balance of \$ 72,723. The District has increased its revenue sources to provide for the replenishment of this equity balance in the coming year.

REQUIRED SUPPLEMENTARY INFORMATION

ORE CITY INDEPENDENT SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED AUGUST 31, 2024

Data Control Codes	Budgeted Amount			Variance with Final Budget Positive (Negative)	
	Original	Final	Actual		
REVENUES					
5700	Local and Intermediate Sources	\$ 2,430,101	\$ 2,430,101	\$ 2,553,020	\$ 122,919
5800	State Program Revenues	8,634,026	8,634,026	10,193,847	1,559,821
5900	Federal Program Revenues	135,000	135,000	33,944	(101,056)
5020	Total Revenues	\$ 11,199,127	\$ 11,199,127	\$ 12,780,811	\$ 1,581,684
EXPENDITURES					
Instruction and Instructional Related Services:					
0011	Instruction	\$ 5,739,325	\$ 6,539,325	\$ 6,196,202	\$ 343,123
0012	Instructional Resources and Media Services	51,008	51,008	47,937	3,071
0013	Curriculum and Staff Development	110,227	150,227	117,679	32,548
	Total Instruction and Instr. Related Services	<u>\$ 5,900,560</u>	<u>\$ 6,740,560</u>	<u>\$ 6,361,818</u>	<u>\$ 378,742</u>
Instructional and School Leadership:					
0021	Instructional Leadership	\$ 161,373	\$ 191,373	\$ 160,821	\$ 30,552
0023	School Leadership	746,897	776,897	760,414	16,483
	Total Instructional and School Leadership	<u>\$ 908,270</u>	<u>\$ 968,270</u>	<u>\$ 921,235</u>	<u>\$ 47,035</u>
Support Services - Student:					
0031	Guidance, Counseling and Evaluation Services	\$ 231,707	\$ 231,707	\$ 212,491	\$ 19,216
0033	Health Services	148,225	178,225	149,727	28,498
0034	Student Transportation	570,173	670,173	577,917	92,256
0036	Cocurricular/Extracurricular Activities	647,202	667,202	639,789	27,413
	Total Support Services - Student	<u>\$ 1,597,307</u>	<u>\$ 1,747,307</u>	<u>\$ 1,579,924</u>	<u>\$ 167,383</u>
Administrative Support Services:					
0041	General Administration	\$ 829,761	\$ 859,761	\$ 810,458	\$ 49,303
	Total Administrative Support Services	<u>\$ 829,761</u>	<u>\$ 859,761</u>	<u>\$ 810,458</u>	<u>\$ 49,303</u>
Support Services - Nonstudent Based:					
0051	Facilities Maintenance and Operations	\$ 1,411,793	\$ 1,471,793	\$ 1,445,288	\$ 26,505
0052	Security and Monitoring Services	105,564	135,564	199,767	(64,203)
0053	Data Processing Services	347,872	347,872	292,357	55,515
	Total Support Services - Nonstudent Based	<u>\$ 1,865,229</u>	<u>\$ 1,955,229</u>	<u>\$ 1,937,412</u>	<u>\$ 17,817</u>
Capital Outlay:					
0081	Capital Outlay	\$ -	\$ 800,000	\$ 541,654	\$ 258,346
	Total Capital Outlay	<u>\$ -</u>	<u>\$ 800,000</u>	<u>\$ 541,654</u>	<u>\$ 258,346</u>
Intergovernmental Charges:					
0095	Payments to Juvenile Justice Alternative Education Programs	\$ 98,000	\$ 98,000	\$ 94,666	\$ 3,334
	Total Intergovernmental Charges	<u>\$ 98,000</u>	<u>\$ 98,000</u>	<u>\$ 94,666</u>	<u>\$ 3,334</u>
6030	Total Expenditures	\$ 11,199,127	\$ 13,169,127	\$ 12,247,167	\$ 921,960
1100	Excess (Deficiency) of Revenues Over Expenditures	\$ -	\$ (1,970,000)	\$ 533,644	\$ 2,503,644
OTHER FINANCING SOURCES (USES)					
7912	Sale of Capital Assets	\$ -	\$ -	\$ 5,000	\$ 5,000
7915	Operating Transfers In	-	-	464,140	464,140
7080	Net Other Financing Sources (Uses)	\$ -	\$ -	\$ 469,140	\$ 469,140
1200	Net Change in Fund Balance	\$ -	\$ (1,970,000)	\$ 1,002,784	\$ 2,972,784
0100	Fund Balance - Beginning (September 1)	6,682,891	6,682,891	6,682,891	-
3000	Fund Balance - Ending (August 31)	\$ 6,682,891	\$ 4,712,891	\$ 7,685,675	\$ 2,972,784

