

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

CHESTER INDEPENDENT SCHOOL DISTRICT
Annual Financial Report for the
Year Ended August 31, 2024

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**CHESTER INDEPENDENT SCHOOL DISTRICT
CERTIFICATE OF BOARD**

<u>Chester Independent School District</u>	<u>Tyler</u>	<u>229-906</u>
Name of School District	County	County-District Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) approved disapproved for the year ended August 31, 2024, at a meeting of the Board of Trustees of such school district on the 16th day of December, 2024.



Signature of Board Secretary



Signature of Board President

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

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FINANCIAL SECTION



Certified Public Accountants

Goff & Herrington, P.C.

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A.J. Goff, CPA
Ronnie Herrington, CPA
Daniel Raney, CPA
Laurie Durbin, CPA

Independent Auditor's Report

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

Independent Auditor's Report

Members of the Board of Trustees

December 9, 2024

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

Independent Auditor's Report

Members of the Board of Trustees

December 9, 2024

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 12, budgetary comparison information on page 47, and the Teacher's Retirement System pension and OPEB schedules on pages 48 through 56, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Independent Auditor's Report

Members of the Board of Trustees

December 9, 2024

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Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

Goff & Herrington, P.C.

GOFF & HERRINGTON, P.C.

Certified Public Accountants

Lufkin, Texas

December 9, 2024

CHESTER INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

FINANCIAL HIGHLIGHTS

- ▶ The District's total combined net position was \$1,085,557 as of August 31, 2024.
- ▶ During the year ended August 31, 2024, the District's net position increased by \$131,351 from operations.
- ▶ The District generated \$4,080,275 in taxes and other revenues from governmental activities.
- ▶ The total cost of the District's programs was \$3,948,924.
- ▶ The general fund reported a total fund balance this year of \$625,693, all of which is unassigned at year-end.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of three parts - **management's discussion and analysis** (this section), the **basic financial statements**, and **required supplementary information**. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The required supplementary information further explains and supports the information in the financial statements.

Government-wide Financial Statements

The District's annual financial report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District's finances. Financial reporting at this level uses a perspective similar to that found in the private sector.

The first of these government-wide financial statements is the **Statement of Net Position**. This is the District wide statement of financial position presenting information that includes all of the District's assets, liabilities, and deferred outflows and inflows of resources, with the difference reported as **net position**. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non financial factors such as changes to the District's tax base.

The second government-wide financial statement is the **Statement of Activities**, which reports how the District's net position changed during the current year. All current revenues and expenses are included regardless of when the cash is received or paid.

CHESTER INDEPENDENT SCHOOL DISTRICT

The government-wide financial statements of the District include the governmental activities of the District. These are the basic services such as instruction, extracurricular activities, curriculum and staff development, health services, and administration. Property taxes, state aid, and federal grants finance most of these activities.

Fund Financial Statements

The fund financial statements focus on individual parts of the government, reporting the District's operations in more detail than the government-wide statements.

- ▶ The governmental funds statements tell how general government services were financed in the short term as well as what remains for future spending.
- ▶ The fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

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

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

The District has two kinds of funds:

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

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

The accompanying notes to the financial statements provide essential information to a full understanding of the government-wide and fund financial statements.

CHESTER INDEPENDENT SCHOOL DISTRICT

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District’s combined net position was \$1,085,557 as of August 31, 2024. The following table provides a summary of the District’s net position.

The District’s Net Position

	Governmental Activities		
	2024	2023	% Change
Current and Other Assets	4,963,280	1,163,746	326.5%
Capital and Non-Current Assets	3,506,640	1,632,662	114.8%
Total Assets	8,469,920	2,796,408	202.9%
Deferred Outflows - TRS	961,999	996,291	(3.4)%
Total Deferred Outflows of Resources	961,999	996,291	(3.4)%
Other Liabilities	335,196	174,820	91.7%
Long Term Liabilities	6,881,881	1,379,815	398.8%
Total Liabilities	7,217,077	1,554,635	364.2%
Deferred inflows - TRS	1,129,285	1,283,858	(12.0)%
Total Deferred Inflows of Resources	1,129,285	1,283,858	(12.0)%
Net Position			
Net Investment in Capital Assets	1,739,303	1,621,721	7.3%
Restricted	4,968	8,122	(38.8)%
Unrestricted	(658,714)	(675,637)	2.5%
Total Net Position	1,085,557	954,206	13.8%

The District’s restricted net position of \$4,968 consists of \$4,454 restricted for campus activities and \$514 restricted for debt service.

Changes in Net Position. The District’s total revenues were \$4,080,275. A significant portion, 53.76 percent, of the District’s revenue comes from state aid-formula grants. Property taxes represent 17.55 percent of the District’s revenue. The rest of the District’s revenue comes from federal operating grants, charges for services, investment earnings, and other local sources.

The total cost of all programs and services was \$3,948,924; 54.95 percent of these costs are for instructional and student services.

CHESTER INDEPENDENT SCHOOL DISTRICT

Governmental Activities

The following table provides a summary of the District’s changes in net position.

Changes in the District’s Net Position

	Governmental Activities		
	2024	2023	% Change
Revenues:			
Program Revenues:			
Charges for services	45,541	42,173	8.0%
Operating grants	226,376	547,973	(58.7)%
General Revenues:			
Property taxes	1,001,925	959,500	4.4%
State aid - formula	2,193,633	1,893,673	15.8%
Investment earnings	238,092	283	84031.4%
Other general revenues	374,708	125,986	197.4%
Total revenues	4,080,275	3,569,588	14.3%
Expenses:			
Instructional and instructional related	1,866,528	1,988,951	(6.2)%
Instructional and school leadership	57,309	128,845	(55.5)%
Counseling and health services	66,053	48,759	35.5%
Student transportation	152,066	178,042	(14.6)%
Food services	144,822	205,439	(29.5)%
Cocurricular/Extracurricular	230,833	256,943	(10.2)%
General administration	399,052	390,250	2.3%
Plant maintenance and security	502,811	416,888	20.6%
Data processing services	55,379	53,561	3.4%
Debt services	381,735	946	40252.5%
Payments related to shared service arrangements	92,336	85,548	7.9%
Total expenses	3,948,924	3,754,172	5.2%
Increase (Decrease) in net position	131,351	(184,584)	(171.2)%
Beginning Net Position	954,206	1,138,790	(16.2)%
Ending Net Position	1,085,557	954,206	13.8%

CHESTER INDEPENDENT SCHOOL DISTRICT

The District’s maintenance and operations property tax rate of \$0.7573, decreased 19.67 percent from last year’s rate of \$0.9427. The District added an interest and sinking property tax rate of \$0.3000 during the year. Total property tax revenue decreased 1.11 percent due to the maintenance and operations rate decrease.

The cost of governmental activities may be summarized as follows:

- ▶ The cost of all governmental activities this year was \$3,948,924.
- ▶ The amount that our taxpayers paid for these activities through property taxes was \$1,001,925.
- ▶ Some of the cost was paid by those who directly benefitted from the programs (\$45,541), or
- ▶ By operating grants (\$226,376).

The following table presents the cost of each of the District’s largest functions as well as each functions net cost (total cost less fees generated by activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

Net Cost of Selected District Functions

	Total cost of services			Net cost of services		
	2024	2023	% Change	2024	2023	% Change
Instruction	1,825,783	1,953,625	(6.5)%	1,682,872	1,608,720	4.6%
Student Transportation	152,066	178,042	(14.6)%	152,066	174,953	(13.1)%
Maintenance & Operations	486,746	405,523	20.0%	486,746	400,890	21.4%
Extracurricular Activities	230,833	256,943	(10.2)%	206,371	237,735	(13.2)%
General Administration	399,052	390,250	2.3%	395,973	380,384	4.1%

FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS

Revenues from governmental fund types totaled \$4,074,206, an increase of 10.86 percent from the preceding year. The increase was primarily due to an increase in federal program revenues.

The District’s governmental funds ended the year with a reported combined fund balance of \$4,258,741, an increase of \$3,610,522 from last years ending balance of \$648,219. The increase is a result unexpended bond proceeds.

CHESTER INDEPENDENT SCHOOL DISTRICT

General Fund Budgetary Highlights

Over the course of the year the District revised the operating budget as actual results were analyzed. Actual expenditures were \$272,249 above final budget amounts. The most significant negative variance results were in the instruction and school leadership functions, as final expenditures were greater than expected.

