



**BARBERS HILL**  
*Independent School District*

**ANNUAL FINANCIAL  
&  
COMPLIANCE REPORT**

**JUNE 30, 2024**

**Mont Belvieu, Texas**

# Barbers Hill Independent School District

## Annual Financial Report

For the Fiscal Year Ended June 30, 2024

### Table of Contents

Page      Exhibit

Certificate of the Board.....	iii
-------------------------------	-----

#### Financial Section

Independent Auditor's Report .....	3
Management's Discussion and Analysis.....	7

#### Basic Financial Statements

Government-wide Financial Statements	
Statement of Net Position .....	17
Statement of Activities .....	18
Fund Financial Statements	
Balance Sheet – Governmental Funds .....	20
Reconciliation of the Governmental Funds Balance Sheet to the	
Statement of Net Position .....	23
Statement of Revenues, Expenditures, and Changes in Fund	
Balances – Governmental Funds .....	24
Reconciliation of the Statement of Revenues, Expenditures, and Changes	
in Fund Balances of Governmental Funds to the Statement of Activities .....	26
Statement of Fiduciary Net Position – Fiduciary Fund .....	27
Statement of Changes in Fiduciary Net Position – Fiduciary Fund .....	28
Notes to the Financial Statements .....	29

#### Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balance –	
Budget and Actual – General Fund .....	64
Schedule of the District's Proportionate Share of the Net Pension Liability of a	
Cost-Sharing Multiple-Employer Pension Plan Teacher Retirement System of Texas.....	65
Schedule of the District's Contributions to the Teacher Retirement System of Texas	
Pension Plan .....	66
Schedule of the District's Proportionate Share of the Net OPEB	
Liability of a Cost-Sharing Multiple-Employer OPEB Plan	
Teacher Retirement System of Texas .....	67
Schedule of the District's Contributions to the	
Teacher Retirement System of Texas OPEB Plan .....	68
Notes to the Required Supplementary Information .....	69

#### Supplementary Information

Combining Funds Financial Statements	
Combining Balance Sheet – Nonmajor Governmental Funds –	
Special Revenue Funds.....	74
Combining Statement of Revenues, Expenditures, and Changes in Fund	
Balances – Nonmajor Governmental Funds – Special Revenue Funds .....	78

## Barbers Hill Independent School District

### Annual Financial Report

For the Fiscal Year Ended June 30, 2024

#### Table of Contents - Continued

Page Exhibit

#### Compliance Schedules

Schedule of Delinquent Taxes Receivable.....	82	J-1
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – National School Breakfast and Lunch Program .....	84	J-2
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund .....	85	J-3
Use of Funds Report – Select School Allotment.....	86	J-4

#### Overall Compliance, Internal Control Section and Federal Awards

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 .....	89	
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance .....	91	
Schedule of Findings and Questioned Costs .....	94	
Summary Schedule of Prior Audit Findings .....	95	
Schedule of Expenditures of Federal Awards .....	96	
Notes to the Schedule of Expenditures of Federal Awards .....	99	K-1

#### Other Information

Schedule of Required Responses to Selected School FIRST Indicators (Unaudited) .....	100	L-1
---	-----	-----

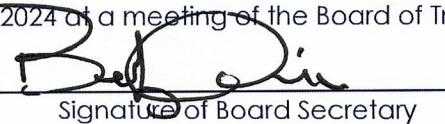
**Certificate of the Board**

**Barbers Hill Independent School District**  
Name of School District

**Chambers**  
County

**036-902**  
Co.-Dist Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and  approved  disapproved for the fiscal year ended June 30, 2024 at a meeting of the Board of Trustees of such school district on the 18 day of Oct., 2024.



Signature of Board Secretary



Signature of Board President

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

**This Page Intentionally Left Blank**

## **Financial Section**

**This Page Intentionally Left Blank**

## Independent Auditor's Report

To the Board of Trustees of  
Barbers Hill Independent School District  
Mont Belvieu, Texas

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Barbers Hill Independent School District (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

The Board of Trustees of  
Barbers Hill Independent School District

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

The Board of Trustees of  
Barbers Hill Independent School District

### ***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 Supplementary Information and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information and Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 Supplementary Information and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information Included in the Annual Report***

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Required Responses to Selected School FIRST Indicators but does not include the financial statements and our auditor's report thereon. Our opinions on the 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

The Woodlands, Texas  
October 16, 2024

**This Page Intentionally Left Blank**

## Management's Discussion and Analysis

As management of the Barbers Hill Independent School District (the District), we offer readers of the accompanying report this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2024. In reviewing this report, readers should be mindful that it is often necessary for management to make and use estimates in the preparation of financial statements. Examples of the use of such estimates may be found in amounts reported for depreciation/amortization, net taxes receivable, claims payable of the District's self-insured workers' compensation program, and net pension and other post-employment benefit (OPEB) liabilities.

### Financial Highlights

- Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at year-end by \$105,269,559 (net position).
- The District's total net position increased by \$27,119,835.
- At the end of the year, unassigned fund balance in the general fund was \$27,101,586 while total fund balance in the general fund was \$40,588,192, an increase of \$3,375,870.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplementary information, supplementary information, and other information in addition to the basic financial statements.

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector enterprise.

The Statement of Net Position (Exhibit A-1) presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as an indicator of how the financial position of the District is changing.

The Statement of Activities (Exhibit B-1) presents information showing how the District's net position changed during the year. Changes in net position are reported upon occurrence of the underlying event giving rise to the change, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some transactions that will not result in cash flows until future fiscal periods (e.g., uncollected taxes and incurred but unpaid workers' compensation benefits).

The government-wide financial operations (governmental activities) of the District are principally supported by taxes and intergovernmental revenues. The governmental activities of the District include *Instruction, Instructional Resources and Media Services, Curriculum and Instructional Staff Development, Instructional Leadership, School Leadership, Guidance, Counseling, and Evaluation Services, Social Work Services, Health Services, Student Transportation, Food Services, Extracurricular Activities, General Administration, Plant Maintenance and Operations, Security and Monitoring Services, Data Processing Services, Community Services, Interest on Long-term Debt, Issuance Costs and Fees, Facilities Repair and Maintenance, Contracted Instructional Services between Schools, and Other Intergovernmental Charges*.

The government-wide financial statements can be found as noted in the table of contents of this report.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, as do other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of cash resources*, as well as on *balances of cash resources available at the end of the fiscal year*. Such information may be useful in evaluating near-term financing requirements.

Because the focus of governmental funds financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintained twenty-three individual governmental funds during the year. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and capital projects fund, which are considered to be major funds. Data from the other twenty governmental funds are combined into a single, aggregated presentation titled *total nonmajor funds*.

The District adopts an annual revenue and appropriations budget for its general fund, debt service fund and national school breakfast and lunch program special revenue fund. All other governmental funds adopt project length budgets. Subsequent to adoption, amendments approved by the governing body are reflected in a revised budget column. A budgetary comparison statement has been provided for the general fund, debt service fund and national school breakfast and lunch program special revenue fund to demonstrate compliance with its budget.

The basic governmental fund financial statements are noted in the table of contents of this report.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of students. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is similar to the accounting used for proprietary funds.

The basic fiduciary fund financial statements can be found as noted in the table of contents of this report.

**Notes to the Basic Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements are noted in the table of contents of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report presents required supplementary information, supplementary information and other information, including schedules required by the Texas Education Agency. Such information is noted in the table of contents of this report.

## Government-wide Financial Analysis

As mentioned earlier, net position may, over time, serve as an indicator of a District's changing financial position. At the close of the District's most recent fiscal year, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$105,269,559

	Governmental Activities					
	2024		2023		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Current and other assets	\$ 197,863,259	31	\$ 228,520,164	35	\$ (30,656,905)	(13)
Capital assets, net of accumulated depreciation/amortization	450,630,301	69	416,862,801	65	33,767,500	8
Total assets	648,493,560	100	645,382,965	100	3,110,595	
Total deferred outflows of resources	28,549,907	100	24,896,302	100	3,653,605	15
Other liabilities	39,020,927	7	38,238,877	7	782,050	2
Long-term liabilities outstanding	509,117,348	93	527,635,323	93	(18,517,975)	(4)
Total liabilities	548,138,275	100	565,874,200	100	(17,735,925)	
Total deferred inflows of resources	23,635,633	100	26,255,343	100	(2,619,710)	(10)
Net position:						
Net investment in capital assets	78,031,682	74	61,633,460	78	16,398,222	27
Restricted	32,505,236	31	23,918,233	31	8,587,003	36
Unrestricted	(5,267,359)	(5)	(7,401,969)	(9)	2,134,610	(29)
<b>Total net position</b>	<b>\$ 105,269,559</b>	<b>100</b>	<b>\$ 78,149,724</b>	<b>100</b>	<b>\$ 27,119,835</b>	

The largest portion of the District's net position is net investment in capital assets. Investment in capital assets (e.g., land and improvements, buildings and improvements, furniture and equipment, right-to-use subscriptions and construction in progress), less any related debt used to acquire those assets is \$78,031,682, an increase of \$16.4 million from June 30, 2023. The District utilizes capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net position that is restricted for debt service and grants totals \$32,505,236 or 31 percent of net position.

Unrestricted net position which is a deficit (\$5,267,359) due to net pension and OPEB liabilities. However, the District was still able to report a positive total net position.

**Governmental Activities.** Governmental activities increased the District's net position by \$27,119,835 from current operations. The elements giving rise to this change may be determined from the table below.

