

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

STEPHENS, STEPHENS, & TELCHIK P.C.
CERTIFIED PUBLIC ACCOUNTANTS
LAMESA, TEXAS

This Page Left Blank Intentionally

**Klondike Independent School District
Annual Financial Report
For the Year Ended August 31, 2024**

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
INTRODUCTORY SECTION		
Certificate of Board	1	
FINANCIAL SECTION		
Independent Auditor's Report	2	
Management's Discussion and Analysis (Required Supplementary Information) ..	5	
<u>Basic Financial Statements</u>		
Government-wide Financial Statements:		
Statement of Net Position	11	A-1
Statement of Activities	12	B-1
Governmental Fund Financial Statements:		
Balance Sheet - Governmental Funds	13	C-1
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Position	14	C-2
Statement of Revenues, Expenditures, and Changes in		
Fund Balance - Governmental Funds	15	C-3
Reconciliation of the Governmental Funds Statement of Revenues,		
Expenditures, and Changes In Fund Balances to the Statement		
of Activities	16	C-4
Proprietary Fund Statements:		
Statement of Net Position-Proprietary Fund	17	D-1
Statement of Revenues Expenses and Changes		
In Fund Net Position-Propriety Fund	18	D-2
Statement of Cash Flows-Proprietary Fund	19	D-3
Notes to the Financial Statements	20	
<u>Required Supplementary Information</u>		
Statement of Revenues, Expenditures, and Changes in Fund Balance -		
Budget and Actual - General Fund	50	G-1
Schedule of the District's Proportionate Share of the Net Pension		
Liability (TRS)	51	G-2
Schedule of District Contributions to TRS	52	G-3
Schedule of the District's Proportionate Share of the Net OPEB Liability -		
Texas Public School Retired Employees Group Insurance Program	53	G-4
Schedule of the District's Contributions - Teacher Public School Retired		
Employees Group Insurance Program	54	G-5
Notes to Required Supplementary Information	55	

TABLE OF CONTENTS (CONTINUED)

Other Supplementary Information

Required Texas Education Agency Schedules

Schedule of Delinquent Taxes Receivable	56	J-1
Schedule of Revenues, Expenditures, and		
Changes in Fund Balance - Budget and		
Actual - Debt Service Fund	58	J-3
State Compensatory Education and		
Bilingual Education (Program Expenditures).	59	J-4

OVERALL COMPLIANCE AND INTERNAL CONTROLS SECTION

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 <i>Government Auditing Standards</i> .	60
Schedule of State Findings and Questioned Costs.. . . .	62

Introductory Section

This Page Left Blank Intentionally

CERTIFICATE OF BOARD

Klondike Independent School District	Dawson	058-905
Name of School District	County	Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) _____ approved _____ disapproved for the year ended August 31, 2024, at a meeting of the board of the trustees of such school district on the 13th day of February 2025.

Signature of Board Secretary

Signature of Board President

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

This Page Left Blank Intentionally

Financial Section

This Page Left Blank Intentionally

STEPHENS, STEPHENS, & TELCHIK, P.C.

Certified Public Accountants

P.O. Box 500 - 212 So. Houston Ave.

LAMESA, TEXAS 79331-0500

Phone: 806-872-3030

Fax: 806-872-5735

S.E. STEPHENS, CPA

RAY A. STEPHENS, CPA

KEVIN TELCHIK, CPA

MEMBER AICPA

MEMBER TSCPA

Independent Auditor's Report

UNMODIFIED OPINIONS ON THE BASIC FINANCIAL STATEMENTS

Board of School Trustees
Klondike Independent School District
Lamesa, Texas

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

GAAP requires that the management's discussion and analysis on pages 5-10, budgetary comparison information on page 50, and pension and other post-retirement benefit obligation (OPEB) related information on pages 51-55, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying required Texas Education Agency (TEA) schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the required TEA schedules are fairly stated, in all material aspects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the audit report. The other information comprises the required Texas Education Agency (TEA) schedules. 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 January 22, 2025, 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.

Stephens, Stephens, Telchik PC
Certified Public Accountants

Lamesa, Texas
January 22, 2025

This Page Left Blank Intentionally

KLONDIKE INDEPENDENT SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

Our discussion and analysis of Klondike Independent School District's financial performance provides an overview of the District's financial performance for the year ended August 31, 2024. It should be read in conjunction with the District's Basic Financial Statements and Independent Auditor's Report.

The Management's Discussion and Analysis (MD&A) is an element of the financial reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

FINANCIAL HIGHLIGHTS

- The net position of the District increased by \$4,571,102 or 0.14%. The District's statement of activities showed total revenues were \$37,591,970 and expenses totaled \$33,020,868.
- The District ended the year, August 31, 2024, with total net position of \$38,311,140 and unrestricted (Net Position) of \$16,965,482. The balance of cash and investments at August 31, 2024, was \$16,889,648.
- Total general fund expenditures were \$34,236,116 for the year ended August 31, 2024. This compares with general fund expenditures of \$30,893,370 for the year ended August 31, 2023. This increase was mainly due to increased maintenance, payroll, contracted instructional service costs, and capital outlay..
- The District's total revenues on the fund financial statements increased from \$35,109,192 in 2022-23 to \$36,912,942 in 2023-24. This increase was primarily due to a increase in property tax revenues.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a whole, and then proceed to provide an increasingly detailed look at specific financial activities.

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short-term, as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how the services of the District were sold to departments within the District. The fiduciary statements provide financial information about activities for which the District acts solely as a trustee.

The notes to the financial statements provide narrative explanations and additional data needed for full disclosure in the government-wide statements and the fund financial statements.

The section labeled TEA Required Schedule contains data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

Reporting the District as a Whole

Government-Wide Financial Statements

The analysis of the District's overall financial condition and operations is presented in the Statement of Net Position and the Statement of Activities. Its primary purpose is to show whether the District is better or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These statements apply the accrual basis of accounting, which is the basis used by private sector companies.

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

These two statements report the District's net position and changes in them. The District's net position (the difference between assets and liabilities) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider non-financial factors, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, the District is reporting its governmental activities. The District currently has no business type activities as defined in the GASB Statement No. 34.

Governmental activities – All of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received from the U.S. Department of Education through TEA. The District's administration establishes many other funds to help it control and manage money for particular purposes.

The District's two fund types – governmental, and fiduciary – use different accounting approaches.

- Governmental funds – Most of the District's basic services are included in governmental funds. These uses modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following the fund financial statements.

- Custodial Fund – The District is the trustee, or fiduciary, for money raised by student activities as well as for a private purpose trust fund for scholarships. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. We exclude these activities from the government-wide financial statements because the District cannot use these assets to finance its operations.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental activities.

Table I
Klondike Independent School District
Net Position
August 31, 2024 and 2023

	August 31,	
	2024	2023
Cash, Temporary Investments, & Other	\$ 21,448,424	\$ 20,593,991
Capital Assets	<u>24,672,221</u>	<u>23,173,159</u>
Total Assets	<u>\$ 46,120,645</u>	<u>\$ 43,767,150</u>
Deferred Outflows of Resources	<u>\$ 919,203</u>	<u>\$ 1,050,225</u>
Total Deferred Outflows	<u>\$ 919,203</u>	<u>\$ 1,050,225</u>
Current Liabilities	\$ 1,477,068	\$ 2,482,995
Long-Term Liabilities	<u>6,186,967</u>	<u>7,473,446</u>
Total Liabilities	<u>\$ 7,664,035</u>	<u>\$ 9,956,441</u>
Deferred Inflows of Resources	<u>\$ 1,064,673</u>	<u>\$ 1,120,896</u>
Total Deferred Inflows	<u>\$ 1,064,673</u>	<u>\$ 1,120,896</u>
Net Position		
Net Investment in Capital Assets	\$ 19,077,221	\$ 16,468,459
Restricted for Debt Service	2,268,437	1,146,310
Unrestricted (Deficit)	<u>16,965,482</u>	<u>16,125,569</u>
Total Net Position	<u>\$ 38,311,140</u>	<u>\$ 33,740,038</u>

Changes in Net Position

The District's net position increased during the year ended August 31, 2024. The net position increased by \$4,571,102 (see Table II). Unrestricted – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – increased \$839,913 from \$16,125,569 in 2023 to \$16,965,482 in 2024.