Additionally reported total revenues were \$196,158 above the final budgeted amounts as local and intermediate sources and state and federal program revenues were more than anticipated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2024, the District had invested \$6,752,721, less depreciation of \$3,246,081, in a broad range of capital assets, including land, school buildings, athletic facilities, instructional equipment, and school buses. The following table provides a summary of the District’s capital assets.

District’s Capital Assets

(Net of depreciation)

	<u>Governmental Activities</u>		
	<u>2024</u>	<u>2023</u>	<u>% Change</u>
Land	59,917	59,917	0.0%
Buildings & improvements	1,234,865	1,180,199	4.6%
Equipment & vehicles	295,734	392,546	(24.7)%
Right-to-use leased assets	-	-	0.0%
Construction in progress	1,916,124	-	100.0%
Net capital assets	<u><u>3,506,640</u></u>	<u><u>1,632,662</u></u>	<u><u>114.8%</u></u>

Significant capital expenditures in 2024 included beginning construction on the new high and junior high schools. The District’s 2025 capital budget includes continued construction on building the new school buildings and safety and security improvements.

More detailed information about the District’s capital assets is presented in the notes to the financial statements.

CHESTER INDEPENDENT SCHOOL DISTRICT

Long-term Debt

The following table provides a summary of the District’s long-term debt.

	District’s Long-term Debt		
	<u>Governmental Activities</u>		
	2024	2023	% Change
Lease obligations	2,878	10,941	(73.7)%
Bond obligations	5,115,000	-	100.0%
Total long term debt	<u>5,117,878</u>	<u>10,941</u>	<u>46677.1%</u>

At year end, the District had \$5,115,000 in unlimited tax school building bonds outstanding as shown above. The District’s bonds presently carry favorable ratings of “A3” with Moody’s.

More detailed information about the District’s debt is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

- ▶ Appraised values used for the 2025 budget preparation were \$107,920,952, a 12.36 percent increase from 2024 actuals.
- ▶ The District’s 2025 average daily attendance is expected to be 183 which is a 6.15 percent decrease from 2024.

These indicators were taken into account when adopting the general fund budget for 2025. Amounts available for expenditure in the general fund budget are \$3,122,534, a decrease of 0.09 percent from the final 2024 budget of \$3,125,256. The District will use these revenues to finance programs we currently offer.

Expenditures are budgeted to decrease 11.60 percent to \$3,122,534. If the budgeted estimates are realized, the District’s budgetary general fund balance is expected to remain unchanged by the close of 2025.

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District’s finances and to demonstrate accountability for the money it receives. If you have any questions about this report or need additional financial information contact the District’s Business Manager, 273 Yellowjacket Drive, Chester, Texas 75936.

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Government-Wide Financial Statements

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

Data Control Codes		<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
	ASSETS	
1110	Cash and cash equivalents	4,539,671
1220	Property taxes receivable - delinquent	416,572
1230	Allowance for uncollectible taxes (credit)	(41,657)
1240	Due from other governments	48,694
	Capital Assets:	
1510	Land	59,917
1520	Buildings, net	1,234,865
1530	Furniture and equipment, net	295,734
1580	Construction in progress	1,916,124
1000	Total assets	<u>8,469,920</u>
	DEFERRED OUTFLOWS OF RESOURCES	
1705	Deferred outflow related to TRS Pension	399,401
1706	Deferred outflow related to TRS OPEB	562,598
1700	Total deferred outflows of resources	<u>961,999</u>
	LIABILITIES	
2140	Interest payable	5,573
2160	Accrued wages payable	134,903
2200	Accrued expenses	5,812
2300	Unearned revenues	188,908
	Long Term Liabilities:	
2501	Due within one year	62,878
2502	Due after one year	5,332,539
2540	Net pension liability	940,353
2545	Net OPEB liability	546,111
2000	Total liabilities	<u>7,217,077</u>
	DEFERRED INFLOWS OF RESOURCES	
2605	Deferred inflow related to TRS Pension	53,530
2606	Deferred inflow related to TRS OPEB	1,075,755
2600	Total deferred inflows of resources	<u>1,129,285</u>
	NET POSITION	
3200	Net investment in capital assets	1,739,303
3850	Restricted for debt service	514
3850	Restricted for capital projects	
3870	Restricted for campus activities	4,454
3900	Unrestricted net position	(658,714)
3000	Total net position	<u>1,085,557</u>

The accompanying notes are an integral part of this statement

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

Data Control Codes	1	Program Revenues		Program Revenues	Net (Expense) Revenue and Changes in Net Position	
		3	4	5		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental activities:						
11	Instruction	1,825,783	-	142,911	-	(1,682,872)
12	Instructional resources and media service	35,777	-	-	-	(35,777)
13	Curriculum and staff development	4,968	-	-	-	(4,968)
23	School leadership	57,309	-	-	-	(57,309)
31	Guidance, counseling, and evaluation	15,263	-	905	-	(14,358)
33	Health services	50,790	-	-	-	(50,790)
34	Student transportation	152,066	-	-	-	(152,066)
35	Food service	144,822	21,079	70,065	-	(53,678)
36	Cocurricular/extracurricular activities	230,833	24,462	-	-	(206,371)
41	General administration	399,052	-	3,079	-	(395,973)
51	Plant maintenance and operations	486,746	-	-	-	(486,746)
52	Security and monitoring services	16,065	-	8,239	-	(7,826)
53	Data processing services	55,379	-	-	-	(55,379)
72	Interest on long-term debt	235,508	-	-	-	(235,508)
73	Bond issuance costs and fees	146,227	-	-	-	(146,227)
93	Payments related to SSA	92,336	-	1,177	-	(91,159)
TP	Total primary government	<u>3,948,924</u>	<u>45,541</u>	<u>226,376</u>	<u>-</u>	<u>(3,677,007)</u>
Data Control Codes						
General revenues:						
Taxes:						
MT	Property taxes, levied for general purposes					715,957
DT	Property taxes, levied for debt service					285,968
SF	State aid formula grants					2,193,633
GC	Grants and contributions not restricted to specific programs					141,944
IE	Investment earnings					238,092
MI	Miscellaneous					232,764
TR	Total general revenues					<u>3,808,358</u>
CN	Change in net position					131,351
NB	Net position, beginning					<u>954,206</u>
NE	Net position, ending					<u><u>1,085,557</u></u>

The accompanying notes are an integral part of this statement

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Governmental Fund Financial Statements

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

Data Control Codes	10 General Fund	60 Capital Projects Fund	Other Gov Funds	98 Total Governmental Funds	
ASSETS					
1110	Cash and cash equivalents	892,076	3,628,080	19,515	4,539,671
1220	Property taxes receivable - delinquent	381,006	-	35,566	416,572
1230	Allowance for uncollectible taxes (credit)	(38,101)	-	(3,556)	(41,657)
1240	Due from other governments	2,327	-	46,367	48,694
1260	Due from other funds	46,367	-	-	46,367
1000	Total Assets	1,283,675	3,628,080	97,892	5,009,647
LIABILITIES					
2160	Accrued wages payable	122,690	-	12,213	134,903
2170	Due to other funds	-	-	46,367	46,367
2200	Accrued expenditures	3,478	-	2,334	5,812
2300	Unearned revenues	188,908	-	-	188,908
2000	Total Liabilities	315,076	-	60,914	375,990
DEFERRED INFLOWS OF RESOURCES					
2601	Unavailable revenue - property taxes	342,906	-	32,010	374,916
2600	Total Inflows of Resources	342,906	-	32,010	374,916
FUND BALANCES					
Restricted Fund Balance					
3450	Federal or State grants	-	-	-	-
3480	Retirement of long-term debt	-	-	514	514
Committed Fund Balance					
3510	Construction	-	3,628,080	-	3,628,080
Assigned Fund Balance					
3590	Other assigned fund balance	-	-	4,454	4,454
3600	Unassigned fund balance	625,693	-	-	625,693
3000	Total Fund Balances	625,693	3,628,080	4,968	4,258,741
4000	Total Liabilities, Deferred Inflows and Fund Balances	1,283,675	3,628,080	97,892	5,009,647

The accompanying notes are an integral part of this statement

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

	Total fund balances - governmental funds	4,258,741
1	Capital assets used in governmental activities are not financial resources, and therefore; they are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$4,674,046 and the accumulated depreciation was \$3,041,384. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore; they are not reported as liabilities in the governmental funds. The net effect of including beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net position.	1,621,721
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 current year capital outlays and debt principal payments is to increase net position.	(3,311,374)
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 in the amount of \$940,353, a deferred resource inflow related to TRS in the amount of \$53,530, and a deferred resource outflow related to TRS in the amount of \$399,401. This amounted to a decrease in net position in the amount of \$594,482.	(594,482)
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 in the amount of \$546,111, a deferred resource inflow related to TRS in the amount of \$1,075,755, and a deferred resource outflow related to TRS in the amount of \$562,598. This amounted to a decrease in net position in the amount of \$1,059,268.	(1,059,268)
5	The current depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(204,697)
6	Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying debt proceeds, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications is to increase (decrease) net position.	374,916
	Net Position of governmental activities	1,085,557