	Governmental Activities					
	2024		2023		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
<b>Revenue</b>						
Program revenues:						
Charges for services	\$ 6,268,047	3	\$ 5,560,107	3	\$ 707,940	13
Operating grants and contributions	11,767,564	6	7,397,797	4	4,369,767	59
Property taxes, levied for general purpose	77,129,226	43	78,862,103	44	(1,732,877)	(2)
Property taxes, levied for debt service	45,684,726	25	46,440,288	26	(755,562)	(2)
Grants and contributions not restricted to specific programs	28,480,178	15	31,356,158	17	(2,875,980)	(9)
Investment earnings (losses)	9,248,491	5	5,824,744	3	3,423,747	59
County available	332,176	-	486,244	-	(154,068)	(32)
County equalization	3,849,940	2	3,730,564	2	119,376	3
Miscellaneous	1,530,928	1	1,158,439	1	372,489	32
<b>Total revenues</b>	<b>184,291,276</b>	<b>100</b>	<b>180,816,444</b>	<b>100</b>	<b>3,474,832</b>	
<b>Expenses</b>						
Instruction	75,169,631	48	66,071,600	39	9,098,031	14
Instructional resources and media services	974,387	1	906,662	1	67,725	7
Curriculum and instructional staff development	2,332,190	1	2,302,145	1	30,045	1
Instructional leadership	793,864	1	546,941	-	246,923	45
School leadership	5,328,303	3	4,778,500	3	549,803	12
Guidance, counseling, and evaluation services	4,935,064	3	4,165,196	3	769,868	18
Social work services	604,622	-	551,737	-	52,885	10
Health services	1,333,169	1	1,165,496	1	167,673	14
Student transportation	4,315,624	3	4,267,674	3	47,950	1
Food services	4,765,815	3	4,258,259	3	507,556	12
Extracurricular activities	5,253,699	3	4,831,856	3	421,843	9
General administration	4,271,728	3	4,141,327	3	130,401	3
Plant maintenance and operations	13,300,424	8	11,938,929	7	1,361,495	11
Security and monitoring services	1,746,670	1	1,836,490	1	(89,820)	(5)
Data processing services	2,101,520	1	1,803,111	1	298,409	17
Community services	150,913	-	10,173,206	6	(10,022,293)	(99)
Interest on long-term debt	13,754,499	9	16,078,110	10	(2,323,611)	(14)
Issuance costs and fees	10,076	-	975,075	1	(964,999)	(99)
Facilities repair and maintenance	4,824,288	3	47,619	-	4,776,669	10,031
Contracted instructional services between schools	10,278,175	7	21,584,132	13	(11,305,957)	(52)
Other intergovernmental charges	926,780	1	943,452	1	(16,672)	(2)
<b>Total expenses</b>	<b>157,171,441</b>	<b>100</b>	<b>163,367,517</b>	<b>100</b>	<b>(6,196,076)</b>	
Change in net position	27,119,835		17,448,927		9,670,908	
Net position - beginning	78,149,724		60,689,181		17,460,543	
Cummulative effect of adoption of GASB 96	-		11,616		(11,616)	
Net position - beginning, as restated	<u>78,149,724</u>		<u>60,700,797</u>		<u>17,448,927</u>	
<b>Net position - ending</b>	<b>\$ 105,269,559</b>		<b>\$ 78,149,724</b>		<b>\$ 27,119,835</b>	

The current period increase in net position primarily resulted from total revenues of \$184,291,276 exceeding total expenses of \$157,171,441. The most significant increase in revenues of \$4,369,767 was operating grants and contributions related to the increase in TRS NECE contributions. The most significant decrease in expenses of \$11,305,957 was in contracted instructional services between schools and \$10,022,293 in community services offset by an increase in instruction expenses of \$9,098,031.

Revenues, aggregating \$184,291,276, were generated primarily from two sources. Property taxes totaling \$122,813,952 represent 68 percent of total revenues; while grants and contributions, including those not restricted for program-specific use as well as for general operations, totaling \$40,247,742, represent 21 percent of total revenues. The remaining revenue is generated from investment earnings, charges for services, county available, county equalization and miscellaneous revenues.

The primary functional expenses of the District are instruction \$75,169,631 which represents 48 percent of total expenses, interest on long-term debt \$13,754,499 which represents 9 percent of total expenses, plant maintenance and operations \$13,300,424 which represents 8 percent of total expenses and contracted instructional services between schools \$10,278,175 which represents 7 percent of total expenses. The remaining functional expense categories are 3 percent or less of total expenses.

### **Financial Analysis of the Government's Funds**

As mentioned earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** At the end of the fiscal year, the District's governmental funds had combined ending fund balances of \$162,888,202, a decrease of \$33,014,155 from the preceding year. Comments as to each major individual fund's change in fund balance follows.

The general fund is the primary operating fund of the District. At year-end, unassigned fund balance of the general fund was \$27,101,586, while total fund balance was \$40,588,192. To evaluate the general fund's liquidity, it may be helpful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 23 percent of total general fund expenditures, while total fund balance represents 35 percent of that same total. The fund balance of the general fund increased \$3,375,870 during the year due to the district expenditures being less than budgeted.

The debt service fund ended the year with a total fund balance of \$35,689,043, all of which is reserved for the payment of principal and interest on debt. The debt service fund balance increased by \$7,146,552 during the year primarily due to increases in property tax revenues which exceeded the increase in scheduled debt payments.

The capital projects fund ended the year with a total fund balance of \$83,667,593, all of which is reserved for capital acquisition program and contractual obligations. The capital projects fund balance decreased by \$44,427,682 primarily due to the facilities acquisition and construction expenditures.

Governmental funds financial statements may be found by referring to the table of contents.

### **General Fund Budgetary Highlights**

The significant differences between the original adopted budget and the final amended budget of the general fund were primarily from a decrease in state program revenues, and a decrease in contracted instructional services between schools.

The significant difference between budget and actual was primarily from a decrease in actual revenues for local and intermediate revenues and State program revenue.

## Capital Assets and Long-term Liabilities

**Capital Assets.** The District's investment in capital assets for its governmental activities as of June 30, 2024 was \$450,630,301 (net of accumulated depreciation/amortization). This investment in capital assets includes land and improvements, buildings and improvements, furniture and equipment, right-to-use subscriptions, and construction in progress. The increase in total capital assets, net of accumulated depreciation/amortization, for the current fiscal year was \$33,767,500.

Major capital asset activity during the year included the following:

- \$40 million on 9th Grade Campus additions

### Barbers Hill Independent School District's Capital Assets (net of depreciation/amortization)

	Governmental Activities					
	2024		2023		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Land and improvements	\$ 6,160,156	1	\$ 6,160,156	1	\$ -	-
Buildings and improvements	395,182,478	88	396,806,906	96	(1,624,428)	-
Furniture and equipment	6,763,684	2	6,155,962	1	607,722	10
Right-to-use subscriptions	248,147	-	336,018	-	(87,871)	(26)
Construction in progress	42,275,836	9	7,403,759	2	34,872,077	471
<b>Totals</b>	<b>\$ 450,630,301</b>	<b>100</b>	<b>\$ 416,862,801</b>	<b>100</b>	<b>\$ 33,767,500</b>	

Additional information on the District's capital assets can be found in Note 3.E. of the notes to the financial statements as noted in the table of contents of this report.

**Construction Commitments.** At the end of the current fiscal year, the District's commitments with construction contractors, including purchase orders, totaled \$26,657,621.

**Noncurrent Liabilities.** At year-end, the District had the following long-term liabilities:

### Barbers Hill Independent School District's Long-term Liabilities Outstanding

	Governmental Activities					
	2024		2023		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
General obligation bonds	\$ 456,191,302	90	\$ 482,962,934	91	\$ (26,771,632)	(6)
Subscription liabilities	175,300	-	237,513	-	(62,213)	(26)
Workers' compensation	185,080	-	258,490	-	(73,410)	(28)
Net pension liability	38,011,151	7	29,429,093	6	8,582,058	29
Net OPEB liability	14,554,515	3	14,747,293	3	(192,778)	(1)
<b>Totals</b>	<b>\$ 509,117,348</b>	<b>100</b>	<b>\$ 527,635,323</b>	<b>100</b>	<b>\$ (18,517,975)</b>	

The District's total long-term liabilities decreased by \$18,517,975 (4 percent) during the current fiscal year, which resulted primarily from scheduled debt service payments.

The District's general obligation debt is backed by the full faith and credit of the District and when eligible, is further guaranteed by the Texas Permanent School Fund Bond Guarantee Program. State statutes do not limit the tax rate or amount of local tax support of school districts' bonded indebtedness. However, approval of the Attorney General of the State of Texas is required prior to the sale of bonds.

Additional information on the District's long-term debt can be found in Note 3.F. in the notes to the financial statements as indicated in the table of contents of this report.

Additional information on the District's net pension liability can be found in Note 4.C. to the financial statements as indicated in the table of contents of this report.

Additional information on the District's OPEB liability can be found in Note 4.D. to the financial statements as indicated in the table of contents of this report.

#### **Discretely Presented Component Unit**

The Barbers Hill ISD Education Foundation (the Foundation) is legally separate from the District and is reported as a discretely presented component unit. The Foundation is governed by at least 3 but not to exceed 15 members who are elected by the Foundation's directors. The District maintains the Foundation's accounting records. Due to the significant benefits provided by the Foundation to the District, the component unit is reported as a discretely presented component unit. The discretely presented component unit is reported in a separate column in the government-wide financial statements.

#### **Economic Factors and Next Year's Budgets and Rates**

- Student enrollment is 7,625 compared to 7,317 in the prior year.
- District staff totals 1,292 employees in 2023-24, which includes 591 teachers and 240 teacher aids and secretaries.
- Certified property values of the District are expected to increase by 39% for maintenance and operations and increase by 9% for interest and sinking for the 2024-25 year.
- A maintenance and operations tax rate of \$0.8130 and a debt service tax rate of \$0.2394, a total rate of \$1.0524 was adopted for 2024-25, which is a decrease from fiscal year 2024.
- Unemployment rates for the State and County were 4.0% and 5.9%, respectively.

All of these factors and others were considered in preparing the District's budget for the 2024-25 fiscal year.

During the current fiscal year, unassigned fund balance in the general fund increased to \$27,101,586. The District plans to utilize unassigned fund balance to fund current period expenditures prior to collecting the current year tax levy.

#### **Requests for Information**

This financial report is intended to provide a general overview of the District's finances for those with an interest in this information. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Assistant Superintendent of Finance, Barbers Hill Independent School District, P.O. Box 1108, Mont Belvieu, Texas 77580.

**This Page Intentionally Left Blank**

## **Basic Financial Statements**

**This Page Intentionally Left Blank**

# Barbers Hill Independent School District

## Statement of Net Position

June 30, 2024

## Exhibit A-1

Data Control Codes	ASSETS	1	
		Primary Government	Component Unit
		Governmental Activities	Barbers Hill ISD Education Foundation
1110	Cash and cash equivalents	\$ 17,080,988	\$ 287,773
1120	Investments	169,555,890	133,736,283
1220	Property taxes receivable	2,273,059	-
1230	Allowance for uncollectable taxes	(136,383)	-
1240	Due from other governments	2,499,301	-
1241	Due from component unit	453,539	-
1250	Accrued interest	285,735	15,459
1290	Other receivables	151,414	-
1300	Inventories	218,776	-
1410	Prepaid items	1,267,830	-
1810	Restricted cash and cash equivalents	403,014	-
1890	Restricted investments	3,810,096	-
1990	Equity investment	-	5,329,025
	Capital assets:		
1510	Land and improvements	6,160,156	19,508,095
1520	Buildings and improvements (net)	395,182,478	-
1530	Furniture and equipment (net)	6,763,684	22,501
1550	Right-to-use subscriptions (net)	248,147	-
1580	Construction in progress	42,275,836	-
1000	Total assets	648,493,560	158,899,136
	DEFERRED OUTFLOWS OF RESOURCES		
1705	Deferred outflows - pension	17,265,406	-
1706	Deferred outflow - OPEB	10,392,197	-
1710	Deferred charge on refunding	892,304	-
1700	Total deferred outflows of resources	28,549,907	-
	LIABILITIES		
2110	Accounts payable	7,916,744	56,000
2140	Interest payable	6,580,548	-
2150	Payroll deductions and withholdings	1,192,236	-
2160	Accrued wages payable	7,784,054	-
2180	Due to other governments	15,343,555	-
2181	Due to primary government	-	453,539
2190	Due to student groups	2,000	-
2200	Accrued liabilities	59,658	-
2300	Unearned revenue	142,132	-
	Noncurrent liabilities:		
2501	Due within one year (Note 3.E)	24,795,666	-
	Due in more than one year (Note 3.E)		
2502	Bonds payable, subscriptions and workers' compensation	431,756,016	-
2540	Net pension liabilities	38,011,151	-
2545	Net OPEB liability	14,554,515	-
2000	Total liabilities	548,138,275	509,539
	DEFERRED INFLOWS OF RESOURCES		
2605	Deferred inflows - pension	1,686,735	-
2606	Deferred inflows - OPEB	21,156,984	-
2610	Deferred gain on refunding	791,914	-
2600	Total deferred inflows of resources	23,635,633	-
	NET POSITION		
3200	Net investment in capital assets	78,031,682	19,530,596
3820	Restricted for grants	2,895,322	-
3850	Restricted for debt service	29,609,914	-
3900	Unrestricted	(5,267,359)	138,859,001
3000	<b>TOTAL NET POSITION</b>	<b>\$ 105,269,559</b>	<b>\$ 158,389,597</b>

The Notes to the Financial Statements are an integral part of this statement.