Table II
Klondike Independent School District
Changes in Net Position
For the Year Ended August 31, 2024 and 2023

	August 31,	
	2024	2023
Revenues:		
Program Revenues:		
Charges For Services	\$ 126,973	\$ 100,972
Operating Grants and Contributions	714,048	620,117
General Revenues & Extraordinary Items:		
M & O and Debt Service Taxes	35,710,429	41,664,860
State Formula Aid	114,036	249,300
Investment Earnings	1,407,994	959,022
Miscellaneous	(481,510)	(6,326,204)
Total Revenues	<u>\$ 37,591,970</u>	<u>\$ 37,268,067</u>
Expenses:		
Instruction and Instructional-Related Services	\$ 2,926,437	\$ 2,566,740
Instructional and School Leadership	265,928	251,735
Student Support Services	154,328	146,829
Student Transportation	147,613	238,297
Food Services	388,094	325,720
Extracurricular Activities	791,099	643,192
General Administration	545,997	553,177
Plant Maintenance and Operations	1,024,994	931,950
Security and Monitoring Services	300,525	124,854
Data Processing Services	320,628	279,516
Debt Service	(136,335)	84,516
Payments to Member Districts	75,079	69,973
Contracted Instructional Services	26,091,282	25,143,029
Other Intergovernmental Charges	125,199	102,170
Total Expenses	<u>\$ 33,020,868</u>	<u>\$ 31,461,698</u>
Change in Net Position	<u>\$ 4,571,102</u>	<u>\$ 5,806,369</u>

The District's total revenues increased from \$37,268,067 in fiscal year 2023 to \$37,591,970 in fiscal year 2024, an increase of \$323,903. The total expenses of the District increased by \$1,559,170, from \$31,461,698 to \$33,020,868.

Other factors impacting the District's financial position include the following:

- The District's total M & O property tax rate decreased .1854 from 2023. The District's appraised valuation of taxable property increased from \$3,156,504,070 to \$4,449,187,157, an increase of \$1,292,680,087, or 0.41 %. The total school property taxes assessed for school year 2024 were \$36,022,305. This is an increase of \$4,579,770 from the \$31,442,535 assessed in 2023.
- The District's average daily attendance (ADA) is the basis for most of the State funding received. The ADA went from 225.94 in 2023 to 225.438 in 2024. There was a decrease in state revenues due to additional amounts received from increased tax revenues.

Fund Balances

The District's total Governmental Funds fund balance was \$17,192,071. This fund balance is reported in the various Governmental funds as follows:

General Fund

Unassigned \$11,083,235 – This balance is available for current spending; however, it has been the practice of the District to try and maintain a fund balance that is at least several months operating expenses.

Debt Service

Restricted for Retirement of Long-Term Debt \$2,268,437 – These funds are restricted by debt service covenants to fund the principal and interest payments of the bond issue.

Budgetary Highlights

Over the course of the year, the Board of Trustees revised the District's budget several times. These budget amendments were necessary to reflect the revised estimates of revenues and expenses. The principal amendments were related to increases in awarded grants and amendments to grants. None of the amendments made were considered to be significant changes.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Financial statement footnote No. D discloses the capital asset activity of the District for the year ended August 31, 2024.

Debt

Financial statement footnote No. F discloses the debt activity of the District for the year ended August 31, 2024.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District began preparations for the 2025 budget, looking not only to the coming 2025 year, but to the future and reviewing the past.

The District's elected appointed officials considered many factors when setting the fiscal-year 2025 budget and tax rates. One of those factors is the local economy. The District's population growth increased modestly during 2023-2024. Interest rates increased moderately, making earning on the investments exceptional.

These indicators were taken into account when adopting the General Fund budget for 2025. Amounts available for appropriation in the General Fund budget are \$37.29 million, an increase of \$3.97 million from the 2024 budget of \$33.32 million. The District will use its revenues to finance programs currently in place. The District has added no programs to the 2025 budget.

If these estimates are realized, the District's budgetary General Fund balance is expected to remain relatively unchanged by the close of 2025. More importantly, however, this will have been accomplished in spite of unfunded mandates.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office at Klondike Independent School District, 2911 CR H, Lamesa, Texas 79331.

Basic Financial Statements

This Page Left Blank Intentionally

Government Wide Statements

This Page Left Blank Intentionally

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

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 3,398,522
1120 Current Investments	13,491,126
1220 Property Taxes - Delinquent	5,522,790
1230 Allowance for Uncollectible Taxes	(1,656,837)
1240 Due from Other Governments	692,778
1300 Inventories	45
Capital Assets:	
1510 Land	100,139
1520 Buildings, Net	23,712,208
1530 Furniture and Equipment, Net	859,874
1000 Total Assets	<u>46,120,645</u>
DEFERRED OUTFLOWS OF RESOURCES	
1705 Deferred Outflow Related to TRS Pension	557,024
1706 Deferred Outflow Related to TRS OPEB	362,179
1700 Total Deferred Outflows of Resources	<u>919,203</u>
LIABILITIES	
2110 Accounts Payable	103,607
2140 Interest Payable	7,358
2150 Payroll Deductions and Withholdings	49,590
2160 Accrued Wages Payable	199,735
2200 Accrued Expenses	4,613
2300 Unearned Revenue	2,165
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc. Due in More than One Year:	1,110,000
2502 Bonds, Notes, Loans, Leases, etc.	4,530,231
2540 Net Pension Liability (District's Share)	1,126,881
2545 Net OPEB Liability (District's Share)	529,855
2000 Total Liabilities	<u>7,664,035</u>
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	143,003
2606 Deferred Inflow Related to TRS OPEB	921,670
2600 Total Deferred Inflows of Resources	<u>1,064,673</u>
NET POSITION	
3200 Net Investment in Capital Assets and Right-to-Use Lease Assets	19,077,221
3850 Restricted for Debt Service	2,268,437
3900 Unrestricted	16,965,482
3000 Total Net Position	<u>\$ 38,311,140</u>

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

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

EXHIBIT B-1

FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes	1	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		3	4	6	
		Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities	
Primary Government:					
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 2,866,486	\$ -	\$ 229,313	\$ (2,637,173)
12	Instructional Resources and Media Services	46,502	-	1,431	(45,071)
13	Curriculum and Instructional Staff Development	13,449	-	6,026	(7,423)
21	Instructional Leadership	75,100	-	2,751	(72,349)
23	School Leadership	190,828	-	6,511	(184,317)
31	Guidance, Counseling, and Evaluation Services	152,037	-	6,018	(146,019)
33	Health Services	2,291	-	-	(2,291)
34	Student (Pupil) Transportation	147,613	-	7,619	(139,994)
35	Food Services	388,094	854	88,454	(298,786)
36	Extracurricular Activities	791,099	26,806	142,225	(622,068)
41	General Administration	545,997	20,931	13,322	(511,744)
51	Facilities Maintenance and Operations	1,024,994	78,382	13,875	(932,737)
52	Security and Monitoring Services	300,525	-	185,001	(115,524)
53	Data Processing Services	320,628	-	11,502	(309,126)
72	Debt Service - Interest on Long-Term Debt	(136,635)	-	-	136,635
73	Debt Service - Bond Issuance Cost and Fees	300	-	-	(300)
91	Contracted Instructional Services Between Schools	26,091,282	-	-	(26,091,282)
93	Payments Related to Shared Services Arrangements	75,079	-	-	(75,079)
99	Other Intergovernmental Charges	125,199	-	-	(125,199)
[TP] TOTAL PRIMARY GOVERNMENT:		\$ 33,020,868	\$ 126,973	\$ 714,048	(32,179,847)
Data Control Codes	General Revenues:				
	Taxes:				
MT	Property Taxes, Levied for General Purposes				33,462,465
DT	Property Taxes, Levied for Debt Service				2,247,964
SF	State Aid - Formula Grants				114,036
IE	Investment Earnings				1,407,994
MI	Miscellaneous Local and Intermediate Revenue				(481,510)
TR	Total General Revenues				36,750,949
CN	Change in Net Position				4,571,102
NB	Net Position - Beginning				33,740,038
NE	Net Position - Ending				\$ 38,311,140