The accompanying notes are an integral part of this statement

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

Data Control Codes	10 General Fund	60 Capital Projects Fund	Other Gov Funds	98 Total Governmental Funds	
REVENUES					
5700	Total local and intermediate sources	957,697	229,204	297,212	1,484,113
5800	State program revenues	2,348,720	-	28,819	2,377,539
5900	Federal program revenues	14,997	-	197,557	212,554
5020	Total revenues	<u>3,321,414</u>	<u>229,204</u>	<u>523,588</u>	<u>4,074,206</u>
EXPENDITURES					
0011	Instruction	1,604,803	-	148,514	1,753,317
0012	Instructional resources and media services	35,777	-	-	35,777
0023	School leadership	54,980	-	-	54,980
0031	Guidance, counseling, and evaluation services	12,256	-	905	13,161
0033	Health services	51,380	-	-	51,380
0034	Student transportation	94,069	-	-	94,069
0035	Food service	-	-	142,993	142,993
0036	Cocurricular/extracurricular activities	210,236	-	-	210,236
0041	General administration	399,125	-	3,079	402,204
0051	Plant maintenance and operations	475,779	-	-	475,779
0052	Security and monitoring services	3,473	-	8,239	11,712
0053	Data processing services	55,379	-	-	55,379
0071	Principal on long-term debt	8,063	-	170,000	178,063
0072	Interest on long-term debt	946	-	238,559	239,505
0073	Bond issuance costs and fees	-	-	146,227	146,227
0081	Facilities acquisition and construction	162,551	1,916,124	-	2,078,675
0093	Payments related to shared services	91,159	-	1,177	92,336
6030	Total expenditures	<u>3,259,976</u>	<u>1,916,124</u>	<u>859,693</u>	<u>6,035,793</u>
1100	Excess (deficiency) of revenues over expenditures	61,438	(1,686,920)	(336,105)	(1,961,587)
OTHER FINANCING SOURCES (USES)					
7911	Capital related debt issued	-	-	5,285,000	5,285,000
7915	Transfers in	-	5,315,000	75,842	5,390,842
7916	Premium on issuance of bonds	-	-	287,109	287,109
8911	Transfers out	(75,842)	-	(5,315,000)	(5,390,842)
7080	Total other financing sources and uses	<u>(75,842)</u>	<u>5,315,000</u>	<u>332,951</u>	<u>5,572,109</u>
1200	Net change in fund balances	(14,404)	3,628,080	(3,154)	3,610,522
0100	Fund balance - September 1 (beginning)	640,097	-	8,122	648,219
3000	Fund balance - August 31 (ending)	<u>625,693</u>	<u>3,628,080</u>	<u>4,968</u>	<u>4,258,741</u>

The accompanying notes are an integral part of this statement

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

Net change in fund balances - governmental funds	3,610,522
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the current year capital outlays and debt principal payments is to increase net position.	(3,311,374)
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.	(204,697)
Current year changes in amounts related to GASB 68 increased revenues in the amount of \$138,554, and increased expenditures in the amount of \$251,858. The net effect on the change in the ending net position was a decrease in the amount of \$113,304.	(113,304)
Current year changes in amounts related to GASB 75 decreased revenues in the amount of \$166,694, and decreased expenditures in the amount of \$282,689. The net effect on the change in the ending net position was an increase in the amount of \$115,995.	115,995
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying debt proceeds, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications is to increase (decrease) net position.	34,209
Change in net position of governmental activities	131,351

The accompanying notes are an integral part of this statement

Fiduciary Fund Financial Statements

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

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	<u>125,671</u>
Total Assets	<u><u>125,671</u></u>
NET POSITION	
Restricted for other purposes	<u>125,671</u>
Total Net Position	<u><u>125,671</u></u>

The accompanying notes are an integral part of this statement

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

	Custodial Funds
ADDITIONS:	
Miscellaneous revenue - student activities	212,924
Earnings from temporary deposits	49
Total Additions	212,973
DEDUCTIONS:	
Professional and contracted services	16,808
Supplies and materials	135,917
Other deductions	49,089
Total Deductions	201,814
Change in Net Position	11,159
Total Net Position - September 1 (Beginning)	114,512
Total Net Position - August 31 (Ending)	125,671

The accompanying notes are an integral part of this statement

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FINANCIAL REPORTING ENTITY

Chester Independent School District (District) is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (Board) elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting and financial reporting principles promulgated by the Governmental Accounting Standards Board; and it complies with the requirements of the appropriate version of Texas Education Agency’s Financial Accountability System Resource Guide (Resource Guide) and the requirements of contracts and grants of agencies from which it receives funds.

The Board is elected by the public and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. The Board has the primary accountability for all fiscal matters. Because of this, the District is not included in any other governmental “reporting entity” as defined by the Governmental Accounting Standards Board (GASB) in its statement No. 14, “The Financial Reporting Entity,” including subsequent revisions. There are no component units included within the reporting entity.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the District as a whole excluding fiduciary activities. Individual funds are not displayed but the statements present Governmental Activities which include programs supported by ad valorem taxes, state aid formula grants, and federal grants.

The statement of activities reports the expenses of the District’s functions offset by program revenues directly connected with the function. A function is a general operational area in the District that groups together similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with the function. Program revenues include: (1) charges for services which report charges to users of the District’s services such as tuition paid by students not residing in the District, athletic gate receipts, and school lunch charges; and (2) operating grants and contributions which finance annual operating activities of the District such as the Elementary and Secondary Education Act. Taxes, state aid formula grants, and other revenue sources not properly included with program revenues are reported as general revenues.

All interfund transactions between governmental funds are eliminated on the government-wide financial statements. Interfund activities between governmental funds and fiduciary funds remain as due to/from on the government-wide statement of net position.

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

Fund Financial Statements

Fund financial statements provide reports on the financial condition and results of operations for governmental and fiduciary funds. Major individual governmental funds are reported in separate columns with composite columns for non-major funds. Interfund activity between governmental funds appear as due to/from on the governmental fund balance sheet and as other resources and other uses on the governmental fund statement of revenues, expenditures, and changes in fund balance.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The financial statements of the District are prepared in accordance with generally accepted accounting principles (GAAP). The District applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The government-wide financial statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Fiduciary fund financial statements also report using this same focus and basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grant revenues are recognized when allowable expenditures are made under the provisions of the grant.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for unmatured bond principal and interest on long-term debt, which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: property taxes, state aid formula grants, and investment income. In general, other revenues are recognized when cash is received. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as needed.

The District does not allocate general administration or support services expenses to other functions. Depreciation expense for buildings that house District staff serving different functions is included in the direct expenses of the appropriate functions.

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

D. FUND TYPES AND MAJOR FUNDS

The District accounts are organized on the basis of funds, each of which is considered a separate accounting entity. The District has established several individual funds that are organized within a separate set of self-balancing accounts comprised of assets, liabilities, fund balance, revenues, and expenditures or expenses as appropriate. Governmental resources allocated to individual funds are recorded for the purpose of carrying on specific activities in accordance with laws, regulations, or other appropriate requirements. District accounts are organized into funds as described below:

Major Governmental Funds:

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

Capital Projects Fund - This fund accounts for proceeds from debt to be used for authorized construction, furnishing, and equipping of instructional facilities.

Non Major Governmental Funds:

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

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. Sometimes any unused balances must be returned to the grantor at the close of the specified project periods.

Other Fund Types:

Custodial Fund - The District accounts for resources held for others in a custodial capacity in the custodial fund. The District's custodial fund is used to account for the activities of student groups and other organizational activities.

Fiduciary funds are accounted for in the fiduciary fund financial statements. However, because these funds are held in a custodial or trust capacity and are therefore not available to support district programs, these funds are not included in the government-wide financial statements.

E. OTHER ACCOUNTING POLICIES

Cash and Cash Equivalents - The District considers deposits and highly liquid investments with a maturity date of three months or less and all local government pools to be cash equivalents.