# Barbers Hill Independent School District

## Statement of Activities

For the Fiscal Year Ended June 30, 2024

Data Control Codes	Functions/Programs	Expenses	1	3	4		
			Program Revenues				
			Charges for Services	Operating Grants and Contributions			
<b>PRIMARY GOVERNMENT</b>							
Governmental activities:							
0011	Instruction	\$ 75,169,631	\$ 1,002,093	\$ 6,255,497			
0012	Instructional resources and media services	974,387	63,920	42,352			
0013	Curriculum and instructional staff development	2,332,190	-	254,055			
0021	Instructional leadership	793,864	-	29,732			
0023	School leadership	5,328,303	-	233,269			
0031	Guidance, counseling, & evaluation services	4,935,064	-	706,822			
0032	Social work services	604,622	5,342	22,407			
0033	Health services	1,333,169	-	61,369			
0034	Student transportation	4,315,624	-	103,901			
0035	Food services	4,765,815	3,695,870	1,588,718			
0036	Extracurricular activities	5,253,699	1,457,581	92,731			
0041	General administration	4,271,728	-	110,023			
0051	Plant maintenance and operations	13,300,424	-	190,970			
0052	Security and monitoring services	1,746,670	5,431	104,515			
0053	Data processing services	2,101,520	37,810	44,843			
0061	Community services	150,913	-	10,640			
0072	Interest on long-term debt	13,754,499	-	63,358			
0073	Issuance costs and fees	10,076	-	1,820,682			
0081	Facilities repair and maintenance	4,824,288	-	31,681			
0091	Contracted instructional services between schools	10,281,75	-	-			
0099	Other intergovernmental charges	926,780	-	-			
TG	Total governmental activities	157,171,441	6,268,047	11,767,564			
TP	<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 157,171,441</b>	<b>\$ 6,268,047</b>	<b>\$ 11,767,564</b>			
<b>COMPONENT UNIT</b>							
1C	Barbers Hill ISD Education Foundation	\$ 1,545,679	\$ -	\$ -			
General revenues:							
MT	Property taxes, levied for general purposes						
DT	Property taxes, levied for debt service						
GC	Grants and contributions not restricted to specific programs						
IE	Investment earnings						
CA	County available						
CE	County equalization						
MI	Miscellaneous						
TR	Total general revenues						
CN	Change in net position						
NB	Net position - beginning						
NE	<b>NET POSITION - ENDING</b>						

The Notes to the Financial Statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position		Component Unit
Governmental Activities	Barbers Hill ISD Education Foundation	
\$ (67,912,041)	\$ (833)	
(868,115)	-	
(2,078,135)	-	
(764,132)	-	
(5,095,034)	-	
(4,228,242)	-	
(576,873)	-	
(1,271,800)	-	
(4,211,723)	-	
518,773	-	
(3,703,387)	-	
(4,161,705)	(799,892)	
(13,109,454)	-	
(1,636,724)	-	
(2,018,867)	-	
(140,273)	(744,954)	
(13,691,141)	-	
1,810,606	-	
(4,792,607)	-	
(10,278,175)	-	
(926,780)	-	
<hr/>	<hr/>	
(139,135,830)	(1,545,679)	
<hr/>	<hr/>	
(139,135,830)	-	
<hr/>	<hr/>	
-	(1,545,679)	
<hr/>	<hr/>	
77,129,226	-	
45,684,726	-	
28,480,178	118,265	
9,248,491	23,563,147	
332,176	-	
3,849,940	-	
1,530,928	-	
<hr/>	<hr/>	
166,255,665	23,681,412	
<hr/>	<hr/>	
27,119,835	22,135,733	
<hr/>	<hr/>	
78,149,724	136,253,864	
<hr/>	<hr/>	
\$ 105,269,559	\$ 158,389,597	

# Barbers Hill Independent School District

## Balance Sheet

### Governmental Funds

June 30, 2024

Data Control Codes	199	599
ASSETS	General Fund	Debt Service Fund
1110 Cash and cash equivalents	\$ 7,033,385	\$ 466,936
1120 Investments	54,332,457	30,769,805
1220 Property taxes receivable	1,739,635	533,424
1230 Allowance for uncollectable taxes	(104,378)	(32,005)
1240 Due from other governments	1,192,422	211,103
1241 Due from component unit	-	-
1250 Accrued interest	60,115	31,666
1260 Due from other funds	1,284,696	-
1290 Other receivables	112,839	-
1300 Inventories	218,776	-
1410 Prepaid items	1,267,830	-
1810 Restricted cash and cash equivalents	-	403,014
1890 Restricted investments	-	3,810,096
1000 Total assets	67,137,777	36,194,039
1000a TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 67,137,777	\$ 36,194,039
LIABILITIES	General Fund	Debt Service Fund
2110 Accounts payable	\$ 392,582	\$ -
2150 Payroll deductions and withholdings	1,167,476	-
2160 Accrued wages payable	7,471,665	-
2170 Due to other funds	47,315	1,555
2180 Due to other governments	15,340,555	-
2190 Due to student groups	2,000	-
2200 Accrued liabilities	57,636	2,022
2300 Unearned revenue	37,097	-
2000 Total liabilities	24,516,326	3,577
DEFERRED INFLOWS OF RESOURCES	General Fund	Debt Service Fund
2600 Unavailable revenue - property taxes	1,635,257	501,419
2601 Unavailable revenue - SHARS grant	398,002	-
Total deferred inflows of resources	2,033,259	501,419
FUND BALANCES	General Fund	Debt Service Fund
3410 Nonspendable - inventories	218,776	-
3430 Nonspendable - prepaid items	1,267,830	-
3450 Restricted - grants	-	-
3470 Restricted - capital acquisitions and contractual obligations	-	-
3480 Restricted - debt service	-	35,689,043
3520 Committed - claims and judgements	4,000,000	-
3545 Committed - other	8,000,000	-
3600 Unassigned	27,101,586	-
3000 Total fund balances	40,588,192	35,689,043
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	General Fund	Debt Service Fund
4000	\$ 67,137,777	\$ 36,194,039

The Notes to the Financial Statements are an integral part of this statement.

699		98	
Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds	
\$ 6,569,678	\$ 3,010,989	\$ 17,080,988	
83,928,319	525,309	169,555,890	
-	-	2,273,059	
-	-	(136,383)	
-	1,095,776	2,499,301	
-	453,539	453,539	
193,954	-	285,735	
3,504	44,451	1,332,651	
-	38,575	151,414	
-	-	218,776	
-	-	1,267,830	
-	-	403,014	
-	-	3,810,096	
<hr/>	<hr/>	<hr/>	
90,695,455	5,168,639	199,195,910	
<hr/>	<hr/>	<hr/>	
<b>\$ 90,695,455</b>	<b>\$ 5,168,639</b>	<b>\$ 199,195,910</b>	
<hr/>	<hr/>	<hr/>	
\$ 7,025,720	\$ 498,442	\$ 7,916,744	
1,742	23,018	1,192,236	
400	311,989	7,784,054	
-	1,283,781	1,332,651	
-	3,000	15,343,555	
-	-	2,000	
-	-	59,658	
-	105,035	142,132	
<hr/>	<hr/>	<hr/>	
7,027,862	2,225,265	33,773,030	
<hr/>	<hr/>	<hr/>	
-	-	2,136,676	
-	-	398,002	
<hr/>	<hr/>	<hr/>	
-	-	2,534,678	
<hr/>	<hr/>	<hr/>	
-	-	218,776	
-	-	1,267,830	
-	2,895,322	2,895,322	
83,667,593	-	83,667,593	
-	-	35,689,043	
-	-	4,000,000	
-	48,052	8,048,052	
-	-	27,101,586	
<hr/>	<hr/>	<hr/>	
83,667,593	2,943,374	162,888,202	
<hr/>	<hr/>	<hr/>	
<b>\$ 90,695,455</b>	<b>\$ 5,168,639</b>	<b>\$ 199,195,910</b>	

**This Page Intentionally Left Blank**

**Barbers Hill Independent School District****Exhibit C-1R**

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
June 30, 2024

**TOTAL FUND BALANCES - GOVERNMENTAL FUNDS (EXHIBIT C-1)**

\$ 162,888,202

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The governmental capital assets at year-end consist of:

Governmental capital assets costs	\$ 571,815,175
Accumulated depreciation/amortization of governmental capital assets	<u>(121,184,874)</u> 450,630,301

Property taxes receivable, which will be collected subsequent to year-end, but are not available soon enough to pay expenditures and, therefore, are deferred in the funds.

2,136,676

County equalization, which will be collected subsequent to year-end, but is not available soon enough to pay expenditures and, therefore, are deferred in the funds.

398,002

Long-term liabilities and the respective accrued interest payable, including bonds payable, subscription liabilities, workers compensation, and net pension and OPEB liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Liabilities at year-end related to such items consist of:

Bonds payable, at original par	\$ (411,620,000)
Premium on bonds payable	(44,585,842)
Discount on bonds payable	14,540
Accrued interest on the bonds	(6,580,548)
Subscription liabilities	(175,300)
Workers' compensation	(185,080)
Net pension liability	(38,011,151)
Net OPEB liability	<u>(14,554,515)</u> (515,697,896)

Deferred charge on refunding is reported as a deferred outflow of resources in the statement of net position and it is not reported in the governmental funds as it is not a current financial resource available to pay for current expenditures.

892,304

Deferred gain on refunding is reported as a deferred inflow of resources in the statement of net position and it is not reported in the governmental funds as it is not a current financial resource available to recognize as revenue.