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

Fund Financial Statements

This Page Left Blank Intentionally

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

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 1,134,029	\$ 2,266,192	\$ (32,390)	\$ 3,367,831
1120 Investments - Current	13,491,126	-	-	13,491,126
1220 Property Taxes - Delinquent	5,205,828	316,962	-	5,522,790
1230 Allowance for Uncollectible Taxes	(1,561,748)	(95,089)	-	(1,656,837)
1240 Due from Other Governments	612,095	2,245	78,438	692,778
1260 Due from Other Funds	50,765	-	-	50,765
1300 Inventories	45	-	-	45
1000 Total Assets	<u>\$ 18,932,140</u>	<u>\$ 2,490,310</u>	<u>\$ 46,048</u>	<u>\$ 21,468,498</u>
LIABILITIES				
2110 Accounts Payable	\$ 103,607	\$ -	\$ -	\$ 103,607
2150 Payroll Deductions and Withholdings Payable	49,590	-	-	49,590
2160 Accrued Wages Payable	195,347	-	4,388	199,735
2170 Due to Other Funds	50,765	-	-	50,765
2200 Accrued Expenditures	4,102	-	511	4,613
2300 Unearned Revenue	1,415	-	750	2,165
2000 Total Liabilities	<u>404,826</u>	<u>-</u>	<u>5,649</u>	<u>410,475</u>
DEFERRED INFLOWS OF RESOURCES				
2601 Unavailable Revenue - Property Taxes	3,644,079	221,873	-	3,865,952
2600 Total Deferred Inflows of Resources	<u>3,644,079</u>	<u>221,873</u>	<u>-</u>	<u>3,865,952</u>
FUND BALANCES				
Restricted Fund Balance:				
3480 Retirement of Long-Term Debt	-	2,268,437	-	2,268,437
Assigned Fund Balance:				
3550 Construction	3,300,000	-	-	3,300,000
3570 Capital Expenditures for Equipment	300,000	-	-	300,000
3590 Other Assigned Fund Balance	200,000	-	-	200,000
3600 Unassigned Fund Balance	11,083,235	-	40,399	11,123,634
3000 Total Fund Balances	<u>14,883,235</u>	<u>2,268,437</u>	<u>40,399</u>	<u>17,192,071</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 18,932,140</u>	<u>\$ 2,490,310</u>	<u>\$ 46,048</u>	<u>\$ 21,468,498</u>

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

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

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$ 17,192,071
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$31,649,275 and the accumulated depreciation was (\$8,476,116). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.	16,345,443
2 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2024 capital outlays and debt principal payments is to increase net position.	3,642,849
3 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to TRS included a deferred resource outflow in the amount of \$557,024, a deferred resource inflow in the amount of \$143,003, and a net pension liability in the amount of \$1,126,881. This resulted in a decrease in net position.	(712,860)
4 Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. The net position related to TRS included a deferred resource outflow in the amount of \$362,179, a deferred resource inflow in the amount of \$921,670, and a net OPEB liability in the amount of \$529,855. This resulted in a decrease in net position.	(1,089,346)
5 The 2024 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(932,969)
6 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.	3,865,952
29 Net Position of Governmental Activities	\$ 38,311,140

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

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

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 33,728,519	\$ 2,303,584	\$ 137,265	\$ 36,169,368
5800 State Program Revenues	330,036	1,593	240,756	572,385
5900 Federal Program Revenues	79,384	-	91,805	171,189
5020 Total Revenues	<u>34,137,939</u>	<u>2,305,177</u>	<u>469,826</u>	<u>36,912,942</u>
EXPENDITURES:				
Current:				
0011 Instruction	2,430,903	-	141,678	2,572,581
0012 Instructional Resources and Media Services	41,496	-	-	41,496
0013 Curriculum and Instructional Staff Development	7,425	-	6,024	13,449
0021 Instructional Leadership	67,090	-	-	67,090
0023 School Leadership	170,333	-	-	170,333
0031 Guidance, Counseling, and Evaluation Services	135,948	-	-	135,948
0033 Health Services	2,291	-	-	2,291
0034 Student (Pupil) Transportation	55,444	-	-	55,444
0035 Food Services	341,658	-	-	341,658
0036 Extracurricular Activities	540,394	-	131,572	671,966
0041 General Administration	480,148	-	5,132	485,280
0051 Facilities Maintenance and Operations	877,433	-	-	877,433
0052 Security and Monitoring Services	105,413	-	182,002	287,415
0053 Data Processing Services	286,549	-	-	286,549
Debt Service:				
0071 Principal on Long-Term Liabilities	-	1,110,000	-	1,110,000
0072 Interest on Long-Term Liabilities	-	72,750	-	72,750
0073 Bond Issuance Cost and Fees	-	300	-	300
Capital Outlay:				
0081 Facilities Acquisition and Construction	2,402,031	-	-	2,402,031
Intergovernmental:				
0091 Contracted Instructional Services Between Schools	26,091,282	-	-	26,091,282
0093 Payments to Fiscal Agent/Member Districts of SSA	75,079	-	-	75,079
0099 Other Intergovernmental Charges	125,199	-	-	125,199
6030 Total Expenditures	<u>34,236,116</u>	<u>1,183,050</u>	<u>466,408</u>	<u>35,885,574</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(98,177)</u>	<u>1,122,127</u>	<u>3,418</u>	<u>1,027,368</u>
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	1,714	-	-	1,714
7915 Transfers In	249,643	-	-	249,643
8911 Transfers Out (Use)	(249,643)	-	-	(249,643)
7080 Total Other Financing Sources (Uses)	<u>1,714</u>	<u>-</u>	<u>-</u>	<u>1,714</u>
1200 Net Change in Fund Balances	(96,463)	1,122,127	3,418	1,029,082
0100 Fund Balance - September 1 (Beginning)	14,979,698	1,146,310	36,981	16,162,989
3000 Fund Balance - August 31 (Ending)	<u>\$ 14,883,235</u>	<u>\$ 2,268,437</u>	<u>\$ 40,399</u>	<u>\$ 17,192,071</u>

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

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

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ 1,029,082
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2024 capital outlays and debt principal payments is to increase net position.	3,751,416
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(932,969)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.	730,069
GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$86,480. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in the change in net position totaling \$84,326. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by \$118,359. The net result is a decrease in the change in net position.	(116,205)
GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$20,152. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net OPEB liability. This caused a decrease in the change in net position totaling \$20,763. Finally, the proportionate share of the TRS OPEB expense on the plan as a whole had to be recorded. The net OPEB expense increased the change in net position by \$110,320. The net result is a increase in the change in net position.	109,709
Change in Net Position of Governmental Activities	\$ 4,571,102

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

Proprietary Fund Statements

This Page Left Blank Intentionally

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

	Governmental Activities -
	Internal Service Fund
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 30,691
Total Assets	<u>30,691</u>
LIABILITIES	
Noncurrent Liabilities:	
Other Debt - Due in More than One Year	<u>30,691</u>
Total Noncurrent Liabilities	<u>30,691</u>
Total Liabilities	<u>30,691</u>

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

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

	Governmental Activities -
	Internal Service Fund
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 1,017
Total Operating Revenues	1,017
OPERATING EXPENSES:	
Payroll Costs	1,017
Total Operating Expenses	1,017

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

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

EXHIBIT D-3

	Governmental Activities -
	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Assessments - Other Funds	\$ 1,017
Cash Payments for Insurance Claims	(1,017)
Net Cash Provided by Operating Activities	-
Net Increase in Cash and Cash Equivalents	-
Cash and Cash Equivalents at Beginning of Year	30,691
Cash and Cash Equivalents at End of Year	\$ 30,691
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Provided By (Used For) Operating Activities:</u>	
Operating Income (Loss)	\$ -

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

This Page Left Blank Intentionally

Notes to the Financial Statements

This Page Left Blank Intentionally

**KLONDIKE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024**

A. Summary of Significant Accounting Policies

Klondike Independent School District (the "District") is a public education agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the "Board") elected by registered voters of the District.

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

1. Reporting Entity

The Board of School Trustees ("Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental "reporting entity" as defined by the GASB in its Statement No. 14, "The Financial Reporting Entity" and there are not component units included within the reporting entity.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

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

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

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

**KLONDIKE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024**

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. This is a budgeted fund, and unassigned fund balances are considered resources available for current operations.

For the year ended August 31, 2024, the District accounted for its Food Service Fund in the general fund. Students are not charged for meals, and when necessary, the general fund subsidizes the Food Service Fund for all amounts required in excess of amounts received from the National School Lunch and Breakfast Programs.

Debt Service Fund - The District accounts for resources accumulated and payments made for principal and interest on long-term obligation debt in the Debt Service Fund.

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 periods.

Internal Service 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.

Custodial Funds - The District accounts for resources held for others in a custodial capacity in custodial funds. These funds are used to account for activities of student groups. Student activity organizations exist with the explicit approval from the Board and are subject to revocation.

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 does not consider revenues collected after its year-end to be available in the current period. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are

**KLONDIKE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024**

recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Assets. The fund equity is segregated into invested in capital assets net of related debt, restricted net position, and unrestricted net position.

3. Encumbrance Accounting

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

4. Financial Statement Amounts

a. Cash and Cash Equivalents

For purposes 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.

b. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipts of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable

**KLONDIKE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024**

within the current period and (2) when they are expected to be collected during a 60 day period after the close of the school fiscal year.