ORE CITY INDEPENDENT SCHOOL DISTRICT
SCHEDULES OF THE DISTRICTS PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
YEAR ENDED AUGUST 31, 2024

	<u>2023*</u>	<u>2022*</u>	<u>2021*</u>	<u>2020*</u>	<u>2019*</u>
District's proportion of the net pension liability	0.0072801121%	0.0067575344%	0.0049689770%	0.0048530217%	0.0049586007%
District's proportionate share of the net pension liability	\$ 5,000,735	\$ 4,011,774	\$ 1,265,423	\$ 2,599,179	\$ 2,577,636
State's proportionate share of the net pension liability associated with the District	<u>4,896,495</u>	<u>4,693,073</u>	<u>2,380,128</u>	<u>5,099,204</u>	<u>4,481,655</u>
Total	<u>\$ 9,897,230</u>	<u>\$ 8,704,847</u>	<u>\$ 3,645,551</u>	<u>\$ 7,698,383</u>	<u>\$ 7,059,291</u>
District's covered-employee payroll (for Measurement Year)	\$ 7,445,751	\$ 7,214,460	\$ 6,681,287	\$ 6,546,142	\$ 5,812,887
District's proportionate share of the net pension liability as a percentage of it's covered-employee payroll	67.16%	55.61%	18.94%	39.71%	44.34%
Plan fiduciary net position as a percentage of the total pension liability	73.15%	75.62%	88.79%	75.54%	75.24%
	<u>2018*</u>	<u>2017*</u>	<u>2016*</u>	<u>2015*</u>	<u>2014*</u>
District's proportion of the net pension liability	0.0045250356%	0.0044506398%	0.0049389000%	0.0047808000%	0.0032787000%
District's proportionate share of the net pension liability	\$ 2,490,689	\$ 1,423,075	\$ 1,866,333	\$ 1,689,949	\$ 875,785
State's proportionate share of the net pension liability associated with the District	<u>5,048,214</u>	<u>2,906,132</u>	<u>3,344,999</u>	<u>3,052,247</u>	<u>2,621,111</u>
Total	<u>\$ 7,538,903</u>	<u>\$ 4,329,207</u>	<u>\$ 5,211,332</u>	<u>\$ 4,742,196</u>	<u>\$ 3,496,896</u>
District's covered-employee payroll (for Measurement Year)	\$ 2,922,810	\$ 3,002,829	\$ 5,090,966	\$ 4,741,624	\$ 4,632,789
District's proportionate share of the net pension liability as a percentage of it's covered-employee payroll	85.22%	47.39%	36.66%	35.64%	18.90%
Plan fiduciary net position as a percentage of the total pension liability	73.74%	82.17%	78.00%	78.43%	83.25%

* The years above present data for the measurement period ending date. The measurement period represents the period for which the pension plan prepares its reports which provides a 10 month delay for financial reporting in accordance with GASB 68

ORE CITY INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS - FOR PENSION
 TEACHER RETIREMENT SYSTEM OF TEXAS
 YEAR ENDED AUGUST 31, 2024

	2024	2023	2022	2021	2020
Contractually required contributions	\$ 332,427	\$ 374,215	\$ 315,327	\$ 219,272	\$ 207,270
Contributions in relations to the contractual required contributions	(332,427)	(374,215)	(315,327)	(219,272)	(207,270)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 7,745,157	\$ 7,445,751	\$ 7,214,460	\$ 6,681,287	\$ 6,546,142
Contributions as a percentage of covered employee payroll	4.29%	5.03%	4.37%	3.28%	3.17%
	2019	2018	2017	2016	2015
Contractually required contributions	\$ 179,621	\$ 157,474	\$ 145,750	\$ 151,758	\$ 144,811
Contributions in relations to the contractual required contributions	(179,621)	(157,474)	(145,750)	(151,758)	(144,811)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 5,812,887	\$ 2,922,810	\$ 5,231,047	\$ 5,090,966	\$ 4,741,624
Contributions as a percentage of covered employee payroll	3.09%	5.39%	2.79%	2.98%	3.05%

ORE CITY INDEPENDENT SCHOOL DISTRICT
 SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
 TEACHER RETIREMENT SYSTEM OF TEXAS
 YEAR ENDED AUGUST 31, 2024