(791,914)

Deferred outflows of resources for pension represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenses/expenditures) until then.

17,265,406

Deferred inflows of resources for pension represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

(1,686,735)

Deferred outflows of resources for OPEB represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenses/expenditures) until then.

10,392,197

Deferred inflows of resources for OPEB represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

(21,156,984)**TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES (EXHIBIT A-1)**\$ 105,269,559

The Notes to the Financial Statements are an integral part of this statement.

# Barbers Hill Independent School District

## Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds For the Fiscal Year Ended June 30, 2024

Data Control Codes	199	599
	General Fund	Debt Service Fund
<b>REVENUES</b>		
5700 Local and intermediate revenues	\$ 109,101,001	\$ 47,010,254
5800 State program revenues	12,443,068	1,820,682
5900 Federal program revenues	496,928	-
5020 Total revenues	<u>122,040,997</u>	<u>48,830,936</u>
<b>EXPENDITURES:</b>		
Current:		
0011 Instruction	63,762,056	-
0012 Instructional resources and media services	825,463	-
0013 Curriculum and instructional staff development	2,194,715	-
0021 Instructional leadership	786,615	-
0023 School leadership	5,292,690	-
0031 Guidance, counseling, and evaluation services	4,331,760	-
0032 Social work services	610,319	-
0033 Health services	1,294,052	-
0034 Student transportation	3,986,563	-
0035 Food services	-	-
0036 Extracurricular activities	3,265,048	-
0041 General administration	4,119,388	110
0051 Plant maintenance and operations	11,038,798	-
0052 Security and monitoring services	1,474,278	-
0053 Data processing services	1,785,507	-
0061 Community services	137,728	-
Debt service:		
0071 Principal on long-term debt	122,320	22,705,000
0072 Interest on long-term debt	5,364	18,417,498
0073 Issuance costs and fees	-	10,076
Capital outlay:		
0081 Facilities acquisition and construction	-	-
Intergovernmental:		
0091 Contracted instructional services between schools	10,278,175	-
0099 Other intergovernmental charges	<u>926,780</u>	<u>-</u>
6030 Total expenditures	<u>116,237,619</u>	<u>41,132,684</u>
1100 Excess (deficiency) of revenues over (under) expenditures	5,803,378	7,698,252
<b>OTHER FINANCING SOURCES (USES)</b>		
7913 Proceeds from leased subscription assets	12,365	-
7915 Transfers in	-	-
8911 Transfers out	(76,331)	-
8948 Tax refund pursuant to Texas Tax Code 313	(2,363,542)	-
8989 Nonoperating loss	-	(551,700)
7080 Total other financing sources (uses)	<u>(2,427,508)</u>	<u>(551,700)</u>
1200 Net change in fund balances	3,375,870	7,146,552
0100 Fund balances - beginning	37,212,322	28,542,491
<b>3000 FUND BALANCES - ENDING</b>	<b><u>\$ 40,588,192</u></b>	<b><u>\$ 35,689,043</u></b>

The Notes to the Financial Statements are an integral part of this statement.

699		98	
Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds	
\$ 5,263,092	\$ 5,804,311	\$ 167,178,658	
39,946	1,076,828	15,380,524	
-	3,657,590	4,154,518	
5,303,038	10,538,729	186,713,700	
868,010	3,372,056	68,002,122	
67,560	53,141	946,164	
-	226,021	2,420,736	
14,636	-	801,251	
4,573	-	5,297,263	
6,343	469,778	4,807,881	
-	4,441	614,760	
16,008	-	1,310,060	
1,283,378	-	5,269,941	
-	4,723,292	4,723,292	
633,170	822,658	4,720,876	
16,704	-	4,136,202	
1,547,497	-	12,586,295	
90,729	61,753	1,626,760	
325,329	31,434	2,142,270	
-	7,123	144,851	
-	68,409	22,895,729	
-	-	18,422,862	
-	-	10,076	
44,856,783	-	44,856,783	
-	-	10,278,175	
-	-	926,780	
49,730,720	9,840,106	216,941,129	
(44,427,682)	698,623	(30,227,429)	
-	116,151	128,516	
-	76,331	76,331	
-	-	(76,331)	
-	-	(2,363,542)	
-	-	(551,700)	
-	192,482	(2,786,726)	
(44,427,682)	891,105	(33,014,155)	
128,095,275	2,052,269	195,902,357	
\$ 83,667,593	\$ 2,943,374	\$ 162,888,202	

# Barbers Hill Independent School District

# Exhibit C-3

Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2024

<b>TOTAL NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS (EXHIBIT C-2)</b>	\$ (33,014,155)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation/amortization expense.	
Capital assets increased	\$ 45,665,480
Depreciation/amortization expense	<u>(11,892,978)</u> 33,772,502
The net effect of miscellaneous transactions involving capital assets (transfers, adjustments and dispositions) is an increase (decrease) to net position.	
	(5,002)
Because some revenues will not be collected for several months after the District's fiscal year end, they are not considered "available" revenues and are deferred in the governmental funds. Deferred inflows increased (decreased) by this amount this year.	
Unavailable revenues - property taxes	800,026
Unavailable revenues - SHARS grant	398,002
Financed subscriptions provide current financial resources to governmental funds, but increase long-term liabilities in the statement of net position.	
	(128,516)
Repayment of bond and subscription principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
	22,895,729
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due, and includes amortization of related long-term debt accounts. The (increase) decrease in interest expense reported in the statement of activities consist of the following:	
Accrued interest on current interest bonds payable (increased) decreased	\$ 377,172
Amortization of bond premium and discount	4,066,632
Amortization of deferred charge and gain on refunding	<u>224,559</u> 4,668,363
The (increase) decrease in workers' compensation is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds.	
	73,410
The net change in net pension liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following:	
Deferred outflows increased (decreased)	\$ 3,210,659
Deferred inflows (increased) decreased	819,083
Net pension liability (increased) decreased	<u>(8,582,058)</u> (4,552,316)
The net change in net OPEB liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following:	
Deferred outflows increased (decreased)	\$ 644,637
Deferred inflows (increased) decreased	1,374,377
Net OPEB liability (increased) decreased	<u>192,778</u> 2,211,792
<b>CHANGE IN NET POSITION FOR GOVERNMENTAL ACTIVITIES (EXHIBIT B-1)</b>	<u><u>\$ 27,119,835</u></u>

The Notes to the Financial Statements are an integral part of this statement.

**Barbers Hill Independent School District**

## Statement of Fiduciary Net Position

Fiduciary Fund

June 30, 2024

**Exhibit E-1**

	<b>Custodial Fund</b>	
	<b>Student Activity</b>	
<b>ASSETS</b>		
Cash and cash equivalents	\$ 72,579	
Investments	1,242	
Other receivables	6,992	
 Total assets	 80,813	
<b>LIABILITIES</b>		
Other payables	\$ 897	
 Total liabilities	 897	
<b>NET POSITION</b>		
Restricted for:		
Student activities	79,916	
<b>TOTAL NET POSITION</b>	<b>\$ 79,916</b>	

The Notes to the Financial Statements are an integral part of this statement.

**Barbers Hill Independent School District**  
 Statement of Changes in Fiduciary Net Position  
 Fiduciary Fund  
 For the Fiscal Year Ended June 30, 2024

**Exhibit E-2**

	<b>Custodial Fund</b>
	<b>Student Activity</b>
<b>ADDITIONS</b>	
Fundraising and dues	\$ 132,876
Total additions	132,876
<b>DEDUCTIONS</b>	
Beneficiary payments	1,981
Operating expenses	149,345
Total deductions	151,326
Net change in fiduciary net position	(18,450)
Net position - beginning	98,366
<b>NET POSITION - ENDING</b>	<b>\$ 79,916</b>

The Notes to the Financial Statements are an integral part of this statement.

## **Barbers Hill Independent School District**

Notes to the Financial Statements

### **Note 1. Summary of Significant Accounting Policies**

#### **A. Description of Government-wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government (the District) and its component unit. All fiduciary activities are reported only in the fund financial statements. Governmental activities normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions. Likewise, the *primary government* is reported separately from the legally separate *component unit* for which the primary government is financially accountable.

#### **B. Reporting Entity**

The Barbers Hill Independent School District (the District) is governed by a seven-member board of trustees (the Board), which has governance responsibilities over all activities related to public elementary and secondary education within the District. Members of the Board are elected by the public; have authority to make decisions; appoint management and significantly influence operations; and have primary accountability for fiscal matters. The District is not included in any other governmental reporting entity. The accompanying financial statements present the District and its component unit, an entity for which the District is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the District.

**Discretely Presented Component Unit.** The Barbers Hill Independent School District Education Foundation (the Foundation) was created to provide grants to Barbers Hill Independent School District teachers for the purpose of enhancing education of the Barbers Hill Independent School District students. The Foundation is governed by at least 3 but not to exceed 15 members who are elected by the Foundation's directors. The District maintains the Foundation's accounting records. The District is reimbursed for the aforementioned functions. Due to the significant benefits provided by the Foundation to the District, the component unit is reported as a discretely presented component unit.

#### **C. Basis of Presentation – Government-wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As discussed earlier, the District has one discretely presented component unit which is shown in a separate column in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

#### **D. Basis of Presentation – Fund Financial Statements**

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category—governmental and fiduciary—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

## **Barbers Hill Independent School District**

### Notes to the Financial Statements

The District reports the following major governmental funds:

The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those accounted for in another fund.

The *debt service fund* is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

The *capital projects fund* accounts for the acquisition and construction of the District's major capital facilities.

Additionally, the District reports the following fund types:

The *custodial fund* accounts for assets held by the District for student organizations. Custodial funds report fiduciary activities that are not held in a trust.

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

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds are eliminated in governmental activities.

### **E. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers property tax revenues to be available when collected and all other revenues within 120 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as required under accrual accounting. However, debt service expenditures, as well as expenditures related to pension liability, OPEB, subscription liability, compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

# **Barbers Hill Independent School District**

## Notes to the Financial Statements

Interest associated with the current fiscal period is considered to be susceptible to accrual and has been recognized as revenues in the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 120 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 120 days of year end). All other revenue items, including property taxes, are considered to be measurable and available only when cash is received by the District.

## **F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

### **1. Cash and Cash Equivalents**

The District's cash and cash equivalents are considered to be cash on hand and bank demand or time deposits with original maturities of one year or less from the date of acquisition.

### **2. Investments**

Investments for the District, except for certain investment pools, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost or fair value.