Capital Assets and Depreciation - The District's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Donated assets are stated at fair value on the date donated. The District generally capitalizes assets with a cost of \$5,000 or more as purchases or construction occurs. The cost of normal maintenance and repairs that do not add to the asset value or materially extend useful

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

lives are not capitalized. Capital assets are depreciated using the straight line method. The District has elected not to report major general infrastructure assets retroactively. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded. Estimated useful lives, in years, for capital assets are as follows:

Buildings	30-50
Improvements	10-20
Transportation equipment	5-10
Furniture, fixtures, and equipment	5-10

The governmental fund financial statements recognize capital outlay as an expense of the current period. Proceeds from the sale of capital assets are reported as miscellaneous revenues when received.

Long-Term Debt - In the government-wide financial statements, outstanding debt is reported as liabilities. Bond premiums are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of applicable bond premiums. The governmental fund financial statements recognize the proceeds of debt and premiums received as other financing sources of the current period and principal and interest payments as expense.

Leases - The District is the lessee for noncancelable leases of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

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 and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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 a future period and so will not be recognized as an inflow of resources (revenue) until then.

Net Position and Fund Balance - Net position in the statement of net position include components that are restricted for use in local programs, to pay debt service on capital related debt, for use in food service operations, construction, or future operating deficits.

Unassigned fund balance in the governmental funds financial statements represents that portion of fund balance that is available for budgeting in future operations. The assigned fund balance represents fund balance that has been implicitly assigned as it is accounted for in particular funds, other than the general fund. Committed fund balance represents amounts approved by the Board of Trustees. Restricted fund balance is that portion of fund balance which is not available for

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

appropriation or which has been legally separated for specific purposes. The Special Revenue Fund assigns \$4,454 for campus activities. The Debt Service Fund restricts \$514 for retirement of long-term debt.

Compensated Absences - It is the District's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District. Vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements if determined to be material at year end. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Pensions - The fiduciary net position of the Teachers 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 the 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.

Other Post-Employment Benefits (OPEB) - The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to 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.

Fund Balance Policy - The District reports fund balances for governmental funds in classifications based primarily on the extent to which the entity is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The nonspendable classification represents assets that will be consumed or maintained intact; and, therefore will never convert to cash, such as inventories of supplies and endowments. Provisions of laws, contracts, and grants specify how fund resources can be used in the restricted classification. The nature of these two classifications precludes a need for a policy from the Board. However, the Board has adopted fund balance policies for the three unrestricted classifications-committed, assigned, and unassigned.

The District's restricted fund balances represent amounts restricted for state and federal programs and amounts restricted for retirement of long term debt.

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

When the District incurs expenditures that can be made from either restricted or unrestricted balances, the expenditures are charged to restricted balances. When the District incurs expenditures that can be made from either committed, assigned, or unassigned balances, the expenditures are charged to committed, assigned and then unassigned.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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

Subsequent Events - Management has evaluated subsequent events through December 9, 2024, the date the financial statements were available to be issued.

F. BUDGETARY DATA

The Board of Trustees adopts an annual budget consistent with generally accepted accounting principles for the General Fund, Debt Service Fund, and the Child Nutrition Fund (which is included in the Special Revenue Funds.) The District is required to present the adopted and final budgeted revenues and expenditures for each of these funds.

The following procedures are followed in establishing the budgetary data reflected in the budgetary comparison schedules.

1. Prior to August 20, 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. At least ten days public notice of the meeting must be 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 meeting. 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 the fiscal year end. During the fiscal year ended August 31, 2024, the District made significant budget amendments to the instruction and plant maintenance and operations functions, which increased overall appropriations over the original budget.
4. Each budget is monitored by the business manager at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

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

DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

Legal and Contractual Provisions Governing Deposits and 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 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, and (10) 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.

Policies Governing Deposits and Investments. In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy. The policy addresses the following risks:

Deposits

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy regarding types of deposits allowed and collateral requirements is that the funds of the District must be deposited under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect 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. The District's cash deposits at August 31, 2024 and during the year ended 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.

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

The District was not exposed to custodial credit risk as all deposits were covered by depository insurance or by pledged collateral as follows:

1. Depository: American State Bank, Chester, Texas
2. The market value of securities pledged as of the date of the highest combined balance on deposit was \$6,600,000.
3. The highest combined balances of cash, savings, and time deposit accounts amounted to \$6,545,277 and occurred during the month of October, 2023.
4. Total amount of FDIC coverage at the time of the highest combined balance was \$250,000.

Investments

Credit Risk - This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. The District was not exposed to credit risk at August 31, 2024.

Custodial Credit Risk - Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the name of the District. The District was not exposed to custodial credit risk at August 31, 2024.

Interest Rate Risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. The District was not exposed to interest rate risk at August 31, 2024.

Concentration of Credit Risk - This is the risk of loss attributed to the magnitude of the government's investment in a single issuer. The District was not exposed to concentration of credit risk at August 31, 2024.

Foreign Currency Risk - This is the risk that exchange rates will adversely affect the fair value of an investment. The District was not exposed to foreign currency risk at August 31, 2024.

B. RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, AND UNEARNED REVENUE

Property Tax Calendar, Property Tax Receivables, and Unearned Revenue

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 located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. In the governmental fund financial statements, property tax revenues are considered available (1) when they become due or past due and receivable 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.

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

Delinquent tax collections are prorated between maintenance and debt service based on rates adopted for the year of the levy. Delinquent taxes receivable not paid within 60 days of year end, are recorded as deferred inflows of resources, net of an estimated allowance for uncollectible taxes. Allowances for uncollectible tax receivables within the General Fund are based on 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.

In the government-wide financial statements, property taxes receivable, net of an allowance for uncollectible taxes, and related revenue include all amounts due the District regardless of when the cash is received.

Due From/To Other Governments and Deferred Inflows of Resources

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from and to federal and state governments as of August 31, 2024 are summarized below. These amounts are reported on the governmental fund financial statements as due from and to other governments.

Due from other governments at year-end consisted of the following:

Fund	State & Federal Grants	Other	Total
General Fund	-	2,327	2,327
Special Revenue Fund	46,367	-	46,367
	<u>46,367</u>	<u>2,327</u>	<u>48,694</u>

Unearned revenues at year-end consisted of the following:

Fund	State Foundation Adjustments	Other	Total
General Fund	188,908	-	188,908

Deferred inflows of resources at year end consisted of the following:

	General Fund	Debt Service Fund	Total
Unavailable Revenue - Property Taxes	342,906	32,010	374,916

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

C. INTERFUND BALANCES AND TRANSFERS

Interfund due to/from balances at August 31, 2024 consisted of the following amounts:

Due from other Governmental Funds to the General Fund:

Special Revenue Funds	46,367
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Interfund transfers for the year ended August 31, 2024 consisted of the following amounts:

Transfer from the General Fund to Other Governmental Funds:

Debt Service Fund	23,993
Food Service Fund	51,849
Total	75,842

Transfer from the Debt Service Fund to Other Governmental Funds:

Capital Projects Fund	5,315,000
Total	5,315,000

Transfers are periodically used to move revenues from the fund that the budget requires to collect them to the fund that the budget requires to expend them or to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations

D. DISAGGREGATION OF RECEIVABLES

The District disaggregates significant components of receivables in the financial statements. The only receivables not expected to be collected within one year is \$41,657 of delinquent property taxes.

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

E. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Adjustments</u>	<u>Ending Balance</u>
Governmental Activities:				
Land	59,917	-	-	59,917
Buildings and improvements	3,761,440	162,551	-	3,923,991
Vehicles and equipment	825,057	-	-	825,057
Right-to-use leased assets	27,632	-	-	27,632
Construction in progress	-	1,916,124	-	1,916,124
Totals at cost	<u>4,674,046</u>	<u>2,078,675</u>	<u>-</u>	<u>6,752,721</u>
Less accumulated depreciation:				
Buildings and improvements	2,581,241	107,885	-	2,689,126
Vehicles and equipment	432,511	96,812	-	529,323
Right-to-use leased assets	27,632	-	-	27,632
Total accumulated depreciation	<u>3,041,384</u>	<u>204,697</u>	<u>-</u>	<u>3,246,081</u>
Governmental activities capital assets, net	<u><u>1,632,662</u></u>	<u><u>1,873,978</u></u>	<u><u>-</u></u>	<u><u>3,506,640</u></u>

Depreciation was charged to governmental functions as follows:

Instruction	93,698
Instructional Staff Development	4,968
School Leadership	2,919
Counseling	2,129
Student Transportation	58,587
Food Services	3,063
Cocurricular/Extracurricular	21,804
General Administration	159
Plant Maintenance	13,017
Security and Monitoring	<u>4,353</u>
Total depreciation expense	<u><u>204,697</u></u>

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

F. LONG-TERM DEBT

During the year ended August 31, 2024, the District as authorized by Texas Education Code Section 45.003, authorized the issuance of Unlimited Tax School Building Bonds for construction of school facilities.