	2023*	2022*	2021*	2020*
District's proportion of the Net OPEB Liability (Asset)	0.0109540941%	0.0103531929%	0.0086955507%	0.0089032604%
District's proportionate share of the Net OPEB Liability (Asset)	\$ 2,425,051	\$ 2,478,969	\$ 3,354,262	\$ 3,384,531
State's proportionate share of the Net OPEB Liability (Asset) associated with the District	2,926,197	3,023,953	4,493,964	4,547,999
Total	\$ 5,351,248	\$ 5,502,922	\$ 7,848,226	\$ 7,932,530
District's covered-employee payroll (for Measurement Year)	\$ 7,445,751	\$ 7,214,460	\$ 6,681,287	\$ 6,546,142
District's proportionate share of the Net OPEB Liability as a percentage of it's covered-employee payroll	32.57%	34.36%	50.20%	51.70%
Plan fiduciary net position as a percentage of the Total OPEB Liability	14.94%	11.52%	6.18%	4.99%
	2019*	2018*	2017 *	
District's proportion of the Net OPEB Liability (Asset)	0.0084730210%	0.0076421628%	0.0061377056%	
District's proportionate share of the Net OPEB Liability (Asset)	\$ 4,006,994	\$ 3,815,802	\$ 2,669,058	
State's proportionate share of the Net OPEB Liability (Asset) associated with the District	5,324,401	4,806,734	4,134,817	
Total	\$ 9,331,395	\$ 8,622,536	\$ 6,803,875	
District's covered-employee payroll (for Measurement Year)	\$ 5,812,887	\$ 2,922,810	\$ 3,002,829	
District's proportionate share of the Net OPEB Liability as a percentage of it's covered-employee payroll	68.93%	130.55%	88.88%	
Plan fiduciary net position as a percentage of the Total OPEB Liability	2.66%	1.57%	0.91%	

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

* The years above present data for the measurement period ending date. The measurement period represents the period for which the pension plan prepares its reports which provides a 12 month delay for financial reporting in accordance with GASB 75.

ORE CITY INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DISTRICT'S OPEB CONTRIBUTIONS
 TEACHER RETIREMENT SYSTEM OF TEXAS
 YEAR ENDED AUGUST 31, 2024

	2024	2023	2022	2021
Contractually required contributions	\$ 78,658	\$ 95,294	\$ 85,035	\$ 67,932
Contributions in relations to the contractual required contributions	(78,658)	(95,294)	(85,035)	(67,932)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 7,745,157	\$ 7,445,751	\$ 7,214,460	\$ 6,681,287
Contributions as a percentage of covered employee payroll	1.02%	1.28%	1.18%	1.02%
	2020	2019	2018	
Contractually required contributions				
Contributions in relations to the contractual required contributions	\$ 67,671	\$ 60,135	\$ 52,720	
	(67,671)	(60,135)	(52,720)	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	
District's covered employee payroll				
	\$ 6,546,142	\$ 5,812,887	\$ 2,992,810	
Contributions as a percentage of covered employee payroll	1.03%	1.03%	1.80%	

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

ORE CITY INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED AUGUST 31, 2024

A. Budget

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

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

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

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

Each amendment is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse on August 31, and encumbrances outstanding at the time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no end-of-year outstanding encumbrances that were provided for in the subsequent year's budget.

B. Defined Benefit Pension Plan

1. Changes of Assumptions Since the Prior Measurement Date

No actuarial assumptions and methods have been modified since the determination of the prior year net pension liability.

2. Changes of Benefit Terms Since the Prior Measurement Date

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

C. OPEB Healthcare Plan

1. Changes of Assumptions Since the Prior Measurement Date

The single discount rate changed from 3.91% as of last year to 4.13% at August 31, 2023.

2. Changes of Benefit Terms Since the Prior Measurement Date

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

OTHER SUPPLEMENTARY INFORMATION

ORE CITY INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 YEAR ENDED AUGUST 31, 2024

Tax Roll Year	Last Ten Years Ended August 31	1 Tax Rates		3 Assessed/Appraised Value For School Tax Purposes	10 Beginning Balance 9/1/2023	20 Current Year's Total Levy	30 Maintenance Tax Collections	30a Debt Service Tax Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/2024	Section 26.115 Tax Refunds
		Maintenance	Debt Service								
XXXX	2015 and Prior Years	Various	Various	Various	272,285	\$ -	\$ 14,257	\$ 2,402	\$ 2,722	\$ 258,348	\$ -
2015	2016	1.170000	0.165000	151,177,325	47,782	-	5,002	705	1,164	43,239	-
2016	2017	1.170000	0.165000	151,271,243	60,246	-	4,530	639	248	55,325	-
2017	2018	1.170000	0.165000	158,194,382	65,581	-	4,941	697	3,043	62,986	-
2018	2019	1.170000	0.165000	154,376,682	65,790	-	4,749	670	2,468	62,839	-
2019	2020	1.068300	0.175000	168,074,871	73,419	-	5,733	939	3,179	69,926	-
2020	2021	1.054700	0.175000	168,145,549	86,071	-	9,262	1,537	3,031	78,303	-
2021	2022	1.047800	0.200600	172,877,283	95,751	-	9,747	1,866	497	84,635	-
2022	2023	1.001500	0.246700	171,902,740	147,912	-	22,233	5,477	(13,515)	106,687	-
2023	2024	0.808700	0.282100	199,800,978	-	2,179,429	1,477,797	515,503	112,029	298,158	4,854
1000 TOTALS					\$ 914,837	\$ 2,179,429	\$ 1,558,251	\$ 530,435	\$ 114,866	\$ 1,120,446	\$ 4,854