### **3. Inventories and Prepaid Items**

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Food service commodities and food service supplies are recorded as expenditures when received or purchased at their estimated market value or costs, respectively.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

### **4. Capital Assets**

Capital assets, which include land and improvements, construction in progress, buildings and improvements, furniture and equipment, and right-to-use subscriptions are reported in the applicable governmental activities column in the government-wide financial statements. The District's infrastructure includes parking lots and sidewalks associated with various buildings. The cost of the infrastructure was initially capitalized with the building cost and is being depreciated over the same useful life as the building. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the District chose to include all such items regardless of their acquisition date or amount. The District was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the District constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

## **Barbers Hill Independent School District**

### Notes to the Financial Statements

Land and improvements and construction in progress are not depreciated. The buildings and improvements, furniture and equipment, and right-to-use subscriptions of the District are depreciated/amortized using the straight line method over the following estimated useful lives:

Capital Asset Classes	Lives
Buildings and improvements	5-50
Furniture and equipment	3-50
Right-to-use subscriptions	1.5-5

### **5. Restricted Assets**

The debt service fund has restricted certain cash, cash equivalents and investments for Qualified School Construction Bonds debt service.

### **6. Subscription-Based Information Technology Arrangements (SBITAs)**

The District has noncancellable contracts with SBITA vendors for the right to use information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets). The District recognizes a subscription liability, reported with long-term debt, and a right-to-use subscription asset (an intangible asset), reported with other capital assets, in the government-wide financial statements. The District recognizes subscription liabilities with an initial, individual value of \$25,000 or more.

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

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

- The District uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the noncancellable period of the SBITA.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, termination penalties if the District is reasonably certain to exercise such options, subscription contract incentives receivable from the SBITA vendor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

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

### **7. Deferred Outflows/Inflows of Resources**

Deferred outflows of resources represents a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then. Deferred inflows of resources represents an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

## **Barbers Hill Independent School District**

### Notes to the Financial Statements

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension and OPEB activities are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and OPEB plan, except for projected and actual earnings differences on investments which are amortized on a closed basis over a 5-year period.
- District contributions to the pension and OPEB plans after the measurement date of each plan are recognized in the subsequent fiscal year.
- Deferred charge/gain on refunding is amortized over the shorter of the life of the refunded or refunding debt.
- Property taxes and SHARS grant are recognized in the period the amount becomes available.

#### **8. Pension**

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

#### **9. Other Postemployment 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 postemployment 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.

#### **10. Net Position Flow Assumption**

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

#### **11. Fund Balance Flow Assumptions**

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

## **Barbers Hill Independent School District**

### Notes to the Financial Statements

#### **12. Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The board of trustees (the Board) is the highest level of decision-making authority for the District that can, by board action or adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by board action or the resolution remains in place until performance of commitment or a similar action is taken (the board action or adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board has, by policy, authorized the superintendent or his designee to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

In the general fund, the District shall maintain at a minimum unassigned fund balance equal to or greater than 20% of the combined budgeted expenditures of the District's general fund.

## **G. Revenues and Expenditures/Expenses**

### **1. Program Revenues**

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

### **2. Property Taxes**

Property values are determined by the County Central Appraisal District as of January 1 of each year. Prior to July 1 of each year, the District adopts its annual budget and as soon thereafter as practicable, shall adopt a tax rate thus creating the tax levy. Property taxes for the current calendar year are levied on approximately October 1 of each year and are payable by January 31 of the following year. Property tax receivables are recorded as of the date levied. Unpaid taxes become delinquent on February 1 and a tax lien on real property is created as of July 1 of each year.

## **H. Use of Estimates**

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

## **Barbers Hill Independent School District**

### Notes to the Financial Statements

#### **I. Data Control Codes**

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

#### **J. Implementation of New Accounting Standards**

GASB Statement No. 99, *Omnibus 2022* (GASB 99), enhances comparability in accounting and financial reporting and improves consistency of authoritative literature by addressing 1) practice issues that have been identified during implementation and application of certain GASB statements and 2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases were implemented in the District's fiscal year 2022 financial statements in conjunction with GASB 87. The requirements related to PPPs and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. These requirements for GASB 99 were implemented in the District's fiscal year 2023 financial statements in conjunction with GASB 94 and GASB 96. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. These requirements for GASB 99 were implemented in the District's fiscal year 2024 financial statements with no impact to amounts previously reported.

GASB Statement No. 100, *Accounting Changes and Error Corrections* (GASB 100), enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement 1) defines accounting changes and corrections of errors; 2) prescribes the accounting and financial reporting for each type of accounting change and error corrections; and 3) clarifies required note disclosures. The requirements of this statement are effective for reporting periods beginning after June 15, 2023, with earlier application encouraged. GASB 100 was implemented in the District's fiscal year 2024 financial statements with no impact to amounts previously reported.

#### **K. Recent Accounting Pronouncements**

GASB Statement No. 101, *Compensated Absences* (GASB 101), improves the information needs of financial statements users by updating the recognition and measurement guidance for compensated absences under a unified model and amending certain previously required disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2023, with earlier application encouraged. GASB 101 will be implemented in the District's fiscal year 2025 financial statements and the impact has not yet been determined.

GASB Statement No. 102, *Certain Risk Disclosures* (GASB 102), improves financial reporting by providing users of financial statements with essential information regarding certain concentrations of constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. The requirements of this statement are effective for reporting periods beginning after June 15, 2024, with earlier application encouraged. GASB 102 will be implemented in the District's fiscal year 2025 financial statements and the impact has not yet been determined.

# Barbers Hill Independent School District

## Notes to the Financial Statements

GASB Statement No. 103, *Financial Reporting Model Improvements* (GASB 103), improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement also addresses certain application issues. The requirements of this statement are effective for reporting periods beginning after June 15, 2025, with earlier application encouraged. GASB 103 will be implemented in the District's fiscal year 2026 financial statements and the impact has not yet been determined.

### Note 2. Stewardship, Compliance, and Accountability

#### A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, National School Breakfast/Lunch Program special revenue fund, and Debt Service Fund. All annual appropriations lapse at fiscal year-end. The following procedures are followed in establishing the budgetary data reflected in the financial statements.

1. Prior to June 19 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
3. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board.

The appropriated budget is prepared by fund, function, and campus/department. The District's campus/department heads may make transfers of appropriations within a campus/department. Transfers of appropriations between campus/departments require the approval of the District's management. Transfers of appropriations between functions require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level within a fund. The District made two supplemental budgetary amendments during the year.

#### B. Encumbrances

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as restricted, committed, or assigned fund balances as appropriate. The encumbrances do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

Significant encumbrances included in governmental fund balances are as follows:

	Encumbrances
	Included in:
	Restricted
	Fund Balance
Capital projects fund	\$ 26,657,621
<b>Total encumbrances</b>	<b>\$ 26,657,621</b>

## **Barbers Hill Independent School District**

Notes to the Financial Statements

### **Note 3. Detailed Notes on All Funds**

#### **A. Deposits and Investments**

##### **Cash Deposits**

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas School Depository Act. The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the District's and the depository banks' agent bank. The pledged securities shall be 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.

##### **Investments - District**

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity, allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

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

1. Obligations of, or guaranteed by governmental entities as permitted by Government Code 2256.009
2. Certificates of deposit and share certificates as permitted by Government Code 2256.010
3. Fully collateralized repurchase agreements permitted by Government Code 2256.011
4. A securities lending program as permitted by Government Code 2256.0115
5. Banker's acceptances as permitted by Government Code 2256.012
6. Commercial paper as permitted by Government Code 2256.013
7. No-load money market mutual funds and no-load mutual funds as permitted by Government Code 2256.014
8. A guaranteed investment contract as an investment vehicle for bond proceeds, provided it meet the criteria and eligibility requirements established by Government Code 2256.015
9. Public funds investment pools as permitted by Government Code 2256.016.

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

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

## Barbers Hill Independent School District

### Notes to the Financial Statements

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

The District's governmental and fiduciary funds investment balances, recurring fair value measurements weighted average maturity of such investments, and investment ratings are presented in the following tables:

Governmental Funds' Investment Type	S&P Rating	June 30, 2024	Fair Value Measurements Using				
			Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Percentage of Total Investments	Weighted Average Maturity (Days)	
Investments measured at amortized cost, not subject to level reporting							
Investment pools:							
TexPool Prime	AAAm	\$ 96,120,164	\$ -	\$ -	56%	41	
TexPool	AAAm	1,297	-	-	0%	36	
Lone Star - Corporate Overnight	AAAm	5,027	-	-	0%	42	
TexStar	AAAm	3,004	-	-	0%	36	
Investments measured at fair value, subject to level reporting:							
U.S. treasury notes	Not Rated	67,841,097	67,841,097	-	39%	243	
U.S. government agency securities	AA+	2,405,219	-	2,405,219	1%	446	
Municipal government securities	AAA-BBB+	6,366,463	-	6,366,463	4%	868	
Corporate government securities	AAA	623,715	-	623,715	0%	731	
<b>Total value</b>		<b>\$ 173,365,986</b>	<b>\$ 67,841,097</b>	<b>\$ 9,395,397</b>	<b>100%</b>		
<b>Portfolio weighted average maturity</b>							159

Fiduciary Funds' Investment Type	S&P Rating	June 30, 2024	Fair Value Measurements Using				
			Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Percentage of Total Investments	Weighted Average Maturity (Days)	
Investments measured at amortized cost, not subject to level reporting							
Investment pools:							
Lone Star - Corporate Overnight	AAAm	\$ 1,242	\$ -	\$ -	100%	42	
<b>Total value</b>		<b>\$ 1,242</b>	<b>\$ -</b>	<b>\$ -</b>	<b>100%</b>		
<b>Portfolio weighted average maturity</b>							42

Investment pools are measured at amortized cost. Such investments are not required to be reported in the fair value hierarchy.

U.S. Treasury Notes are classified in Level 1 of the fair value hierarchy and are valued using prices quoted in active markets for those securities. U.S. Government Agency Securities, Municipal Government Securities, and Corporate Government Securities are classified in Level 2 of the fair value hierarchy and are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

TexPool and TexPool Prime are duly chartered and overseen by the State Comptroller's Office, administered and managed by Federated Hermes, Inc. State Street Bank serves as the custodial bank. The TexPool portfolio consists of U.S. Government securities; collateralized repurchase and reverse repurchase agreements; and AAA rated money market mutual funds. The TexPool Prime portfolio additionally consists of commercial paper and certificates of deposits.

## **Barbers Hill Independent School District**

### Notes to the Financial Statements

Lone Star is duly chartered by the State of Texas Interlocal Cooperation Act, is administered by First Public, LLC, a subsidiary of the Texas Association of School Boards, and managed by Mellon Investments Corporation and American Beacon Advisors. State Street Bank and Trust Company is the custodial bank.

The TexPool, TexPool Prime, and Lone Star investment pools are external investment pools measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, investment pools must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pools transact at a net asset value of \$1.00 per share, have weighted average maturity of 60 days or less and weighted average life of 120 days or less, investments held are highly rated by nationally recognized statistical rating organization, have no more than 5% of portfolio with one issuer (excluding US government securities), and can meet reasonably foreseeable redemptions. TexPool, TexPool Prime, and Lone Star have a redemption notice period of one day and no maximum transaction amounts. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

TexSTAR is duly chartered by the State of Texas Interlocal Cooperation Act, is administered by Hilltop Securities, Inc. and J.P. Morgan Investment Management, Inc. (JPMIM), and managed by JPMIM, who provides custody and investment management.