Unlimited tax school building outstanding at August 31, 2024 are as follows:

- ▶ Series 2024 school building bond, issued in the original amount of \$5,285,000. Interest rate of 5.00%. The bonds final maturity is February 15, 2053.

The sale of the Series 2024 bond issue resulted in a premiums received in the amount of \$287,109, which is being amortized over the life of the bonds.

In prior years, the District entered into a lease agreement for several high-capacity copiers. The lease has an interest rate of 7.769%, monthly payments of \$696, and a maturity date of October, 2024. The total net book value of the leased copiers at August 31, 2024 was \$0.00.

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts due within one year
Lease obligations	10,941	-	8,063	2,878	2,878
Bond Obligations	-	5,285,000	170,000	5,115,000	60,000
Total lease and bonds	10,941	5,285,000	178,063	5,117,878	62,878
Unamortized bond premiums	-	287,109	9,570	277,539	
Total long-term debt	10,941	5,572,109	187,633	5,395,417	62,878

Annual debt service requirements to maturity for the District's long term debt are as follows:

Year ending August 31,	Bonds		Leases		Total
	Principal	Interest	Principal	Interest	
2025	60,000	254,250	2,878	108	317,236
2026	75,000	250,875	-	-	325,875
2027	90,000	246,750	-	-	336,750
2028	95,000	242,125	-	-	337,125
2029	100,000	237,250	-	-	337,250
2030-2034	575,000	1,104,375	-	-	1,679,375
2035-2039	740,000	941,250	-	-	1,681,250
2040-2044	950,000	731,250	-	-	1,681,250
2045-2049	1,220,000	461,250	-	-	1,681,250
2050-2053	1,210,000	124,750	-	-	1,334,750
Totals	5,115,000	4,594,125	2,878	108	9,712,111

**CHESTER INDEPENDENT SCHOOL DISTRICT
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G. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

For the year ended August 31, 2024, revenues from local and intermediate sources reported in the governmental funds consisted of the following:

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Property Taxes	693,171	-	263,432	-	956,603
Food Sales	-	21,078	-	-	21,078
Investment Income	355	105	8,428	229,204	238,092
Penalties, interest, and other tax	10,699	-	414	-	11,113
Cocurricular student activities	24,462	3,755	-	-	28,217
Insurance proceeds	216,281	-	-	-	216,281
Other	12,729	-	-	-	12,729
Total	<u>957,697</u>	<u>24,938</u>	<u>272,274</u>	<u>229,204</u>	<u>1,484,113</u>

H. PENSION PLAN AND RETIREE HEALTH PLAN

Defined Benefit Pension Plan

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

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

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

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

**CHESTER INDEPENDENT SCHOOL DISTRICT
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annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member’s age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member’s age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in above. Texas Government Code section 821.006 prohibits benefit improvements, if, as a result of the particular action, the time required to amortize TRS unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. Actuarial implications of the funding provided in the manner are determined by the System’s actuary.

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

	2024	2023
Member	8.25%	8.00%
Non-Employer Contribution Rate (State)	8.25%	8.00%
Employers	8.25%	8.00%
District’s Employer Contributions	\$ 75,390	\$ 70,369
District’s Member Contributions	\$ 145,915	\$ 161,230
District’s NECE On-Behalf Contributions	\$ 136,139	\$ 150,109

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).

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

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

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

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

**CHESTER INDEPENDENT SCHOOL DISTRICT
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Actuarial Assumptions. The total pension liability in the August 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2022 rolled forward to August 31, 2023
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term expected Investment Rate of Return	7.00%
Municipal Bond Rate	4.13%*
Inflation	2.30%
Salary Increases	2.95% to 8.95% including inflation
Last Year Ending 8/31 in Projection Period	2122
Ad hoc Post Employment Benefit Changes	None

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

The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2023. For a full description of these assumptions please see the actuarial valuation report dated November 22, 2022.

Discount Rate. A single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2023 session. It is assumed that future employer and state contributions will be 9.50 percent of payroll in fiscal year 2024 increasing to 9.56 percent of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

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

**CHESTER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2023 are summarized below:

Asset Class*	Target Allocation**	Long-Term Expected Arithmetic Real Rate of Return***	Expected Contribution to Long-term Portfolio Returns
Global Equity			
U.S.	18.0%	4.0%	1.0%
Non-U.S. Developed	13.0%	4.5%	0.9%
Emerging Markets	9.0%	4.8%	0.7%
Private Equity	14.0%	7.0%	1.5%
Stable Value			
Government Bonds	16.0%	2.5%	0.5%
Absolute Return	0.0%	3.6%	0.0%
Stable Value Hedge Funds	5.0%	4.1%	0.2%
Real Return			
Real Estate	15.0%	4.9%	1.1%
Energy, Natural Resources and Infrastructure	6.0%	4.8%	0.4%
Commodities	0.0%	4.4%	0.0%
Risk Parity			
Risk Parity	8.0%	4.5%	0.4%
Asset Allocation Leverage			
Cash	2.0%	3.7%	0.0%
Asset Allocation Leverage	(6.0)%	4.4%	(0.1)%
Inflation Expectation			2.3%
Volatility Drag****			(0.9)%
Total	100%		8.0%

* Absolute Return includes Credit Sensitive Investments.

**Target allocations are based on the FY2023 model.

*** Capital Market Assumptions come from Aon Hewitt (as of 6/30/2023).

**** The volatility drag results come from the conversion between arithmetic and geometric mean returns.

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

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the net pension liability:	\$1,405,880	\$940,353	\$553,267

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2024, the District reported a liability of \$940,353 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's Proportionate share of the collective net pension liability	\$940,353
State's proportionate share that is associated with the District	<u>1,819,262</u>
Total	<u><u>\$2,759,615</u></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 0.00136897%, compared to 0.00136550% as of August 31, 2022, which is an increase of 0.25%.

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

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For the year ended August 31, 2024, the District recognized pension expense of \$274,693 and revenue of \$136,139 for support provided by the State in the Government-wide Statement of Activities.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$33,505	\$11,387
Changes in actuarial assumptions	88,939	21,765
Difference between projected and actual investment earnings	136,844	-
Changes in proportion and difference between the employer's contribution and the proportionate share of contributions	64,723	20,378
Contributions paid to TRS subsequent to the measurement date	75,390	-
Total	\$399,401	\$53,530

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

Fiscal year:	Pension Expense Amount
2025	\$143,193
2026	41,866
2027	122,672
2028	34,476
2029	3,664
Thereafter	-

I. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

Other Post -Employment Benefit Plan (OPEB)

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.

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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 Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://www.trs.state.tx.us/pages/about_publications.aspx; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

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

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes; including automatic COLAs. The premium rates for retirees are reflected in the following table:

TRS-Care Plan Premium Rates
Effective January 1, 2023 - December 31, 2023

	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.

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Texas Insurance Code, section 1575.202 establishes the state’s contribution rate which is 1.25 percent of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is 0.65 percent of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act, which is 0.75 percent of each active employee’s pay for fiscal year 2023. The following table shows contributions to the TRS-Care plan by type of contributor.

	2024	2023
Member	0.65%	0.65%
Non-Employer Contribution Rate (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
District’s Employer Contributions	\$ 18,827	\$ 21,385
District’s Member Contributions	\$ 11,496	\$ 16,946
District’s NECE On-Behalf Contributions	\$ 25,821	\$ 25,102

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

In addition to the pension plan and TRS-Care state contributions on behalf of the District, the District is allocated a portion of the Medicare Part D retiree drug subsidy that TRS-Care receives. The amounts allocated on behalf of the District were \$9,441, \$10,806 and \$7,243 for the years ended August 31, 2024, 2023 and 2022, respectively.

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

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2021. The following assumptions and other inputs used for members of TRS-Care are based on an

**CHESTER INDEPENDENT SCHOOL DISTRICT
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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 Termination	General Inflation
Rates of Retirement	Rates of Disability	Wage Inflation

The active mortality rates were based on PUB(2010), amount-weighted, below-median income, teacher males 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

Discount Rate. A single discount rate of 4.13 percent was used to measure the total OPEB liability. There was an increase of 0.22 percent in the discount rate since the previous year.