ORE CITY INDEPENDENT SCHOOL DISTRICT
SCHOOL BREAKFAST AND NATIONAL SCHOOL LUNCH PROGRAM
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED AUGUST 31, 2024

Data Control Codes	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
5700 Local and Intermediate Sources	\$ 192,656	\$ 192,656	\$ 161,134	\$ (31,522)
5800 State Program Revenues	27,525	51,735	29,737	(21,998)
5900 Federal Program Revenues	<u>517,732</u>	<u>517,732</u>	<u>609,781</u>	<u>92,049</u>
5020 Total Revenues	<u>\$ 737,913</u>	<u>\$ 762,123</u>	<u>\$ 800,652</u>	<u>\$ 38,529</u>
EXPENDITURES				
Current:				
Support Services - Student (Pupil):				
0035 Food Services	\$ 737,913	\$ 798,123	\$ 734,699	\$ 63,424
Total Support Services - Student (Pupil)	<u>\$ 737,913</u>	<u>\$ 798,123</u>	<u>\$ 734,699</u>	<u>\$ 63,424</u>
6030 Total Expenditures	<u>\$ 737,913</u>	<u>\$ 798,123</u>	<u>\$ 734,699</u>	<u>\$ 63,424</u>
1100 Excess (Deficiency) of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ (36,000)</u>	<u>\$ 65,953</u>	<u>\$ 101,953</u>
1200 Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (36,000)</u>	<u>\$ 65,953</u>	<u>\$ 101,953</u>
0100 Fund Balance - Beginning (September 1)	<u>52,283</u>	<u>52,283</u>	<u>52,283</u>	<u>-</u>
3000 Fund Balance - Ending (August 31)	<u><u>\$ 52,283</u></u>	<u><u>\$ 16,283</u></u>	<u><u>\$ 118,236</u></u>	<u><u>\$ 101,953</u></u>

ORE CITY INDEPENDENT SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED AUGUST 31, 2024

Data Control Codes	Budgeted Amounts		Actual	Variance with Final Budget	
	Original	Final		Positive (Negative)	
REVENUES					
5700	Local and Intermediate Sources	\$ 655,472	\$ 655,472	\$ 553,237	\$ (102,235)
5800	State Program Revenues	<u>116,150</u>	<u>116,150</u>	<u>134,082</u>	<u>17,932</u>
5020	Total Revenues	<u>\$ 771,622</u>	<u>\$ 771,622</u>	<u>\$ 687,319</u>	<u>\$ (84,303)</u>
EXPENDITURES					
Debt Service:					
0071	Principal on Long-Term Debt	\$ 507,000	\$ 507,000	\$ 507,000	\$ -
0072	Interest on Long-term Debt	262,122	262,122	262,123	(1)
0073	Bond Issuance Costs and Fees	<u>2,500</u>	<u>2,500</u>	<u>806</u>	<u>1,694</u>
	Total Debt Service	<u>\$ 771,622</u>	<u>\$ 771,622</u>	<u>\$ 769,929</u>	<u>\$ 1,693</u>
6030	Total Expenditures	<u>\$ 771,622</u>	<u>\$ 771,622</u>	<u>\$ 769,929</u>	<u>\$ 1,693</u>
1100	Excess (Deficiency) of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (82,610)</u>	<u>\$ (82,610)</u>
1200	Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (82,610)</u>	<u>\$ (82,610)</u>
0100	Fund Balance - Beginning (September 1)	<u>10,337</u>	<u>10,337</u>	<u>10,337</u>	<u>-</u>
3000	Fund Balance - Ending (August 31)	<u><u>\$ 10,337</u></u>	<u><u>\$ 10,337</u></u>	<u><u>\$ (72,273)</u></u>	<u><u>\$ (82,610)</u></u>

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

<u>Data Control Codes</u>		<u>Response</u>
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? 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.	Yes
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial 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 post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year-end?	Yes
SF8	Did the school board members discuss the school district's property value at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.	\$ -0-