The primary objectives of TexSTAR are, in order of priority, preservation and protection of principal, maintenance of sufficient liquidity to meet Participants' needs, and yield. The portfolio will maintain a dollar-weighted average maturity that does not exceed 60 days and seeks to maintain a net asset value of \$1.00 per share. TexSTAR may invest in securities including: obligations of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; other obligations which are unconditionally guaranteed or insured by the U.S.; fully collateralized repurchase agreements with a defined termination date and unconditionally guaranteed or insured by the U.S. or its agencies and instrumentalities; and SEC-registered no-load money-market fund which meet the requirements of the Public Funds Investment Act. The investment pool has a redemption notice period of one day and no maximum transaction amounts. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

#### **Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. All credit ratings met acceptable levels required by legal guidelines prescribed by both the Public Funds Investment Act and the District's investment policy.

#### **Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The District monitors interest rate risk utilizing weighted average maturity analysis and specific identification. Investments with maturities longer than one year shall be authorized by the Superintendent and shall not exceed legal limits prescribed by the state and federal laws.

#### **Concentration of Credit Risk**

The District's investment policy does not limit an investment in any one issuer. The investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from over-concentration of assets in a specific class of investments, specific maturity, or specific issuer.

# Barbers Hill Independent School District

## Notes to the Financial Statements

### 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. On June 30, 2024, the District's banks' balances, including fiduciary funds, were not exposed to custodial credit risk because it was insured and collateralized with securities held by the District's agent in the District's name.

### Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investments are held by the District's agent in the District's name for the benefit of the District.

### Investments - Foundation

As of June 30, 2024, the Barbers Hill Independent School District Education Foundation had investments as follows:

Barbers Hill ISD Education Foundation	S & P Rating	June 30, 2024	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)		Percentage of Total Investments	Weighted Average Maturity (Days)
Investments measured at fair value (NAV), not subject to level reporting:						
Alternative investments		\$ 26,703,542	\$ -		20%	
Investments measured at fair value, subject to level reporting:						
U.S. treasury notes	Not Rated	995,890	995,890	1%	243	
Equity securities - stocks	Not Rated	20,720,166	20,720,166	15%	N/A	
Equity funds- mutual funds	Not Rated	85,316,685	85,316,685	64%	N/A	
<b>Total value</b>		<b>\$ 133,736,283</b>	<b>\$ 107,032,741</b>	<b>100%</b>		
<b>Portfolio weighted average maturity</b>						243

The Foundation follows the investment policy approved by the Foundation's Board of Trustees.

The Foundation's alternative investments represent investment in units of Partners Group Private Equity, LLC, AMG Pantheon Fund Class 1, and Agilis DEG Class I.

Partners Group Private Equity LLC (the Master Fund) is a registered non-diversified, closed-end management investment company. The fund is managed by Partners Group Inc. (the Advisor), an investment advisor, and governed by a board of managers that provides oversight responsibility for the management and supervision of the business operations of the Master Fund. The Master Fund's investment objective is to seek long-term capital appreciation by investing in a wholly owned diversified portfolio of private equity and debt investments including infrastructure. The Master Fund offers two classes of units and each class represents a pro rata interest in the Master Fund. Realized and unrealized gains and losses and net investment income and losses, other than class-specific expenses, are allocated daily to each class of units based on the relative net assets of each class to the total net assets of the Master Fund. Units of the Master Fund are offered for purchase as of the first day of each calendar month and units can be redeemed each January 1<sup>st</sup>, April 1<sup>st</sup>, July 1<sup>st</sup>, and October 1<sup>st</sup>. The Foundation has no unfunded commitments to the Master Fund. The Master Fund's accounting and reporting policies conform with U.S. generally accepted accounting principles.

## Barbers Hill Independent School District

### Notes to the Financial Statements

AMG Pantheon Fund, LLC (the Fund) is a registered non-diversified, closed-end management investment company. The Fund's term is perpetual unless the Fund is otherwise terminated under the terms of the Fund's organizational documents. The Fund's investment objective is to seek long-term capital appreciation. In pursuing its investment objective, the Fund invests substantially all of its assets in AMG Pantheon Master Fund, LLC, an affiliate of the Fund, which has the same investment objective and investment policies as those of the Fund. AMG Pantheon Master Fund, LLC makes investments directly and through its wholly owned subsidiaries, AMG Pantheon Subsidiary Fund, LLC (the Corporate Subsidiary) and AMG Pantheon Lead Fund, LLC (the Lead Fund and together with AMG Pantheon Master Fund, LLC and the Corporate Subsidiary, the Master Fund). As of March 31, 2024, the Fund owned 94% of the Units in the Master Fund. The performance of the Fund is directly affected by the performance of the Master Fund.

The Fund offers five classes of Units (each a "Unit", and collectively, "Units"). Each Unit is offered to "accredited investors" and may be purchased on a continuous basis as of the first business day of each month at the class's net asset value (NAV) per Unit. The Units of Class 1, Class 2, Class 3, Class 4, and Class 5 generally have identical voting rights, but each Unit class may vote separately when required by law. Different Unit classes may have different NAV per Unit to the extent the Unit classes pay different distribution amounts and/or the expenses of such Unit classes differ.

To provide liquidity to unitholders of the Fund (Investors), the Fund may, from time to time, offer to repurchase Units pursuant to written tenders by Investors. Repurchases will be made at such times, in such amounts and on such terms as may be determined by the Fund's Board of Directors. The Fund's accounting and reporting policies conform with U.S. generally accepted accounting principles.

Agilis DEG Class I is managed by Agilis Partners LLC (Agilis), which is an investment advisory firm registered with the Securities and Exchange Commission. Agilis may allocate client assets among various investment managers used by other clients of Agilis. Client investments are not limited to any specific product or service offered by a broker-dealer, insurance company, or other financial services company and primarily consist of mutual funds, U.S. Treasury obligations, exchange traded funds, collective investment trusts and over-the-counter derivative contracts. The units of Class 1 are valued at NAV. As of June 30, 2024, financial statements haven't been issued for Agilis. Agilis had approximately \$1 billion in discretionary assets under management and approximately \$5.8 billion in non-discretionary assets under management.

The value as of June 30, 2024 of the alternative investments is \$26,703,542 using the underlying fund net asset value as a practical expedient to measure fair value. These investments are exempt from categorization within the fair value hierarchy.

U.S. treasury, equity securities – stocks and equity funds – mutual funds are classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

#### **Restricted Cash, Cash Equivalents and Investments**

The debt service fund reports restricted cash, cash equivalents and investments for the following purpose:

Restricted Purpose	Cash and Cash Equivalents	Investments
Qualified School Construction Bonds	\$ 403,014	\$ 3,810,096
<b>Totals</b>	<b>\$ 403,014</b>	<b>\$ 3,810,096</b>

## Barbers Hill Independent School District

### Notes to the Financial Statements

#### B. Receivables

Tax revenues of the general and debt service funds are reported net of estimated uncollectible amounts. Total change in uncollectible amounts related to revenues of the current period increased (decreased) revenues as follows:

Change in uncollectibles related to general fund property taxes	\$ (38,540)
Change in uncollectibles related to debt service property taxes	<u>(12,461)</u>
<b>Total change in uncollectibles of the current fiscal year</b>	<b>\$ (51,001)</b>

Approximately 47% of the outstanding balance of property taxes is not anticipated to be collected within the next year.

A concentration of risk exists for local revenue sources since approximately 50% of the District's taxable property value is attributed to two taxpayers. Similarly, the District's ten largest taxpayers approximate 74% of the total taxable value of the District.

#### C. Interfund Receivables, Payables, and Transfers

##### 1. Receivables/Payables

The composition of interfund receivable/payable balances as of June 30, 2024, is as follows:

Due From/To Other Funds	Interfund Receivables	Interfund Payables
General fund	\$ 1,284,696	\$ 47,315
Debt service fund	-	1,555
Capital projects fund	3,504	-
Nonmajor governmental funds	<u>44,451</u>	<u>1,283,781</u>
<b>Totals</b>	<b>\$ 1,332,651</b>	<b>\$ 1,332,651</b>

As of June 30, 2024, a balance of \$3,504 was due from the general fund to the capital projects fund for capital expenditures paid by the capital projects fund. A balance of \$1,555 was due from the debt service fund to the general fund for write-off of balances. The remainder of the balances consist of short-term lending/borrowing arrangements that generally result from payroll and other regularly occurring charges that are primarily paid by the general fund and then charged back to the appropriate other fund.

##### 2. Transfers

The composition of interfund transfers between the various funds for the year ended June 30, 2024, is as follows:

Transfer Out	Transfers In	Amount
General fund	Nonmajor governmental funds	\$ 76,331
<b>Total</b>		<b>\$ 76,331</b>

The transfers were made for uncollectible School Nutrition accounts, for tuition for Pre-K student meals at year end, and to record Barbers Hill Portraits annual profit distribution.

# Barbers Hill Independent School District

## Notes to the Financial Statements

### D. Equity Investment

In April 2023, the Foundation, Americus Brickyard GP, LLC and Americus Brickyard Investors, LLC formed a joint venture called Americus Brickyard Partners, LTD (JV). The purpose of the joint venture was to acquire, develop and construct, own, hold, operate, lease, manage, finance, and refinance, position and market for sale, lease, exchange or otherwise dispose of certain property. The Foundation has a 50% interest, Americus Brickyard GP, LLC has a 0.01% interest and Americus Brickyard Investors, LLC has a 49.99% interest. Profits and losses, are allocated proportionate to their equity interests. The Foundation equity interest in the joint venture totaled \$5,329,025 as of June 30, 2024 and is recorded as an asset in the statement of net position. There were no related party transactions in fiscal year 2024. Separate financial statements of the JV can be found by contacting Americus Brickyard.