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

The source of the municipal bond rate is the Fidelity “20-year Municipal GO AA Index” as of August 31, 2021 using the Fixed Income Market Data/Yield Curve/ Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

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

	1% Decrease in Discount Rate (3.13%)	Discount Rate (4.13%)	1% Increase in Discount Rate (5.13%)
District's proportionate share of the OPEB liability:	\$643,205	\$546,111	\$466,880

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At August 31, 2024, the District reported a liability of \$546,111 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 OPEB liability	\$546,111
State's proportionate share that is associated with the District	658,967
Total	\$1,205,078

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

At August 31, 2023 the employer's proportion of the collective Net OPEB Liability was 0.00246682%, compared to 0.002333131% as of August 31, 2022, which is an increase of 5.81%.

Healthcare Cost Trend Rates Sensitivity Analysis - The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1% less than and 1% greater than the health trend rates assumed.

	1% Decrease in Health Care Cost Trend Rate	Current Health Care Cost Trend Rate	1% Increase in Health Care Cost Trend Rate
District's proportionate share of the OPEB liability:	\$449,695	\$546,111	\$670,151

Changes Since the Prior Actuarial Valuation. The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability (TOL) since the prior measurement period:

- The discount rate changed from 3.91 percent as of August 31, 2022 to 4.13 percent as of August 31, 2023, accompanied by revised demographic and economic assumptions.

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

Change of Benefit Terms Since the Prior Measurement Date – There were no changes in benefit terms since the prior measurement date.

For the year ended August 31, 2024, the District recognized an OPEB benefit of \$140,873 and revenue of \$25,821 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$24,707	\$459,449
Changes in actuarial assumptions	74,540	334,398
Difference between projected and actual investment earnings	236	-
Changes in proportion and difference between the employer’s contribution and the proportionate share of contributions	444,288	281,908
Contributions paid to TRS subsequent to the measurement date	18,827	-
Total	\$562,598	\$1,075,755

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

Fiscal year:	OPEB Expense Amount
2025	(\$123,782)
2026	(117,562)
2027	(83,651)
2028	(66,753)
2029	(72,928)
Thereafter	(48,481)

J. HEALTH CARE COVERAGE

During the years August 31, 2024, employees of the District were covered by a state-wide plan, TRS Active Care. The District paid premiums of \$150 per month per employee to the Plan with the State providing an additional \$75. Employees, at their option may authorize payroll withholdings to pay premiums for dependent coverage. The Teacher Retirement System of Texas (TRS) manages TRS Active Care. The Plan is administered by Aetna while Caremark was assigned the prescription drug plan.

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

K. CONTINGENCIES

The District participates in numerous state and Federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the ability to collect any related receivable at August 31, 2024 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

L. JOINT VENTURE - SHARED SERVICE ARRANGEMENTS

The District participates in a shared services arrangement for special education programs with area districts. The District does not account for the revenues or expenditures in these programs and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Woodville ISD, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor liabilities that would give rise to future additional benefit or burden to the District. The fiscal manager is responsible for all financial activities of the shared services arrangement. Presented below are the revenue and expenditures attributable to the District's participation in the special education shared service arrangement.

<u>Program</u>	<u>CFDA Number</u>	<u>District Value</u>
State and Local		64,981
IDEA-B, Formula	84.027A	34,016
IDEA-B, Preschool	84.173A	<u>1,330</u>
Total		<u><u>100,327</u></u>

The expenditures under the above programs were classified as follows:

<u>Classification</u>	<u>Amount</u>
6100 - Payroll Costs	91,697
6200 - Contracted Services	5,054
6300 - Supplies & Materials	2,369
6400 - Other Operating Costs	<u>1,207</u>
Total	<u><u>100,327</u></u>

Near the end of the year ended August 31, 2024, the shared service arrangement was dissolved, and the District joined a new shared service arrangements with other area districts.

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

M. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended August 31, 2024, the District purchased commercial insurance to cover general liabilities. The District maintains commercial insurance coverage covering other risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims did not exceed the commercial coverage for each of the past three fiscal years.

Required Supplementary Schedules

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

Data Control Codes	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)	
	Original	Final			
REVENUES:					
5700	Local and intermediate sources	850,000	850,000	957,697	107,697
5800	State program revenues	2,275,256	2,275,256	2,348,720	73,464
5900	Federal program revenues	-	-	14,997	14,997
5020	Total revenues	<u>3,125,256</u>	<u>3,125,256</u>	<u>3,321,414</u>	<u>196,158</u>
EXPENDITURES:					
0011	Instruction	1,622,309	1,675,000	1,604,803	70,197
0012	Instructional resources and media services	32,440	37,000	35,777	1,223
0023	School leadership	138,514	138,514	54,980	83,534
0031	Guidance, counseling, and evaluation services	21,721	21,721	12,256	9,465
0033	Health services	48,530	53,000	51,380	1,620
0034	Student transportation	92,894	100,000	94,069	5,931
0036	Cocurricular/extracurricular activities	177,587	230,000	210,236	19,764
0041	General administration	368,830	415,000	399,125	15,875
0051	Plant maintenance and operations	341,489	530,000	475,779	54,221
0052	Security and monitoring services	-	5,000	3,473	1,527
0053	Data processing services	45,000	60,000	55,379	4,621
0071	Principal on long-term debt	-	7,000	8,063	(1,063)
0072	Interest on long-term debt	-	-	946	(946)
0081	Facilities acquisition and construction	164,990	164,990	162,551	2,439
0093	Payments related to shared services arrangements	70,952	95,000	91,159	3,841
6030	Total expenditures	<u>3,125,256</u>	<u>3,532,225</u>	<u>3,259,976</u>	<u>272,249</u>
1100	Excess (deficiency) of revenues over expenditures	-	(406,969)	61,438	468,407
OTHER FINANCING SOURCES (USES):					
7915	Transfers in	-	-	-	-
8911	Transfers out	-	-	(75,842)	(75,842)
7080	Total other financing sources (uses)	-	-	<u>(75,842)</u>	<u>(75,842)</u>
1200	Net change in fund balances	-	(406,969)	(14,404)	392,565
0100	Fund balance - September 1 (beginning)	640,097	640,097	640,097	-
3000	Fund balance - August 31 (ending)	<u>640,097</u>	<u>233,128</u>	<u>625,693</u>	<u>392,565</u>

The accompanying notes are an integral part of this statement

**CHESTER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT SYSTEM
FOR THE YEAR ENDED AUGUST 31, 2024**

	FY 2024 <u>Plan Year 2023</u>	FY 2023 <u>Plan Year 2022</u>	FY 2022 <u>Plan Year 2021</u>
District's Proportion of the Net Pension Liability (Asset)	0.00136897%	0.00136550%	0.00143469%
District's Proportionate share of the Net Pension Liability (Asset)	\$ 940,353	\$ 810,665	\$ 365,364
State's Proportionate share of the Net Pension Liability (Asset) associated with the District	<u>1,819,262</u>	<u>1,346,723</u>	<u>584,717</u>
TOTAL	\$ <u>2,759,615</u>	\$ <u>2,157,388</u>	\$ <u>950,081</u>
District's Covered Payroll	\$ 2,008,160	\$ 1,681,155	\$ 1,506,499
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	46.83%	48.22%	24.25%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.15%	75.62%	88.79%

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

<u>FY 2021</u> <u>Plan Year 2020</u>	<u>FY 2020</u> <u>Plan Year 2019</u>	<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year 2017</u>	<u>FY 2017</u> <u>Plan Year 2016</u>	<u>FY 2016</u> <u>Plan Year 2015</u>	<u>FY 2015</u> <u>Plan Year 2014</u>
0.00124689%	0.00124376%	0.00103585%	0.00106190%	0.00083910%	0.00099770%	0.00047580%
\$ 667,809	\$ 646,544	\$ 570,154	\$ 339,540	\$ 317,079	\$ 352,674	\$ 127,093
<u>1,229,971</u>	<u>934,576</u>	<u>1,034,374</u>	<u>626,398</u>	<u>701,045</u>	<u>723,609</u>	<u>608,063</u>
<u>\$ 1,897,780</u>	<u>\$ 1,581,120</u>	<u>\$ 1,604,528</u>	<u>\$ 965,938</u>	<u>\$ 1,018,124</u>	<u>\$ 1,076,283</u>	<u>\$ 735,156</u>
\$ 1,496,222	\$ 1,264,075	\$ 1,164,791	\$ 1,145,685	\$ 1,287,806	\$ 1,035,547	\$ 1,016,359
44.63%	51.15%	48.95%	29.64%	24.62%	34.06%	12.50%
75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