Allowances for uncollectible tax receivables within the General Fund are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

c. Capital Assets

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

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	20-40
Building Improvements	20-40
Vehicles	5-12
Office Equipment	5-10
Computer Equipment	5-7

The accounting treatment over property, plant, and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to September 1, 2001.

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

d. 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.

**KLONDIKE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024**

e. Interfund Activity

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

f. Equity Classifications

Government-wide Statements

Equity is classified as net position and displayed in three components:

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as restricted, committed, assigned, or unassigned. See Note S for additional disclosures.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

1. **Nonspendable** - Not in spendable form, such as inventory, long-term receivables, etc.
2. **Restricted** - Amounts constrained to be used for a specific purpose by external parties, constitutional provisions, and enabling legislation.
3. **Committed** - Amounts that can be used only for the specific purposes determined by a formal action of the District's School Board (the District's highest level of decision-making authority). Action to constrain resources should occur prior to year end, to report such constraints in the balance sheet of the respective period, even though the amount may be determined subsequent to fiscal year end. A commitment can only be modified or removed by the same formal action.
4. **Assigned** - Amounts intended to be used by the government for specific purposes. Intent

**KLONDIKE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024**

is expressed by the District's School Board or an official authorized by the District's School Board (the District's highest level of decision-making authority). Assignments may occur subsequent to fiscal year end. Assignments may be made by an authorized official or by formal action by the School Board.

5. **Unassigned** - Residual amount available for any purpose.

The District does not currently have a minimum fund balance policy in effect. The Board of Trustees will utilize funds in the following spending order in circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications: Restricted, Committed, Assigned, and Unassigned.

g. Use of Estimates

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

h. Operating Revenues of Proprietary Funds

Operating revenues for proprietary funds are those that result from providing services.

i. Data Control Codes

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

j. Pensions

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

k. New Financial Accounting Standards- Change in Accounting Principle

During the fiscal year ended August 31, 2013, the District implemented two statements of the Governmental Accounting Standards Board (GASB) No. 63 (*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*) and No. 65 (*Items Previously Reported as Assets and Liabilities*). These two statements:

- Classified items that are a consumption of net assets applicable to a future reporting period as deferred resource outflows;
- Classified items that are an acquisition of net assets applicable to a future reporting period as deferred resource inflows;
- Renames all "Statements of Net Assets" "Statements of Net Positions";
- Required all bond issuance costs to be recorded as expenses in the year the bonds

**KLONDIKE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024**

- were issued;
- Reclassified the effect of accounting changes adopted to conform to the provisions of Statement No. 63 retroactively in statements of net position and balance sheets, if practical, for all prior periods presented. In the period, Statement No. 63 is the first applied, the financial statements should disclose the nature of any reclassification.
- Required reasons for not reclassifying statements of net position and balance sheet information for prior periods presented to be explained.

The effect of these two statements on the District's 2024 annual financial statements was:

- To record uncollected property taxes deferred resource inflows:

Deferred Resource Inflows	\$3,865,953
"Unavailable revenues-property taxes"	

l. Other Post-Employment Benefits (OPEB)

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

m. Other Accounting Policies

1. The District records purchases of supplies as expenditures. If a material amount of supplies are on hand at the end of the year, their total cost is recorded as inventory and a portion of fund balance is reported as nonspendable for the same amount accordingly. At August 31, 2021, the amount of supplies on hand was not material.
2. Employees of the District are entitled to paid vacation and paid sick days depending on job classification, length of service, and other factors. No payments are made to an employee for unused sick leave or vacation upon separation from employment. It is impractical to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The District's policy is to recognize the costs of compensated absences when actually paid to employees.
3. The District administers endowed scholarship funds. The net position of these funds is restricted to payments of future scholarships and are reported as private-purpose trust funds on the District's financial statements.

**KLONDIKE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024**

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

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

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

2. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net assets at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

C. Deposits and Investments

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

Cash Deposits:

At August 31, 2024, the amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$ 16,889,648. The District's cash deposits at August 31, 2024, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

As of the highest combined balance on January 31, 2024, the District's deposits were adequately secured by FDIC coverage and pledged securities.

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

- a. Depository: First United Bank
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$51,604,695.
- c. The highest combined balances of cash, savings and time deposit accounts amounted to \$45,571,332 and occurred during the month of January 2024.
- d. Total amount of FDIC coverage at the time of the largest combined balance was \$250,000.

**KLONDIKE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024**

District Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits - State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent.

Foreign Currency Risk - The District has no policy regarding foreign currency risk since it has no investments or deposits denominated in a foreign currency.

District Policies and Legal and Contractual Provisions Governing Investments

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

Credit Risk - To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations, the District has adopted a policy which limits its investments to certificates of deposits which are secured by FDIC coverage and securities pledged as collateral in the District's name.

Custodial Credit Risk for Investments - To limit the risk that in the event of the failure of the counterparty to a transaction a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party, the District requires counterparties to register the securities in the name of the District and hand them over to the District or its designated agent. All of the pledged securities covering the District's investments are in the District's name and held by the District or its agent.

Concentration of Credit Risk - To limit the risk of loss attributed to the magnitude of a government's investments in a single issuer, the District limits investments to certificates of deposit through a financial institution.

Interest Rate Risk - To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires its investment officer to diversify the District's investment portfolio to include both maturities of one year and less than one year.

Foreign Currency Risk for Investments - The District has no policy regarding foreign currency risk since it has no investments or deposits denominated in a foreign currency.

**KLONDIKE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024**

The District's investments at August 31, 2024, are shown below.

<u>Investment</u>	<u>Category</u>			<u>Reported Amount</u>	<u>Fair Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Certificates of Deposit -					
First United Bank	\$ 13,491,126	\$ -0-	\$ -0-	\$13,491,126	\$ 13,491,126
Total Investments	<u>\$ 13,491,126</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$13,491,126</u>	<u>\$ 13,491,126</u>

D. Capital Assets

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 100,139	\$ -0-	\$ -0-	\$ 100,139
Total Capital Assets Not Being Depreciated	<u>\$ 100,139</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 100,139</u>
Capital Assets, Being Depreciated				
Buildings and Improvements	\$28,230,081	\$ 2,432,031	\$ -0-	\$30,662,112
Furniture and Equipment	<u>3,319,055</u>	<u>-</u>	<u>-</u>	<u>3,319,055</u>
Total Capital Assets Being Depreciated	<u>\$31,549,136</u>	<u>\$ 2,432,031</u>	<u>\$ -0-</u>	<u>\$33,981,167</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	\$ 6,186,357	\$ 763,547	\$ -0-	\$6,949,904
Furniture and Equipment	<u>2,289,759</u>	<u>169,422</u>	<u>-</u>	<u>2,459,181</u>
Total Accumulated Depreciation	<u>\$ 8,476,116</u>	<u>\$ 932,969</u>	<u>\$ -0-</u>	<u>\$ 9,409,085</u>
Total Capital Assets Being Depreciated, Net	<u>\$23,073,020</u>	<u>\$1,499,062</u>	<u>\$ -0-</u>	<u>\$24,572,082</u>
Governmental Activities				
Capital Assets, Net	<u>\$23,173,159</u>			<u>\$24,672,221</u>

Depreciation was charged to functions as follows:

Instruction	\$318,395
Instructional Resources and Media Services	5,435
Instructional Leadership	8,787
School Leadership	22,310
Guidance, Counseling and Evaluation Services	17,806
Student Transportation	94,454
Food Service	48,857
Cocurricular/Extracurricular	121,059
General Administration	62,889
Plant Maintenance and Operations	181,640
Security and Monitoring Services	13,807
Data Processing Services	37,530
Total	<u>\$ 932,969</u>

E. Operating Transfers

**KLONDIKE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024**

1. Transfers To and From Other Funds

Transfers to and from other funds for the year ended August 31, 2024 consisted of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General Fund	Food Service	<u>\$ 249,643</u>	Subsidize Food Service Operations
	Total	<u>\$ 249,643</u>	

F. Long-Term Debt

In 2021, the District issued Klondike Independent School District Unlimited Tax School Building Bonds, Series 2021, in the amount of \$7,810,000 dated March 9, 2021, for the purpose of building a field house, concession stand, bathrooms, and additional classrooms. In addition the purpose of the bond also included replacing HVAC units and renovating classrooms. The Series 2021 School Building Bonds are authorized by Texas Education Code, Sections 45.001 and 45.003. The Series 2021 bonds require annual interest and principal payments and bear interest at 3.0%. During each year the bonds are outstanding, the District is required to levy and collect sufficient ad valorem taxes to provide for the payment of principal and interest as it becomes due. The District complied with all significant limitations and restrictions contained in the bond indentures.