### E. Capital Assets

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

	Beginning Balance	Additions	Reductions	Transfers & Adjustments	Ending Balance
<b>Governmental activities:</b>					
Capital assets, not being depreciated/amortized:					
Land and improvements	\$ 6,160,156	\$ -	\$ -	\$ -	\$ 6,160,156
Construction in progress	7,403,759	40,040,507	-	(5,168,430)	42,275,836
Total capital assets, not being depreciated/amortized	13,563,915	40,040,507	-	(5,168,430)	48,435,992
Capital assets, being depreciated/amortized:					
Buildings and improvements	483,467,578	3,131,842	-	5,168,430	491,767,850
Furniture and equipment	28,752,580	2,359,065	(10,469)	-	31,101,176
Right-to-use subscriptions	470,785	134,066	(94,694)	-	510,157
Total capital assets, being depreciated/amortized	512,690,943	5,624,973	(105,163)	5,168,430	523,379,183
Less accumulated depreciation/amortization for:					
Buildings and improvements	(86,660,672)	(9,924,700)	-	-	(96,585,372)
Furniture and equipment	(22,596,618)	(1,746,341)	5,467	-	(24,337,492)
Right-to-use subscriptions	(134,767)	(221,937)	94,694	-	(262,010)
Total accumulated depreciation/amortization	(109,392,057)	(11,892,978)	100,161	-	(121,184,874)
Total capital assets, being depreciated/amortized, net	403,298,886	(6,268,005)	(5,002)	5,168,430	402,194,309
<b>Governmental activities capital assets, net</b>	<b>\$ 416,862,801</b>	<b>\$ 33,772,502</b>	<b>\$ (5,002)</b>	<b>\$ -</b>	<b>\$ 450,630,301</b>

## **Barbers Hill Independent School District**

### Notes to the Financial Statements

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

Governmental activities:	
11 Instruction	\$ 8,677,198
12 Instructional resources and media services	7,089
13 Curriculum and instructional staff development	16,673
33 Health services	2,033
34 Student transportation	703,484
35 Food services	7,824
36 Extracurricular activities	890,557
41 General administration	119,155
51 Plant maintenance and operations	1,216,760
52 Security and monitoring services	157,183
53 Data processing services	88,524
61 Community services	6,498
	<hr/>
<b>Total depreciation/amortization expense-governmental activities</b>	<b>\$ 11,892,978</b>

### **Construction Commitments**

The District has active construction projects as of June 30, 2024. The projects include the construction and equipment of school facilities. At year-end, the District's commitments with contractors are as follows:

Project	Remaining Commitment
Intermediate School North Campus	\$ 348,149
Intermediate School South Campus	65,728
High School Addition	26,219,972
Civil Site Improvements	23,772
	<hr/>
<b>Totals</b>	<b>\$ 26,657,621</b>

The commitment for construction and equipment of school facilities is being financed by general obligation bonds secured by tax revenues and local funds.

# Barbers Hill Independent School District

## Notes to the Financial Statements

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

	Beginning Balance	Additions	Reductions	Transfers & Adjustments	Ending Balance
Component unit activities:					
Capital assets, not being depreciated:					
Land and improvements	\$ 10,898,754	\$ 8,609,341	\$ -	\$ -	\$ 19,508,095
Total capital assets, not being depreciated	10,898,754	8,609,341	-	-	19,508,095
Capital assets, being depreciated:					
Furniture and equipment	25,000	-	-	-	25,000
Total capital assets, being depreciated	25,000	-	-	-	25,000
Less accumulated depreciation for:					
Furniture and equipment	(1,666)	(833)	-	-	(2,499)
Total accumulated depreciation	(1,666)	(833)	-	-	(2,499)
Total capital assets, being depreciated, net	23,334	(833)	-	-	22,501
<b>Component unit activities capital assets, net</b>	<b>\$ 10,922,088</b>	<b>\$ 8,608,508</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 19,530,596</b>

## F. Long-term Liabilities

The District's long-term liabilities consist of bond indebtedness, subscription liabilities, workers' compensation claims, and net pension and OPEB liability. The current requirements for general obligation bonds principal and interest expenditures are accounted for in the debt service fund. The general fund has been used to liquidate any other long-term liability not accounted for in the debt service fund.

### Changes in Long-term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2024, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds, par	\$ 434,325,000	\$ -	\$ (22,705,000)	\$ 411,620,000	\$ 24,545,000
Issuance premiums (CIB's)	48,655,546	-	(4,069,704)	44,585,842	-
Issuance discounts (CIB's)	(17,612)	-	3,072	(14,540)	-
Total bonds payable	482,962,934	-	(26,771,632)	456,191,302	24,545,000
Subscription liabilities	237,513	128,516	(190,729)	175,300	65,586
Workers' compensation	258,490	21,379	(94,789)	185,080	185,080
Net pension liability	29,429,093	11,426,510	(2,844,452)	38,011,151	-
Net OPEB liability	14,747,293	2,004,119	(2,196,897)	14,554,515	-
<b>Governmental activities long-term liabilities</b>	<b>\$ 527,635,323</b>	<b>\$ 13,580,524</b>	<b>\$ (32,098,499)</b>	<b>\$ 509,117,348</b>	<b>\$ 24,795,666</b>

### General Obligation Bonds

The District issues general obligation bonds to provide funds for the construction and equipment of school buildings (BLDG and QSCB) and to refund general obligation bonds (REF).

General obligation bonds are direct obligations and pledge the full faith and credit of the District.

## Barbers Hill Independent School District

### Notes to the Financial Statements

The following is a summary of changes in the general obligation bonds for the fiscal year:

Series	Interest Rate	Original Issue	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
2012 QSCB	3.880%	\$ 7,085,000	2029	\$ 7,085,000	\$ -	\$ -	\$ 7,085,000
2013 REF	2.0-3.0%	9,375,000	2029	6,500,000	-	(885,000)	5,615,000
2014 REF	2.0-5.0%	21,195,000	2030	9,715,000	-	(1,715,000)	8,000,000
2014A REF	2.0-5.0%	28,885,000	2027	11,275,000	-	(2,635,000)	8,640,000
2015 REF	2.0-4.0%	8,845,000	2032	8,740,000	-	-	8,740,000
2016	2.0-4.0%	13,860,000	2037	8,310,000	-	(405,000)	7,905,000
2017	2.0-5.0%	45,620,000	2042	43,380,000	-	(325,000)	43,055,000
2018	3.0-5.0%	50,665,000	2037	42,520,000	-	(390,000)	42,130,000
2018 REF	3.0-5.0%	26,075,000	2025	7,715,000	-	(4,080,000)	3,635,000
2019	5.000%	11,970,000	2028	9,825,000	-	(1,960,000)	7,865,000
2019 REF	4.00%	60,395,000	2028	37,295,000	-	(7,075,000)	30,220,000
2020	3.0-5.0%	139,515,000	2042	137,360,000	-	(3,235,000)	134,125,000
2022	4.0-5.0%	104,605,000	2042	104,605,000	-	-	104,605,000
<b>Totals</b>				<b>\$ 434,325,000</b>	<b>\$ -</b>	<b>\$ (22,705,000)</b>	<b>\$ 411,620,000</b>

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30,	Principal	Interest	Total Requirements
2025	\$ 24,545,000	\$ 17,419,098	\$ 41,964,098
2026	23,085,000	16,356,173	39,441,173
2027	23,775,000	15,336,548	39,111,548
2028	24,830,000	14,326,198	39,156,198
2029	27,580,000	13,226,948	40,806,948
2030	21,295,000	11,988,850	33,283,850
2031	21,480,000	10,984,700	32,464,700
2032	21,625,000	10,027,700	31,652,700
2033	21,765,000	9,101,600	30,866,600
2034	21,900,000	8,166,800	30,066,800
2035	22,065,000	7,223,300	29,288,300
2036	22,245,000	6,269,750	28,514,750
2037	22,430,000	5,281,450	27,711,450
2038	22,525,000	4,328,100	26,853,100
2039	22,550,000	3,519,800	26,069,800
2040	22,560,000	2,704,800	25,264,800
2041	22,560,000	1,911,350	24,471,350
2042	22,805,000	1,008,950	23,813,950
<b>Totals</b>	<b>\$ 411,620,000</b>	<b>\$ 159,182,115</b>	<b>\$ 570,802,115</b>

As of June 30, 2024, the District has \$378,300,000 authorized but unissued bonds from the May 2024 bond election.

Beginning February 2015, the 2012 Qualified School Construction Bond (QSCB) payments are deposited annually into an escrow account in the Debt Service Fund until maturity of the bonds on February 15, 2029. At which time, the accumulation of deposits will total \$7,085,000 and will pay off the outstanding QSCB debt.

## Barbers Hill Independent School District

### Notes to the Financial Statements

In previous fiscal years, the District defeased certain previously issued and outstanding bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. As of June 30, 2024, the District had no outstanding defeased bonds.

#### **Subscription Based Information Technology Arrangements (SBITA)**

The District has entered into multiple SBITAs that allow the right-to-use the SBITA vendor's information technology software over the subscription term. The District is required to make monthly or annual payments at its incremental borrowing rate.

The SBITA rate, term and ending subscription liabilities are as follows:

<b>Governmental activities</b>	Interest Rates	Liability at Commencement	SBITA Term in Years	Ending Balance
Software subscriptions	2.02% - 5.00%	\$ 271,401	3 - 5	\$ 175,300
<b>Total governmental activities</b>				<b>\$ 175,300</b>

The future principal and interest SBITA payments as of fiscal year end are as follows:

Fiscal Year Ending	Principal	Interest	Total
2025	\$ 65,586	\$ 5,568	\$ 71,154
2026	70,108	3,321	73,429
2027	39,606	933	40,539
<b>Total governmental activities</b>	<b>\$ 175,300</b>	<b>\$ 9,822</b>	<b>\$ 185,122</b>

The value of the right-to-use subscription assets as of the end of the current fiscal year was \$510,157 and had accumulated amortization of \$262,010.

#### **G. Fund Balance**

Other committed fund balance includes the following commitments of funds:

General fund:	
Potential property value decline	\$ 4,000,000
Future expansion	4,000,000
Barbers Hill Education Foundation Grant	48,052
<b>Total other committed fund balance</b>	<b>\$ 8,048,052</b>

## Barbers Hill Independent School District

### Notes to the Financial Statements

#### H. Revenues from Local and Intermediate Sources

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

	General Fund	Debt Service Fund	Capital Projects Fund	Total Nonmajor Funds	Totals
Property taxes	\$ 76,524,426	\$ 45,489,500	\$ -	\$ -	\$ 122,013,926
Payments in lieu of taxes	20,708,002	-	-	-	20,708,002
Charges for services	1,235,095	-	-	5,032,952	6,268,047
County equalization	3,849,940	-	-	-	3,849,940
County available	332,176	-	-	-	332,176
Investment earnings(losses)	2,464,141	1,520,754	5,263,092	504	9,248,491
Other	3,987,221	-	-	770,855	4,758,076
<b>Totals</b>	<b>\$ 109,101,001</b>	<b>\$ 47,010,254</b>	<b>\$ 5,263,092</b>	<b>\$ 5,804,311</b>	<b>\$ 167,178,658</b>

#### Note 4. Other Information

##### A. Risk Management

###### General

Like all public school districts, 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 fiscal year 2024, the District purchased commercial insurance or participated in risk pools in which the District transfers the risk for claims related to property and liability risks.

###### Health Care Coverage

During the year ended June 30, 2024, employees of the District were covered by TRS-Active Care (the Plan) a statewide health coverage program for Texas public education employees, implemented by the Teacher Retirement System of Texas (TRS). The District paid premiums of \$250 per month, per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to the TRS. The legislature created the Plan for public school employee group health coverage in 2002-03, requiring all Districts with fewer than 500 employees to participate in the Plan.