**CHESTER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS FOR PENSIONS
TEACHERS RETIREMENT SYSTEM
FOR FISCAL YEAR 2024**

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Contractually Required Contribution	\$ 75,390	\$ 70,369	\$ 63,682
Contribution in Relation to Contractually Required Contribution	<u>(75,390)</u>	<u>(70,369)</u>	<u>(63,682)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 1,768,662	\$ 2,008,160	\$ 1,681,155
Contributions as a Percentage of Covered Payroll	4.26%	3.50%	3.79%

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

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 60,944	\$ 49,586	\$ 43,202	\$ 34,806	\$ 29,636	\$ 26,660	\$ 32,876
<u>(60,944)</u>	<u>(49,586)</u>	<u>(43,202)</u>	<u>(34,806)</u>	<u>(29,636)</u>	<u>(26,660)</u>	<u>(32,876)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,506,499	\$ 1,496,222	\$ 1,264,075	\$ 1,164,791	\$ 1,145,685	\$ 1,287,806	\$ 1,035,547
4.05%	3.31%	3.42%	2.99%	2.59%	2.07%	3.17%

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

	<u>FY 2024 Plan Year 2023</u>
District's Proportion of the Net Liability (Asset) for Other Post Employment Benefits	0.00246682%
District's Proportionate share of the Net Other Post Employment Benefit Liability (Asset)	\$ 546,111
State's Proportionate share of the Net Other Post Employment Benefit Liability (Asset) associated with the District	<u>658,967</u>
TOTAL	<u>\$ 1,205,078</u>
District's Covered Payroll	\$ 2,008,160
District's Proportionate Share of the Net OPEB Liability (Asset) as a percentage of its Covered Payroll	27.19%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	14.94%

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

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

<u>FY 2023</u> <u>Plan Year 2022</u>	<u>FY 2022</u> <u>Plan Year 2021</u>	<u>FY 2021</u> <u>Plan Year 2020</u>	<u>FY 2020</u> <u>Plan Year 2019</u>	<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year 2017</u>
0.00233131%	0.00222611%	0.00165919%	0.00221354%	0.00187604%	0.00229409%
\$ 558,209	\$ 858,711	\$ 630,733	\$ 1,046,809	\$ 936,724	\$ 997,614
<u>680,927</u>	<u>1,150,482</u>	<u>847,554</u>	<u>1,390,976</u>	<u>1,001,019</u>	<u>885,680</u>
<u>\$ 1,239,136</u>	<u>\$ 2,009,193</u>	<u>\$ 1,478,287</u>	<u>\$ 2,437,785</u>	<u>\$ 1,937,743</u>	<u>\$ 1,883,294</u>
\$ 1,681,155	\$ 1,506,499	\$ 1,496,222	\$ 1,264,075	\$ 1,164,791	\$ 1,145,685
33.20%	57.00%	42.16%	82.81%	80.42%	87.08%
11.52%	6.18%	4.99%	2.66%	1.57%	0.91%

**CHESTER INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS FOR OTHER POST EMPLOYMENT BENEFITS (OPEB)
 TEACHERS RETIREMENT SYSTEM OF TEXAS
 FOR FISCAL YEAR 2024**

	2024
Contractually Required Contribution	\$ 18,827
Contribution in Relation to Contractually Required Contribution	(18,827)
Contribution Deficiency (Excess)	\$ -
District's Covered Payroll	\$ 1,768,662
Contributions as a Percentage of Covered Payroll	1.06%

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

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

<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
\$ 21,385	\$ 19,129	\$ 17,420	\$ 9,746	\$ 16,156	\$ 14,293
<u>(21,385)</u>	<u>(19,129)</u>	<u>(17,420)</u>	<u>(9,746)</u>	<u>(16,156)</u>	<u>(14,293)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,008,160	\$ 1,681,155	\$ 1,506,499	\$ 1,496,222	\$ 1,264,075	\$ 1,164,791
1.06%	1.14%	1.16%	0.65%	1.28%	1.23%

**CHESTER INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED AUGUST 31, 2024**

A. Notes to Schedules for the TRS Pension

Changes of Benefit terms.

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

Changes of Assumptions.

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

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

B. Notes to Schedules for the TRS OPEB Plan

Changes of Benefit terms.

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

Changes of Assumptions.

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

- The discount rate changed from 3.91 percent as of August 31, 2022 to 4.13 percent as of August 31, 2023, accompanied by revised demographic and economic assumptions.

Combining Schedules

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

		Special Revenue Funds				
		211	240	255	269	282
Data		ESEA	School Lunch	Title II A,	ESEA	ESSER III
Control		Title I	& Breakfast	Training/	Title V	ARP
Codes		Part A	Program	Recruiting	Part B	Act
ASSETS						
1110	Cash and cash equivalents	8,431	6,116	-	-	-
1220	Property taxes - delinquent	-	-	-	-	-
1230	Allowance for uncollectable	-	-	-	-	-
1240	Due form other governments	-	-	371	-	14,130
1000	Total Assets	8,431	6,116	371	-	14,130
LIABILITIES						
2160	Accrued wages payable	7,455	4,758	-	-	-
2170	Due to other funds	-	-	371	-	14,130
2200	Accrued expenditures	976	1,358	-	-	-
2000	Total Liabilities	8,431	6,116	371	-	14,130
DEFERRED INFLOWS OF RESOURCES						
2601	Unavailable revenues - property taxes	-	-	-	-	-
2000	Total Liabilities	-	-	-	-	-
FUND BALANCES						
Restricted Fund Balance:						
3450	Federal or State grants	-	-	-	-	-
3480	Retirement of long-term debt	-	-	-	-	-
Assigned Fund Balance:						
3590	Other assigned fund balance	-	-	-	-	-
3000	Total Fund Balances	-	-	-	-	-
4000	Total Liabilities, Deferred Inflows and Fund Balances	8,431	6,116	371	-	14,130

Special Revenue Funds				Total Special Revenue Funds	Other Governmental	Total Nonmajor Governmental Funds
289 Other Federal Funds	410 State Textbook Fund	429 Other State Programs	461 Campus Activity Funds		599 Debt Service Fund	
-	-	-	4,454	19,001	514	19,515
-	-	-	-	-	35,566	35,566
-	-	-	-	-	(3,556)	(3,556)
537	22,746	8,583	-	46,367	-	46,367
537	22,746	8,583	4,454	65,368	32,524	97,892
-	-	-	-	12,213	-	12,213
537	22,746	8,583	-	46,367	-	46,367
-	-	-	-	2,334	-	2,334
537	22,746	8,583	-	60,914	-	60,914
-	-	-	-	-	32,010	32,010
-	-	-	-	-	32,010	32,010
-	-	-	-	-	-	-
-	-	-	-	-	514	514
-	-	-	4,454	4,454	-	4,454
-	-	-	4,454	4,454	514	4,968
537	22,746	8,583	4,454	65,368	32,524	97,892