1. Long-Term Obligation Activity

Long-term liability activity for the year ended August 31, 2024, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds Payable:					
Unlimited Tax School Building					
Bonds, Series 2021	<u>\$6,705,000</u>	<u>\$ -0-</u>	<u>\$ 1,110,000</u>	<u>\$ 5,595,000</u>	<u>\$1,110,000</u>
Total Bonds Payable	<u>\$6,705,000</u>	<u>\$ -0-</u>	<u>\$ 1,110,000</u>	<u>\$ 5,595,000</u>	<u>\$1,110,000</u>
Other Liabilities:					
Unamortized Bond Premium	\$ 122,716	\$ -0-	\$ 108,176	\$ 14,540	\$ 14,540
Net Pension Liability-TRS	1,085,029	41,852	-	1,126,881	-
Net OPEB Liability-TRS	640,010	-	110,155	529,855	-
Workers Comp Claim					
Liability	<u>30,691</u>	<u>-</u>	<u>-</u>	<u>30,691</u>	<u>-0-</u>
Total Other Liabilities	<u>\$1,878,446</u>	<u>\$ 41,852</u>	<u>\$ 218,331</u>	<u>\$ 1,701,967</u>	<u>\$ 14,540</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$8,583,446</u>	<u>\$ 41,852</u>	<u>\$1,328,331</u>	<u>\$ 7,296,967</u>	<u>\$1,124,540</u>

**KLONDIKE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024**

2. Debt Service Requirements

Debt service requirements on Bonds Payable debt at August 31, 2024, are as follows:

Bonds Payable

Year Ending August 31	Principal	Interest	Total Requirements
2025	\$ 1,110,000	\$ 61,650	\$ 1,171,650
2026	1,115,000	50,525	1,165,525
2027	1,120,000	39,350	1,159,350
2028	1,125,000	28,125	1,153,125
2029	1,125,000	11,250	1,136,250
Totals	<u>\$ 5,595,000</u>	<u>\$ 190,900</u>	<u>\$ 5,785,900</u>

G. Commitments Under Capitalized Leases

The District had no commitments under capitalized leases at August 31, 2024.

H. Health Care Coverage

During the year ended August 31, 2024, the District participated in the TRS-Active Care Program administered by the Teacher Retirement System. The District contributed \$350 of the employee-only premium per month, and employees, at their options, authorized payroll withholdings to pay contributions for dependents. Under this plan, the District is not liable for costs incurred beyond the premiums paid.

Additionally, payments made on behalf of the District by the State for Medicare Part D fringe benefits and salaries amounted to \$15,517, \$13,955 and \$10,199 for the years ended August 31, 2024, 2023, and 2022 respectively.

I. Commitments and Contingencies

1. Contingencies

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

**KLONDIKE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024**

2. Litigation

No reportable litigation was pending against the District at August 31, 2024.

J. Shared Services Arrangements

The District participates in a shared services arrangement for Special Education under the IDEA-B Formula of Title VII of the Elementary and Secondary Education Act with Borden County Independent School District and Dawson Independent School District. Borden County Independent School District is the fiscal agent manager and is responsible for all financial activities of the shared services arrangement. The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint interest in fixed asset purchased by the fiscal agent, Borden County Independent School District, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit of burden to Klondike Independent School District. The fiscal agent manager is responsible for all financial activities of the shared services arrangement. Total expenditures for the current year attributable to the District's participation in the IDEA-Part B Special Education Coop was \$75,079.

K. Workers' Compensation Pool

During the year ended August 31, 2024, Klondike ISD met its statutory workers' compensation obligations 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 Workers' Compensation Program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members' injured employees.

The Fund and its members are protected against higher than expected claims costs through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of \$2 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2023, the Fund carries a discounted reserve of \$48,919,036 for future development on reported claims and claims that have been incurred but not yet reported. For the year-ended August 31, 2024, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board 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.

L. Local and Intermediate Revenues

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

<u>Revenue Description</u>	<u>Fund</u>	<u>Revenue Amount</u>
Property Taxes	General	\$31,920,505
Property Taxes	Debt Service	2,190,113
Penalties, Interest and Other Tax Related Income	General	214,096
Penalties, Interest and Other Tax Related Income	Debt Service	13,217
Rent Income	General	78,382

**KLONDIKE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024**

Food sales	General	854
Foundations, Gifts, & Bequests	General	150,185
Investment Income	General	1,307,740
Investment Income	Debt Service	100,254
Athletic Activities	General	5,875
Other Miscellaneous Revenues from Local Sources	General	51,900
Campus Activity	General	137,265
Total		<u>\$36,170,386</u>

M. Budgetary Control

The official budget was prepared for adoption for the General Fund and the Food Service Fund, which is included within the Governmental Funds and the Special Revenue Funds. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The following procedures are followed in establishing the budgetary data reflected in the 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 only be amended at the function and fund level 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. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. However, none of these were significant.
4. Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board of Education. All budget appropriations lapse at year-end. The budgets for the General Fund and Food Service Special Revenue Fund must be filed with the Texas Education Agency on a designated date through the Public Education Information Management System (PEIMS).

The Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund presents a comparison of budgetary data to actual results. The General Fund utilizes the same basis of accounting for both budgetary purposes and actual results.

N. Vacation and Sick Leave

Vacations are to be taken within the same year they are earned, and any unused days at the end of the year are forfeited. Therefore, no liability has been accrued in the accompanying basic financial statements. Employees of the District are entitled to sick leave based on category/class of employment. Sick leave is allowed to be accumulated but does not vest. Therefore, a liability for unused sick leave has not been recorded in the accompanying basic financial statements.

**KLONDIKE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024**

O. Due to Other Governments

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. The District receives entitlements from the State through the School Foundation Program. As of August 31, 2024, the District owed no amounts to other governments.

P. Due from Other Governments

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. The District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal, state, and local governments as of August 31, 2024, are:

<u>Government</u>	<u>Fund</u>	<u>Amount</u>	<u>Description</u>
Texas Education Agency	Special Revenue	\$ 2,855	Title I, Part A
Texas Education Agency	Special Revenue	1,156	Title IV, Part A
Texas Education Agency	Special Revenue	888	Title II, Part A
Texas Education Agency	Special Revenue	73,539	School Safety
Texas Education Agency	General	571,679	Recapture
Dawson CAD	General/Debt	42,661	Property Taxes
	Total	<u>\$692,778</u>	

Q. Restriction of Fund Balance and Restriction of Net Position

The following table shows the Fund Balance Restricted as shown on the Governmental Funds Balance Sheet.

<u>Activity</u>	<u>Restricted by</u>	<u>Amount</u>
Retirement of Long-Term Debt	State Law	\$ 2,268,437
Total Restricted Fund Balance		<u>\$ 2,268,437</u>

The following table shows Net Position Restricted as shown in the Statement of Net Position:

<u>Activity</u>	<u>Restricted by</u>	<u>Amount</u>
Debt Service	State Law	\$ 2,268,437
Total Restricted Net Assets		<u>\$ 2,268,437</u>

R. Assignment of Fund Balance

The District has chosen to assign a portion of fund balance for future capital expenditures, future construction, and future recapture payments. As of August 31, 2024, the amount of fund balance assigned in the Governmental Funds included:

<u>Activity</u>	<u>Amount</u>
Capital Equipment	\$ 300,000
Construction	3,300,000
Campus Security	200,000
Total Assigned Fund Balance	<u>\$3,800,000</u>

**KLONDIKE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024**

S. Unavailable Revenue - Property Taxes

Unavailable revenue for property taxes in the governmental funds at year end consisted of the following:

	General Fund	Debt Service	Total
Net Tax Revenue	\$ 3,644,079	\$ 221,873	\$ 3,865,952
Total Unavailable Revenue	<u>\$ 3,644,079</u>	<u>\$ 221,873</u>	<u>\$ 3,865,952</u>

T. School District Retiree Health Plan

1. Plan Description

The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple employer defined benefit post employment health care plan administered by the Teacher Retirement System of Texas. TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS Web site at www.trs.state.tx.us, by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling 1-800-223-8778.

2. Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55%. For the years ended August 31, 2024, 2023, and 2022, the State's contributions (in thousands) to TRS-Care were \$404,083, \$393,951, and \$370,736, respectively, the active member contributions (in thousands) were \$290,205, \$277,468, and \$263,328, respectively, and the school district's contributions were \$15,664, \$18,005, and \$17,821, for 2024, 2023, and 2022, respectively, which equaled the required contributions each year.