ORE CITY INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REQUIRED RESPONSES TO
 STATE MANDATED PROGRAM REQUIREMENTS
 YEAR ENDED AUGUST 31, 2024

<u>Data Control Codes</u>		<u>Response</u>
<u>Section A: Compensatory Education Programs</u>		
<u>AP1</u>	Did your District expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
<u>AP2</u>	Does the District have written policies and procedures for its state compensatory education program?	Yes
<u>AP3</u>	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$ 900,199
<u>AP4</u>	List the actual direct program expenditures for state compensatory education programs during the District's fiscal year. (PICs 24, 26, 28, 29, 30)	\$ 1,467,859
<u>Section B: Bilingual Education Programs</u>		
<u>AP5</u>	Did your District expend any bilingual education program state allotment funds during the District's	Yes
<u>AP6</u>	Does the District have written policies and procedures for its bilingual education program?	Yes
<u>AP7</u>	List the total state allotment funds received for bilingual education programs during the District's fiscal year.	\$ 49,831
<u>AP8</u>	List the actual direct program expenditures for bilingual education programs during the District's fiscal year. (PIC's 25)	\$ 29,261

FEDERAL AWARDS SECTION

ORE CITY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2024

(01) Federal Grantor/ Pass Through Grantor/ Program Title	(02) Federal ALN Number	(02A) Pass-Through Grantor Identifying Number	(03) Federal Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed through the Texas Education Agency:			
ESSA Title V, Part B - Rural & Low Income School <i>Total ALN 84.358</i>	84.358b	24696001230903	\$ 26,147 <u>26,147</u>
ESSA Title I Part A - Improving Basic Programs ESSA Title I Part A - Improving Basic Programs <i>Total ALN 84.010</i>	84.010a 84.010a	25610101230903 24610101230903	10,984 369,075 <u>380,059</u>
IDEA - B, Formula - B IDEA - B, Formula - B IDEA - B, Formula - B - ARP Carryover <i>Total ALN 84.027</i>	84.027a 84.027a 84.027x	236600012309036600 246600012309036600 225350022309035350	12,629 197,273 5,042 <u>214,944</u>
IDEA - B, Preschool - B <i>Total ALN 84.173</i>	84.173a	246610012309036610	6,200 <u>6,200</u>
ESSA Title II Part A - Supporting Effective Education <i>Total ALN 84.367</i>	84.367a	24694501230903	40,193 <u>40,193</u>
ESSA Title IV Part A - Student Support & Academic Achievement <i>Total ALN 84.3424</i>	84.424a	24680101230903	32,605 <u>32,605</u>
Passed through the Texas Education Agency			<u>700,148</u>
Total Department of Education			<u>700,148</u>
<u>U.S. DEPARTMENT OF DEFENSE</u>			
Passed through Texas State Comptroller:			
Federal Flood Control	12.106	230-903	<u>307</u>
Total Department of Defense			<u>307</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed through the Texas Department of Agriculture:			
School Breakfast Program - A National School Lunch Program - A NSLP - Supply Chain Assistance Grant - A USDA - State Administrative Expenses USDA Commodity Food Distribution	10.553 10.555 10.555 10.560 10.565	1086 1086 1086 1086 230005A	125,171 406,025 26,884 2,722 48,978 <u>609,780</u>
Total Department of Agriculture			<u>609,780</u>
Total Expenditures of Federal Awards			<u>\$ 1,310,235</u>

The accompanying notes are an integral part of this statement.

ORE CITY INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2024

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal activity of the Ore City Independent School District and is presented on the modified accrual basis of accounting. Expenditures are recognized in the accounting period in which a fund liability occurs. Funds are considered earned to the extent of expenditures made.

The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) 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 or changes in net position of the District. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

B. Summary of Significant Accounting Policies

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund types are accounted for using a current financial resources measurement focus. All federal expenditures were accounted for in the General Fund and Special Revenue Funds which are governmental fund types. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Federal grants are considered to be earned to the extent of expenditures made under the provisions of the grant.

C. Food Distribution

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and used. No provision has been made for amounts on hand on August 31, 2024.

D. Indirect Cost

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

E. Reconciliation of Federal Revenue with Financial Statements

The District records amounts received from the federal government or other recipients of federal grant as federal revenue in the financial statements. This reconciliation identifies the difference between the financial statement revenues and the schedule of expenditures of federal awards:

Total Federal Expenditures (Exhibit K-1)	\$	1,310,235
School Health Services (SHARS)		33,638
Federal Revenue (Exhibit C-3)	\$	1,343,873