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

Data Control Codes	Special Revenue Funds					
	211 ESEA Title I Part A	240 School Lunch & Breakfast Program	255 Title II A, Training/ Recruiting	269 ESEA Title V Part B	282 ESSER III ARP Act	
REVENUES						
5700	Total local and intermediate sources	-	21,079	-	-	-
5800	State program revenues	-	6,927	-	-	-
5900	Federal program revenues	71,387	63,138	7,518	22,103	14,130
5020	Total Revenues	<u>71,387</u>	<u>91,144</u>	<u>7,518</u>	<u>22,103</u>	<u>14,130</u>
EXPENDITURES						
0011	Instruction	68,308	-	7,518	22,103	14,130
0031	Guidance, counseling and evaluation	-	-	-	-	-
0035	Food service	-	142,993	-	-	-
0041	General administration	3,079	-	-	-	-
0052	Security and monitoring	-	-	-	-	-
0071	Principal on long-term debt	-	-	-	-	-
0072	Interest on long-term debt	-	-	-	-	-
0073	Bond issuance costs and fees	-	-	-	-	-
0093	Payments to fiscal agent of SSA	-	-	-	-	-
6030	Total Expenditures	<u>71,387</u>	<u>142,993</u>	<u>7,518</u>	<u>22,103</u>	<u>14,130</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(51,849)	-	-	-
OTHER FINANCING SOURCES (USES)						
7911	Capital related debt issued	-	-	-	-	-
7915	Transfers in	-	51,849	-	-	-
7916	Premium on issuance of bonds	-	-	-	-	-
8911	Transfers out	-	-	-	-	-
7080	Total other financing sources and uses	<u>-</u>	<u>51,849</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net change in fund balances	-	-	-	-	-
0100	Fund balances, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund balances, ending	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Special Revenue Funds				Total Special Revenue Funds	Other Governmental	Total Nonmajor Governmental Funds
289 Other Federal Funds	410 State Textbook Fund	429 Other State Programs	461 Campus Activity Funds		599 Debt Service Fund	
-	-	-	3,859	24,938	272,274	297,212
-	21,297	595	-	28,819	-	28,819
19,281	-	-	-	197,557	-	197,557
19,281	21,297	595	3,859	251,314	272,274	523,588
9,555	21,297	-	5,603	148,514	-	148,514
905	-	-	-	905	-	905
-	-	-	-	142,993	-	142,993
-	-	-	-	3,079	-	3,079
7,644	-	595	-	8,239	-	8,239
-	-	-	-	-	170,000	170,000
-	-	-	-	-	238,559	238,559
-	-	-	-	-	146,227	146,227
1,177	-	-	-	1,177	-	1,177
19,281	21,297	595	5,603	304,907	554,786	859,693
-	-	-	(1,744)	(53,593)	(282,512)	(336,105)
-	-	-	-	-	5,285,000	5,285,000
-	-	-	-	51,849	23,993	75,842
-	-	-	-	-	287,109	287,109
-	-	-	-	-	(5,315,000)	(5,315,000)
-	-	-	-	51,849	281,102	332,951
-	-	-	(1,744)	(1,744)	(1,410)	(3,154)
-	-	-	6,198	6,198	1,924	8,122
-	-	-	4,454	4,454	514	4,968

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Required TEA Schedules

**CHESTER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
AUGUST 31, 2024**

Last Ten Years Ended August 31,	1	2	3
	Tax Rates		Assessed or Appraised Valuation for School
	Maintenance	Debt Service	Tax Purposes
2015 & Prior	Various	Various	-
2016	1.04000	0.05000	62,823,948
2017	1.04000	0.05200	67,461,160
2018	1.17000	-	69,321,765
2019	1.17000	-	71,080,103
2020	1.06840	-	78,257,751
2021	1.04230	-	80,884,161
2022	0.96030	-	95,248,284
2023	0.94270	-	97,651,533
2024 (School year under audit)	0.75730	0.30000	96,050,514
1000 Totals			
8000 Total Taxes Refunded Under Section 26.1115, Tax Code			

10	20	31	32	40	50	99
Beginning Balance September 1	Current Year's Total Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance August 31	Taxes Refunded Under Section 26.1115c
186,669		1,370	72	(1,807)	183,420	
15,816		582	31	(512)	14,691	
17,269		1,227	65	(502)	15,475	
19,849		1,129	-	(558)	18,162	
18,454		946	-	(684)	16,824	
20,546		1,531	-	(651)	18,364	
20,397		2,389	-	(1,184)	16,824	
26,262		3,694	-	(2,137)	20,431	
53,302		15,736	-	(12,896)	24,670	
-	1,015,542	664,567	263,264		87,711	
378,564	1,015,542	693,171	263,432	(20,931)	416,572	
						<u>13,731</u>

**CHESTER INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
CHILD NUTRITION FUND
FOR THE YEAR ENDED AUGUST 31, 2024**

Data Control Codes	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)	
	Original	Final			
REVENUES:					
5700	Local and intermediate sources	36,000	36,000	21,079	(14,921)
5800	State program revenues	-	-	6,927	6,927
5900	Federal program revenues	85,000	85,000	63,138	(21,862)
5020	Total revenues	121,000	121,000	91,144	(29,856)
EXPENDITURES:					
0035	Food service	121,000	121,000	142,993	(21,993)
6030	Total expenditures	121,000	121,000	142,993	(21,993)
1100	Excess (deficiency) of revenues over expenditures	-	-	(51,849)	(51,849)
OTHER FINANCING SOURCES (USES):					
7915	Transfers in	-	-	51,849	51,849
8911	Transfers out	-	-	-	-
7080	Total other financing sources (uses)	-	-	51,849	51,849
1200	Net change in fund balances	-	-	-	-
0100	Fund balance - September 1 (beginning)	-	-	-	-
3000	Fund balance - August 31 (ending)	-	-	-	-

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

Data Control Codes	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)	
	Original	Final			
REVENUES:					
5700	Local and intermediate sources	-	-	272,274	272,274
5800	State program revenues	-	-	-	-
5020	Total revenues	-	-	272,274	272,274
EXPENDITURES:					
0071	Debt service - principal on long-term debt	-	-	170,000	(170,000)
0072	Debt service - interest on long-term debt	-	-	238,559	(238,559)
0073	Debt service - bond issuance costs and fees	-	-	146,227	(146,227)
6030	Total expenditures	-	-	554,786	(554,786)
1100	Excess (deficiency) of revenues over expenditures	-	-	(282,512)	(282,512)
OTHER FINANCING SOURCES (USES):					
7911	Capital related debt issued	-	-	5,285,000	(5,285,000)
7915	Transfers in	-	-	23,993	(23,993)
7916	Premium on issuance of bonds	-	-	287,109	(287,109)
8911	Transfers out	-	-	(5,315,000)	5,315,000
7080	Total other financing sources (uses)	-	-	281,102	(281,102)
1200	Net change in fund balances	-	-	(1,410)	(1,410)
0100	Fund balance - September 1 (beginning)	940	940	1,924	-
3000	Fund balance - August 31 (ending)	940	940	514	(1,410)

**CHESTER INDEPENDENT SCHOOL DISTRICT
USE OF FUNDS REPORT - STATE ALLOTMENT PROGRAMS
FOR THE YEAR ENDED AUGUST 31, 2024**

Section A: Compensatory Education Programs

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	<u>Yes</u>
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	<u>Yes</u>
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	<u>\$ 160,545</u>
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	<u>\$ 116,389</u>

Section B: Bilingual Education Programs

AP5	Did your LEA expend any bilingual education program state allotment funds during the district's fiscal year?	<u>Yes</u>
AP6	Does the LEA have written policies and procedures for its bilingual education program?	<u>Yes</u>
AP7	List the total state allotment funds received for bilingual education programs during the district's fiscal year.	<u>\$ 1,384</u>
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year.	<u>\$ 1,513</u>

FEDERAL AWARDS SECTION



Certified Public Accountants

Goff & Herrington, P.C.

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Laurie Durbin, CPA

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

Members of the Board of Trustees of
Chester Independent School District
Chester, Texas

Members of the Board:

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 Chester Independent School District (District), as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 9, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Members of the Board of Trustees

December 9, 2024

Page 2

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

Report on Compliance and Other Matters

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

Goff & Herrington, P.C.

GOFF & HERRINGTON, P.C.

Certified Public Accountants

December 9, 2024

**CHESTER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2024**

2024-1 - State Compliance: Budgetary Overages

Criteria: Texas Education Code (TEC) §44.006 states that expenditures from governmental fund types cannot be made without proper authority of appropriation. Each year the District's Board of Trustees adopts an appropriations budget which limits the expenditure amounts within specific line items that can be made by management.

Condition: As of year end August 31, 2024, actual expenditure amounts in functions 71 and 72 in the General Fund, function 35 in the Food Service Fund, and functions 71, 72, & 73 in the Debt Service Fund exceeded the final amended budget by \$1,063, \$946, \$21,993, \$170,000, \$238,559 and \$146,227, respectively.

Cause: The District did not adequately amend the budget for expenditure overages at year end in the General Fund and the Food Service Fund. The District did not set an original budget or adequately amend the budget in the Debt Service Fund.

Effect: The effect of this condition is a technical noncompliance with the legally adopted appropriations budget as requested.

Recommendation: We recommend the District closely monitor expenditures and amend the appropriations budget as required.

District Response: The District agrees with this finding and has developed a corrective action plan, which is presented on page 70.

District Contact: Dr. Paul Drake, Superintendent.

**CHESTER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF STATUS OF PRIOR FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2024**

2023-1 - State Compliance: Budgetary Overages

Condition: As of year end August 31, 2023, actual expenditure amounts in functions 11, 51, and 71 in the General Fund and function 35 in the Food Service Fund exceeded the final amended budget by \$42,951, \$9,985, \$9,538, and \$48,179, respectively.

Status: Similar budget overaged existed at August 31, 2024.

**CHESTER INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2023**

2024-1 - State Compliance: Budgetary Overages

The District will more closely monitor expenditures and amend the appropriations budget during the year.

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