U. Deferred Outflows/ Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District currently has two items which qualifies for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in the category. Accordingly, the

**KLONDIKE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024**

item, *unavailable revenue*, is reported only in the governmental fund balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

V. Risk Management

Unemployment Compensation Pool

During the year ended August 31, 2024, Klondike ISD provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore there is no need for specific or aggregate stop loss coverage for the Unemployment Compensation pool. For the year ended August 31, 2024, the Fund anticipates that Klondike ISD has no additional liability beyond the contractual obligation for payment of contribution.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2023, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

Auto, Liability, and/or Property Programs

During the year ended August 31, 2024, Klondike ISD participated in the following TASB Risk Management Fund (the Fund) programs:

Auto Liability
Auto Physical Damage
Privacy & Information Security
Property
School Liability

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for its Auto, Liability and Property programs. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended August 31, 2024, the Fund anticipates that Klondike ISD has no additional liability beyond the contractual obligations for payment contributions.

W. Subsequent Events

The District has evaluated events occurring after August 31, 2024, and through February 6, 2025, that date on which financial statements were available to be issued, for additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing financial statements. There are no subsequent events that have not been previously mentioned.

**KLONDIKE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024**

X. Deferred Compensation Plan

The District provides a deferred compensation plan for its employees in the form of both a 403(b) and/or a 457(b) type plan. The District matches employee contributions into the plan selected dollar for dollar up to 3% of eligible compensation. The employer contributions are subject to a 3 year cliff vesting schedule. Prior service with Klondike ISD counts toward years of service for vesting purposes. The deferred compensation plan is administered through Valic Financial.

Y. Defined Benefit Pension Plan

Plan Description

Klondike Independent School 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 work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://www.trs.texas.gov>; 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 2023 and 2022 Annual Comprehensive Financial Report for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2023 and 2022:

<u>Net Pension Liability</u>	<u>2023</u>	<u>2022</u>
Total Pension Liability	\$ 255,860,886,500	\$ 243,553,045,455
Less: Plan Fiduciary Net Position	<u>(187,170,535,558)</u>	<u>(184,185,617,196)</u>
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%

Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3% (multiplier) times the average of the five highest annual creditable salaries times

**KLONDIKE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024**

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 cost of living adjustments (COLA). Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

Texas Government Code, Title 8, section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. Actuarial implications of the funding provided in the manner are determined by the System's actuary.

State law requires the plan to be actuarially sound in order for the Legislature to consider a benefit enhancement, such as supplemental payment to the retirees. The pension became actuarially sound in May 2019 with the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provided gradual contribution increases from the State, participating employers, and active employees for the fiscal years 2019 through 2024.

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 state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Employee contribution rates are set in the state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2019 through 2025.

The following table shows contribution rates by type of contributor for the fiscal years 2023 and 2024, and the contributions by type reported by TRS which were received by TRS during the measurement year (TRS FY 2023). These are included in the calculation of the District's proportionate share of the net pension liability.

Contribution Rates

	<u>2023</u>	<u>2024</u>
Member	8.00%	8.25%
Non- Employer Contributing Entity (State)	8.00%	8.25%
Employers	8.00%	8.25%
Klondike ISD 2024 Employer Contributions	\$ 86,480	
Klondike ISD 2024 Member Contributions	\$ 214,467	
2023 Measurement NECE On-Behalf Contributions	\$ 140,827	

The actual contributions during the District's 2024 fiscal year were \$86,480 for the District and

**KLONDIKE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024**

\$214,467 made by employees.

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

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers, 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 part or all of an employee's salary is paid by federal funding sources or a privately sponsored source, from non-education and general, or local funds.

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

- All public schools, charter schools, and regional education service centers must contribute 1.7% of the member's salary beginning in fiscal year 2022, gradually increasing to 2% in fiscal year 2025. The surcharge for fiscal year 2023 is 1.8%.
- When employing a retiree of the TRS, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Actuarial Assumptions

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

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

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

The long-term rate of return on pension plan investments is 7.00%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected the future real rates of return by the target asset allocation percentage and by adding expected inflation.

**KLONDIKE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024**

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

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

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 of Return	7.00%
Municipal Bond Rates as of August 2022	4.13% *
Last year ending August 31 in Projection Period (100 years)	2122
Inflation	2.30%
Salary Increases	2.95% to 8.95% including inflation
Ad Hoc Post-Employment Benefit Changes	None

* - Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."

Discount Rate

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

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

**KLONDIKE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024**

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 % (b)	Long-Term Expected Arithmetic Real Rate of Return (c)	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.00%	4.00%	1.02%
Non-U.S. Developed	13.00%	4.50%	0.90%
Emerging Markets	9.00%	4.80%	0.70%
Private Equity (a)	14.00%	7.00%	1.50%
Stable Value			
Government Bonds	16.00%	2.50%	0.50%
Absolute Return (a)	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, and Infrastructure	6.00%	4.80%	0.40%
Commodities	0.00%	4.40%	0.00%
Risk Party			
Risk Party	8.00%	4.50%	0.40%
Asset Allocation Leverage Cash			
Cash	2.00%	3.70%	0.00%
Asset Allocation Leverage	-6.00%	4.40%	-0.10%
Inflation Expectation			2.30%
Volatility Drag (d)			-0.90%
Expected Return	<u>100.00%</u>		<u>8.00%</u>

(a) - Absolute Return includes Credit Sensitive Investments

(b) - Target allocations are based on the FY 2023 policy model

(c) - Capital Market Assumptions come from Aon Hewitt (as of 8/31/2023)

(d) - The volatility drag results from the conversion between arithmetic and geometric mean returns

**KLONDIKE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024**

Discount Rate Sensitivity Analysis

The following table presents the Net Pension Liability of the plan using the discount rate of 7.00%, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than current rate.

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
Klondike ISD's Proportionate Share of the Net Pension Liability	\$ 1,684,749	\$ 1,126,881	\$ 663,013

Pension Liabilities, Pension Expense

At August 31, 2024, Klondike Independent School District reported a net pension liability of \$1,126,881 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to Klondike Independent School District. The amount recognized by Klondike Independent School 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 Klondike Independent School District were as follows:

District's Proportionate Share of the Collective Net Pension Liability	\$ 1,126,881
State's Proportionate Share that is Associated with the District	<u>1,881,906</u>
Total	<u>\$ 3,008,787</u>

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

At August 31, 2023 the employer's proportion of the collective net pension liability was .0016405229% which was a decrease of .0001871281% from its proportion measured as of August 31, 2022.

For the year ended August 31, 2024, Klondike Independent School District recognized pension expense of \$486,836 and revenue of \$284,151 for support provided by the State in the Government Wide Statement of Activities.

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.

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 2023. The Legislature

**KLONDIKE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024**

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 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.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between Expected and Actual Economic Experience	\$ 40,151	\$ 13,645
Changes in Actuarial Assumptions	106,581	26,083
Difference between Projected and Actual Investment Earnings	163,988	-
Changes in Proportion and Difference between the Employer's Contributions and the Proportionate Share of Contributions	159,824	103,275
Contributions Paid to TRS Subsequent to Measurement Date	<u>86,480</u>	<u>-</u>
Total	<u>\$ 557,024</u>	<u>\$ 143,003</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 Ended August 31</u>	<u>Pension Expense Amount</u>
2025	\$ 72,044
2026	48,620
2027	159,458
2028	53,348
2029	(5,929)
Thereafter	-

Z. Nonmonetary Transactions

The District received food commodities from the Federal Government. The cost basis is determined by the U.S. Dept of Agriculture and recorded on the District's books at that cost (GAAP Basis). There are no related gains or losses associated with this transaction.

**KLONDIKE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024**

AA. Commitments Under Lease Agreements

Management of the District evaluated all lease agreements currently in place and made the determination that at the present time, the implementation of GASB 87 would not have a material impact on the District's financial statements; consequently, GASB 87 was not implemented for the District's fiscal year ending August 31, 2022. Management will continue to assess the impact that GASB 87 may have on the District's financial statements in the future, and if determined to be material, the provisions of the statement will be implemented at that time.

BB. Interfund Receivables and Payables

Interfund balances at August 31, 2024 consisted of the following individual fund receivables and payables:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund		
Payroll Clearing	\$ 50,765	
	<u>\$ 50,765</u>	
Payroll Clearing		
General Fund		\$50,765
		<u>\$50,765</u>

CC. Chapter 313 Tax Abatement Agreement

Core Solar SPV IX LLC

Klondike ISD entered into an agreement with Core Solar SPV IX, LLC on April 13, 2018. The agreement was for Core Solar SPV IX, LLC to invest capital of \$180,000,000 on a long-term basis for a valuation limitation of \$20,000,000. For fiscal year 2023, which is year 5 of the agreement, the M&O tax rate is \$.963 per \$100, and the property is valued at \$0 without considering the limitation and \$0 with the limitation. When calculated, the district forgoes collecting \$0 in tax revenue; however, that will be offset by the increase in state funding through the FSP funding formula and a possible Revenue Protection Payment. In addition to the tax abatement, Core Solar SPV IX, LLC has committed to pay supplemental payments to the district in the amount of \$100 per 2016-2017 ADA or \$50,000, whichever is greater.

DD. Unearned Revenue

Unearned revenue is associated with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Unearned revenues consisted of Foundation allotment in the amount of \$1,415 and STEM Grant in the amount of \$750.

**KLONDIKE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED AUGUST 31, 2024**

EE. Defined Other Post-Employment Benefit Plan

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 insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. The Board may adopt rules, plans, procedures, and orders reasonably necessary to administer the program, including minimum benefits and financing standards.

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

Components of the net OPEB liability of 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	(3,889,765,203)	(3,117,937,218)
Net OPEB Liability	\$ 22,138,305,064	\$ 23,944,005,302
Net Position as a Percentage of		
Total OPEB Liability	14.94%	11.52%

Benefits Provided - TRS-Care provides health insurance coverage 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 TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. There are no automatic post-employment benefit changes; including automatic COLAs.

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

The premium rates for retirees are presented below:

**KLONDIKE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED AUGUST 31, 2024**

EE. Defined Other Post-Employment Benefit Plan (Continued)

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

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 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 public school contribution rate is prescribed by the Legislature in the General Appropriations Act, which is 0.75% of each active employee's pay for fiscal year 2023. The following table shows contribution rates by type of contributor for the fiscal year 2023 and 2024, and the contributions by type reported by TRS which were received by TRS during the measurement year (TRS FY 2023). These are included in the calculation of the District's proportionate share of the net OPEB liability.

	Contribution Rates	
	2023	2024
Active Employee Member	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
Klondike ISD 2024 Employer Contributions		\$ 20,152
Klondike ISD 2024 Member Contributions		\$ 16,897
Klondike ISD 2023 NECE On-behalf Contributions		\$ 25,053

The actual contribution during the District's 2024 fiscal year were \$20,152 by the employer and \$16,897 made by employees.

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.

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

**KLONDIKE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED AUGUST 31, 2024**

EE. Defined Other Post-Employment Benefit Plan (Continued)

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

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2021.

The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2022, TRS pension actuarial valuation that was rolled forward to August 31, 2023:

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

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

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%
Single Discount Rate	4.13% as of August 31, 2023
Aging Factors	Based on Plan Specific Experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs
Salary Increases	2.95% to 8.95% including inflation
Ad Hoc Post-Employment Benefit Changes	None

The election rate for normal retirement were 62% participation rate prior to age 65 and 25% participation rate after age 65. For pre-65 retirees, it is assumed that 30% will discontinue coverage at age 65.

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 decreased 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. This was an increase a change of 0.22% in the discount rate since the previous year. Because the investments are held in cash and there is no intentional objective to advance fund the benefits, the single discount rate is equal to the prevailing municipal bond

**KLONDIKE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED AUGUST 31, 2024**

EE. Defined Other Post-Employment Benefit Plan (Continued)

rate.

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

Discount Rate Sensitivity Analysis - The following schedule shows the impact of the net OPEB liability if the discount rate used was 1% point lower and 1% point higher than the discount rate that was used (4.13%) in measuring the net OPEB liability.

	<u>1% Decrease in Discount Rate (3.13%)</u>	<u>Discount Rate (4.13%)</u>	<u>1% Increase in Discount Rate (5.13%)</u>
KISD's Proportionate Share of the Net OPEB Liability	\$ 624,058	\$ 529,855	\$ 452,982

Healthcare Cost Trend Rates Sensitivity Analysis. The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that this is one-percentage point lower or one-percentage point higher than the assumed healthcare cost trend rate.

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
KISD's Proportionate share of Net OPEB Liability	\$436,309	\$529,855	\$650,202

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEBs - At August 31, 2024, the District reported a liability of \$529,855 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the Collective Net OPEB Liability	\$ 529,855
State's Proportionate Share that is Associated with the District	639,351
Total	<u>\$ 1,169,206</u>

The Net OPEB Liability was measured as of August 31, 2022 and rolled forward to August 31, 2023, and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB Liability was based on the employer's contributions to 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 employer's proportion of the collective net OPEB liability was .0023933838% which was an decrease of .0002795626% from its proportion measured as of August 31, 2022.

For the year ended August 31, 2024, the District recognized OPEB expense of \$(226,237) and revenue of \$(136,680) for support provided by the State.

**KLONDIKE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED AUGUST 31, 2024**

EE. Defined Other Post-Employment Benefit Plan (Continued)

Changes Since the Prior Actuarial Valuation

This 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.

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

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 23,972	\$ 445,772
Changes in Actuarial Assumptions	72,321	324,444
Difference Between Projected and Actual Investment Earnings	229	-
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	245,505	151,454
Contributions Paid to TRS Subsequent to the Measurement Date	20,152	-
Total as fiscal year end	<u>\$ 362,179</u>	<u>\$ 921,670</u>

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

Year ended August 31:	(Benefit) OPEB Expense
2025	\$ (133,660)
2026	(109,357)
2027	(76,456)
2028	(85,152)
2029	(69,866)
Thereafter	(105,152)

Required Supplementary Information

This Page Left Blank Intentionally

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

FOR THE YEAR ENDED AUGUST 31, 2021					
Data			Actual Amounts	Variance With	
Control	Budgeted Amounts		(GAAP BASIS)	Final Budget	
Codes	Original	Final		Positive or (Negative)	
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 32,916,019	\$ 33,659,019	\$ 33,728,519	\$ 69,500
5800	State Program Revenues	315,130	315,130	330,036	14,906
5900	Federal Program Revenues	91,000	91,000	79,384	(11,616)
5020	Total Revenues	33,322,149	34,065,149	34,137,939	72,790
EXPENDITURES:					
Current:					
0011	Instruction	2,883,725	2,484,725	2,430,903	53,822
0012	Instructional Resources and Media Services	36,736	44,736	41,496	3,240
0013	Curriculum and Instructional Staff Development	10,700	10,700	7,425	3,275
0021	Instructional Leadership	66,302	70,302	67,090	3,212
0023	School Leadership	167,496	175,496	170,333	5,163
0031	Guidance, Counseling, and Evaluation Services	141,460	141,460	135,948	5,512
0033	Health Services	500	4,500	2,291	2,209
0034	Student (Pupil) Transportation	238,915	158,915	55,444	103,471
0035	Food Services	310,077	347,077	341,658	5,419
0036	Extracurricular Activities	482,300	561,800	540,394	21,406
0041	General Administration	451,171	491,171	480,148	11,023
0051	Facilities Maintenance and Operations	1,059,414	921,414	877,433	43,981
0052	Security and Monitoring Services	103,671	107,671	105,413	2,258
0053	Data Processing Services	293,152	293,152	286,549	6,603
Capital Outlay:					
0081	Facilities Acquisition and Construction	290,000	2,355,000	2,402,031	(47,031)
Intergovernmental:					
0091	Contracted Instructional Services Between Schools	26,589,920	27,697,920	26,091,282	1,606,638
0093	Payments to Fiscal Agent/Member Districts of SSA	76,940	76,940	75,079	1,861
0099	Other Intergovernmental Charges	102,170	127,170	125,199	1,971
6030	Total Expenditures	33,304,649	36,070,149	34,236,116	1,834,033
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	17,500	(2,005,000)	(98,177)	1,906,823
OTHER FINANCING SOURCES (USES):					
7912	Sale of Real and Personal Property	-	-	1,714	1,714
7915	Transfers In	228,672	263,672	249,643	(14,029)
8911	Transfers Out (Use)	(228,672)	(258,672)	(249,643)	9,029
7080	Total Other Financing Sources (Uses)	-	5,000	1,714	(3,286)
1200	Net Change in Fund Balances	17,500	(2,000,000)	(96,463)	1,903,537
0100	Fund Balance - September 1 (Beginning)	14,979,698	14,979,698	14,979,698	-
3000	Fund Balance - August 31 (Ending)	\$ 14,997,198	\$ 12,979,698	\$ 14,883,235	\$ 1,903,537

This Page Left Blank Intentionally

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

	Measurement Year Ended August 31,										
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	
District's Proportion of the Net Pension Liability (Asset)	0.0016405229%	0.0018276510%	0.0013302967%	0.0012703261%	0.0014687494%	0.0014129586%	0.0014534619%	0.0015479094%	0.0016955000%	0.0007566000%	
District's Proportionate Share of Net Pension Liability (Asset)	\$ 1,126,881	\$ 1,085,029	\$ 338,779	\$ 680,361	\$ 763,502	\$ 777,727	\$ 464,739	\$ 584,932	\$ 599,337	\$ 202,098	
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	1,881,906	1,664,368	804,680	1,703,642	1,547,684	1,712,745	1,100,830	1,380,762	1,369,394	1,158,807	
Total	\$ 3,008,787	\$ 2,749,397	\$ 1,143,459	\$ 2,384,003	\$ 2,311,186	\$ 2,490,472	\$ 1,565,569	\$ 1,965,694	\$ 1,968,731	\$ 1,360,905	
District's Covered Payroll	\$ 2,400,687	\$ 2,376,091	\$ 2,158,407	\$ 2,093,123	\$ 1,970,851	\$ 1,911,631	\$ 1,976,627	\$ 2,018,441	\$ 2,025,951	\$ 1,879,469	
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	46.94%	45.66%	15.70%	32.50%	38.74%	40.68%	23.51%	28.98%	29.58%	10.75%	
Plan Fiduciary Net Position as a % of Total Pension Liability	73.15%	75.62%	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%	

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 86,480	\$ 84,326	\$ 85,284	\$ 56,770	\$ 52,414	\$ 51,408	\$ 47,577	\$ 47,636	\$ 49,162	\$ 50,225
Contribution in Relation to Contractually Required Contribution	(86,480)	(84,326)	(85,284)	(56,770)	(52,414)	(51,408)	(47,577)	(47,636)	(49,162)	(50,225)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 2,599,592	\$ 2,400,687	\$ 2,376,091	\$ 2,158,407	\$ 2,093,123	\$ 1,970,851	\$ 1,911,631	\$ 1,976,627	\$ 2,018,441	\$ 2,025,951
Contributions as a % of Covered Payroll	3.33%	3.51%	3.59%	2.63%	2.50%	2.61%	2.49%	2.41%	2.44%	2.48%

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

	Measurement Year Ended August 31,					
	2023	2022	2021	2020	2019	2017
District's Proportion of the Net OPEB Liability (Asset)	0.0023933838%	0.0026729464%	0.0021453428%	0.0021466448%	0.0021629560%	0.0021704496%
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 529,855	\$ 640,010	\$ 827,555	\$ 816,037	\$ 1,022,887	\$ 1,083,725
State's Proportionate Share of the Net OPEB Liability (Asset) associated with the District	639,351	780,712	1,108,739	1,096,558	1,359,190	1,686,447
Total	\$ 1,169,206	\$ 1,420,722	\$ 1,936,294	\$ 1,912,595	\$ 2,382,077	\$ 2,770,172
District's Covered Payroll	\$ 2,400,687	\$ 2,376,091	\$ 2,158,407	\$ 2,093,123	\$ 1,970,851	\$ 1,976,627
District's Proportionate Share of the Net OPEB Liability (Asset) as a percentage of its Covered Payroll	22.07%	26.94%	38.34%	38.99%	51.90%	56.69%
Plan Fiduciary Net Position as a % of Total OPEB Liability	14.94%	11.52%	6.18%	4.99%	2.66%	1.57%
						0.91%

Note: Only seven years of data is presented in accordance with GASB #75, paragraph 245. "The information for all fiscal years 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."

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

	Fiscal Year Ended August 31,					
	2024	2023	2022	2021	2020	2018
Contractually Required Contribution	\$ 20,152	\$ 20,763	\$ 21,954	\$ 16,760	\$ 16,316	\$ 14,973
Contribution in Relation to Contractually Required Contribution	(20,152)	(20,763)	(21,954)	(16,760)	(16,316)	(14,973)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 2,599,592	\$ 2,400,687	\$ 2,376,091	\$ 2,158,407	\$ 2,093,123	\$ 1,911,636
Contributions as a % of Covered Payroll	0.78%	0.86%	0.92%	0.78%	0.78%	0.78%

Note: Only seven years of data is presented in accordance with GASB #75, paragraph 245. "The information for all fiscal years 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."

KLONDIKE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

A. NOTES TO SCHEDULES FOR THE TRS PENSION

Changes of Benefit Terms

The Texas 2023 Legislature passed legislation that provides a one-time stipend to certain retired teachers. The stipend was paid to retirees beginning in September 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 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.

Changes of Assumptions

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

B. NOTES TO SCHEDULES FOR THE TRS OPEB PLAN

Changes of Benefit Terms

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

Changes of Assumptions

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.

This Page Left Blank Intentionally

Other Supplementary Information

This Page Left Blank Intentionally

Required TEA Schedules

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

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2015 and prior years	Various	Various	\$ Various
2016	1.040000	0.095295	1,083,370,323
2017	1.040000	0.163733	643,836,695
2018	1.040000	0.130282	797,459,105
2019	1.170000	0.125000	976,415,830
2020	1.068350	0.006680	1,919,842,128
2021	0.963000	0.052200	1,882,565,395
2022	0.963000	0.052200	1,710,817,031
2023	0.942900	0.052200	3,156,504,070
2024 (School year under audit)	0.757500	0.052200	4,449,187,157
1000 TOTALS			
8000 Total Taxes Refunded Under Section 26.1115, Tax Code			

(10) Beginning Balance 9/1/2023	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2024	(99) Taxes Refunded Under Section 26.1115c
\$ 90,839	\$ -	\$ 328	\$ 1,930	\$ -	\$ 88,581	
23,275	-	550	51	-	22,674	
12,755	-	345	54	-	12,356	
12,619	-	320	40	-	12,259	
34,817	-	2,808	300	-	31,709	
68,683	-	5,637	352	-	62,694	
269,737	-	27,553	1,493	-	240,691	
282,486	-	175,102	9,492	-	97,892	
3,684,621	-	508,664	28,160	1,912	3,149,709	
-	36,022,305	32,010,989	2,206,092	(999)	1,804,225	
<u>\$ 4,479,832</u>	<u>\$ 36,022,305</u>	<u>\$ 32,732,296</u>	<u>\$ 2,247,964</u>	<u>\$ 913</u>	<u>\$ 5,522,790</u>	

\$ 1,772

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 2,263,826	\$ 2,263,826	\$ 2,303,584	\$ 39,758
5800 State Program Revenues	-	-	1,593	1,593
5020 Total Revenues	2,263,826	2,263,826	2,305,177	41,351
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Liabilities	1,110,000	1,110,000	1,110,000	-
0072 Interest on Long-Term Liabilities	72,750	72,750	72,750	-
0073 Bond Issuance Cost and Fees	800	800	300	500
6030 Total Expenditures	1,183,550	1,183,550	1,183,050	500
1200 Net Change in Fund Balances	1,080,276	1,080,276	1,122,127	41,851
0100 Fund Balance - September 1 (Beginning)	1,146,310	1,146,310	1,146,310	-
3000 Fund Balance - August 31 (Ending)	\$ 2,226,586	\$ 2,226,586	\$ 2,268,437	\$ 41,851

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

Section A: Compensatory Education Programs

AP1	Did your district expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the district have written policies and procedures for its state compensatory education program?	Yes
AP3	Total state allotment funds received for state compensatory education programs during the district's fiscal year.	115,269
AP4	Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24,26,28,29,30)	292,731

Section B: Bilingual Education Programs

AP5	Did your district expend any bilingual education program state allotment funds during the district's fiscal year?	Yes
AP6	Does the district have written policies and procedures for its bilingual education program?	Yes
AP7	Total state allotment funds received for bilingual education programs during the district's fiscal year.	8,562
AP8	Actual direct program expenditures for bilingual education programs during the district's fiscal year. (PIC 25)	13,285

This Page Left Blank Intentionally

***Overall Compliance and Internal
Controls Section***

This Page Left Blank Intentionally

STEPHENS, STEPHENS, & TELCHIK, P.C.

MEMBER AICPA
MEMBER TSCPA

Certified Public Accountants
P.O. Box 500 - 212 So. Houston Ave.
LAMESA, TEXAS 79331-0500
Phone: 806-872-3030
Fax: 806-872-5735

S.E. STEPHENS, CPA
RAY A. STEPHENS, CPA
KEVIN TELCHIK, CPA

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

Board of School Trustees
Klondike Independent School District
Lamesa, Texas

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 Klondike Independent School District (the District) as of and for the year ended August 31, 2024, and related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 22, 2025.

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 our opinions 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 District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying schedule of findings and responses item 2024-1.

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.

Stephens, Stephens, & Telchik PC
Certified Public Accountants

Lamesa, Texas

January 22, 2025

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

Current Year Findings-

None

Corrective Action Plan-

N/A

Status of Prior Year Findings-

N/A

This Page Left Blank Intentionally