###### Workers' Compensation

During the year ended June 30, 2024, the District met its statutory workers' compensation obligations through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Workers' Compensation Program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members and their injured employees.

The District participates in the Fund's reimbursable aggregate deductible program. As such, the member is responsible for a certain amount of claims liability as outlined on the member's Contribution and Coverage Summary document. After the member's deductible has been met, the Fund is responsible for additional claims liability.

## **Barbers Hill Independent School District**

### Notes to the Financial Statements

The Fund and its members are protected against higher than expected claims costs through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of \$2 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2023, the Fund carries a discounted reserve of \$48,919,036 for future development on reported claims and claims that have been incurred but not yet reported. For the fiscal year ended June 30, 2024, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions and reimbursable aggregate deductibles.

The liability estimation requires the estimate of loss development over an extended period of time. During the self-insurance period of time, numerous internal and external factors will affect the ultimate settlement value of claims. Due to the inherent uncertainty with regard to the impact of these factors, there can be no guarantee that actual losses will not vary, perhaps significantly, from the estimates. There were no significant reductions in insurance coverage from the prior year or settlements exceeding insurance coverage for each of the past three fiscal years.

The following is a summary of the changes in the balances of claims liabilities for workers' compensation for the fiscal year ended June 30:

	Year Ended 6/30/2024	Year Ended 6/30/2023
Unpaid claims, beginning of fiscal year	\$ 258,490	\$ 387,175
Incurred claims (including IBNR's and changes in provisions)	21,379	47,816
Claim payments	(94,789)	(176,501)
<b>Unpaid claims, end of fiscal year</b>	<b>\$ 185,080</b>	<b>\$ 258,490</b>

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

### **B. Litigation and Contingencies**

The District is a defendant in a legal claim arising principally in the normal course of operations. In the opinion of the District's management, the District does not expect a loss and such matter will not have a material effect on the District's financial position, results of operations or liquidity.

The District participates in a number of federal and state financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of the Single Audit Act through June 30, 2024, these programs are subject to financial and compliance audits by the grantor agencies. The District is also subject to audit by the TEA of the attendance data upon which payments from the agency are based. These audits could result in questioned costs or refunds to be paid back to the granting agencies.

## **Barbers Hill Independent School District**

### Notes to the Financial Statements

#### **C. 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) and is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

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

##### **Pension Plan Fiduciary Net Position**

Detailed information about the TRS'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.texas.gov/Pages/about\\_archive\\_acfr.aspx](http://www.trs.texas.gov/Pages/about_archive_acfr.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% (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity, except for members who are grandfathered where 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 postemployment benefit changes, including automatic cost of living adjustments (COLAs). Ad hoc postemployment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as previously noted in the Plan Description 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.

##### **Contributions**

Contribution requirements are established or amended pursuant to Article XVI, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of 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 through 2025.

## **Barbers Hill Independent School District**

### Notes to the Financial Statements

Rates for such plan fiscal years are as follows:

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

The contribution amounts for the District's fiscal year 2024 are as follows:

District contributions	\$ 3,110,418
Member contributions	6,465,126
NECE on-behalf contributions (State)	4,433,147

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.

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 the 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% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

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

- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment-after-retirement surcharge.
- Public education employer contribution - all public schools, charter schools and regional education service centers must contribute 1.8% of the member's salary beginning in fiscal year 2023, gradually increasing to 2.0% in fiscal year 2025.

## Barbers Hill Independent School District

### Notes to the Financial Statements

#### Pension Liabilities, Pension Expense, and Deferred Outflows of Resources

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

On June 30, 2024, the District reported a liability of \$38,011,151 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 are as follows:

District's proportionate share of the collective net pension liability	\$ 38,011,151
State's proportionate share of the net pension liability associated with the District	<u>52,103,112</u>
<b>Total</b>	<b><u>\$ 90,114,263</u></b>

The net pension liability was measured as of August 31, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as August 31, 2022 rolled forward to August 31, 2023. The District's proportion of the net pension liability was based on the District'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 the measurement date of August 31, 2023, the District's proportion of the collective net pension liability was 0.0553370% which was an increase of 0.0057658% from its proportion measured as of August 31, 2022.

For the fiscal year ended June 30, 2024, the District recognized pension expense of \$15,529,853 and revenue of \$7,867,119 for support provided by the State.

On June 30, 2024, the District reported 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 experience	\$ 1,354,350	\$ 460,273
Changes of assumptions	3,595,110	879,805
Difference between projected and actual earnings on pension plan investments	5,531,546	-
Changes in proportion and difference between District's contributions and the proportionate share of contributions	4,145,532	346,657
District contributions paid subsequent to the measurement date	<u>2,638,868</u>	-
<b>Totals</b>	<b><u>\$ 17,265,406</u></b>	<b><u>\$ 1,686,735</u></b>

## Barbers Hill Independent School District

### Notes to the Financial Statements

\$2,638,868 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,		
2025	\$	3,009,705
2026		1,990,205
2027		5,478,618
2028		2,009,533
Thereafter		<u>451,742</u>
<b>Total</b>	<b>\$</b>	<b><u>12,939,803</u></b>

### Actuarial Methods and Assumptions

The actuarial valuation of the total pension liability was performed as of August 31, 2022. Update procedures were used to roll forward the total pension liability to August 31, 2023 and was determined using the following actuarial methods and assumptions:

Actuarial cost method	Individual entry age normal
Asset valuation method	Fair value
Single discount rate	7.00%
Long-term expected rate of return	7.00%
Municipal bond rate as of August 2023	4.13%. Source for the rate is the Fixed Income Market Data / Yield Curve / Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."
Last year ending August 31 in projection period (100 years)	2122
Inflation	2.30%
Salary increases	2.95% to 8.95% including inflation
Ad hoc postemployment benefit changes	None
Active mortality rates	The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioner Mortality Tables with full generational projection using the ultimate improvement rates from the most recently published projection scale ("U-MP"). The active mortality rates were based on the published PUB(2010) Mortality Tables for Teachers, below median, also with full generational mortality.

# Barbers Hill Independent School District

## Notes to the Financial Statements

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2021 and adopted in July 2022.

### Discount Rate and Long-term Expected Rate of Return

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

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

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 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 TRS's target asset allocation as of August 31, 2023 are summarized below:

Asset Class	Target Allocation**	Long-term Expected Geometric Real Rate of Return***	Expected Contribution to Long-term Portfolio Returns
Global equity:			
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*	-	3.6%	-
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	-	4.4%	-
Risk parity:			
Risk parity	8.0%	4.5%	0.4%
Asset allocation leverage:			
Cash	2.0%	3.7%	-
Asset allocation leverage cash	-6.0%	4.4%	-0.1%
Inflation expectation			2.3%
Volatility drag****			-0.9%
<b>Total</b>	<b>100%</b>		<b>8.0%</b>

\* Absolute return includes credit sensitive investments.

\*\* Target allocations are based on the FY 2023 policy model.

\*\*\* Capital market assumptions come from Aon Hewitt (as of 6/30/2023).

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

## Barbers Hill Independent School District

### Notes to the Financial Statements

#### Discount Rate Sensitivity Analysis

The following table presents the District's proportionate share of the TRS net pension liability calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 56,828,776	\$ 38,011,151	\$ 22,364,286

#### Change of Assumptions Since the Prior Measurement Date

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

#### Change of Benefit Terms Since the Prior Measurement Date

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

## D. Defined Other Postemployment Benefit Plan

#### Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. TRS-Care was established in 1986 by the Texas Legislature and is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees in accordance with the Texas Insurance Code, Chapter 1575. 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

Detailed information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [http://www.trs.texas.gov/Pages/about\\_archive\\_acfr.aspx](http://www.trs.texas.gov/Pages/about_archive_acfr.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.

## Barbers Hill Independent School District

### Notes to the Financial Statements

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. There are no automatic post-employment benefit changes; including automatic cost of living adjustments (COLAs). The Board of Trustees of TRS 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 premium rates for retirees are reflected in the following table:

TRS-Care Monthly Premium Rates

	Medicare	Non - Medicare
Retiree or surviving spouse	\$ 135	\$ 200
Retiree and spouse	529	689
Retiree or surviving spouse and children	468	408
Retiree and family	1,020	999

### Contributions

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

Texas Insurance Code, section 1575.202 establishes the State's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the employer. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act.

Rates for such plan fiscal years are as follows:

	Contribution Rates	
	2024	2023
Active employee	0.65%	0.65%
Non-employer contribution entity (State)	1.25%	1.25%
Employers (District)	0.75%	0.75%
Federal/private funding*	1.25%	1.25%

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

The contribution amounts for the District's fiscal year 2024 are as follows:

District contributions	\$ 608,410
Member contributions	511,825
NECE on-behalf contributions (State)	966,270

## Barbers Hill Independent School District

### Notes to the Financial Statements

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 hiring a TRS retiree, employers are required to pay TRS-Care a monthly surcharge of \$535 per retiree.

The State of Texas also contributed \$448,265, \$375,485, and \$200,688 in 2024, 2023, and 2022, respectively, for on-behalf payments for Medicare Part D.

TRS-Care received a supplemental appropriation from the State of Texas as the Non-Employer Contributing Entity in the amount of \$21 million in fiscal year 2023 provided by Rider 14 of the Senate Bill GAA of the 87<sup>th</sup> 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.

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

On June 30, 2024, the District reported a liability of \$14,554,515 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided by 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 are as follows:

District's proportionate share of the net OPEB liability	\$ 14,554,515
State's proportionate share of the net OPEB liability associated with the District	17,562,260
<b>Total</b>	<b><u>\$ 32,116,775</u></b>

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

At the measurement date of August 31, 2023, the employer's proportion of the collective net OPEB liability was 0.0657436% which was an increase of 0.0041528% from its proportion measured as of August 31, 2022.

For the fiscal year ended June 30, 2024, the District recognized net OPEB revenue of \$5,357,823 due to recognition of deferred inflows in excess of deferred outflows and current year expense. OPEB revenue of \$(3,754,441) was recognized for support provided by the State.

On June 30, 2024, the District reported its proportionate share of the TRS' deferred outflows of resources and deferred inflows of resources related to other postemployment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 658,481	\$ 12,244,868
Changes of assumptions	1,986,585	8,912,116
Difference between projected and actual earnings on OPEB plan investments	6,288	-
Changes in proportion and difference between District's contributions and the proportionate share of contributions	7,228,154	-
District contributions paid subsequent to the measurement date	512,689	-
<b>Totals</b>	<b><u>\$ 10,392,197</u></b>	<b><u>\$ 21,156,984</u></b>

## Barbers Hill Independent School District

### Notes to the Financial Statements

\$512,689 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	
2025	\$ (2,815,245)
2026	(2,147,696)
2027	(1,243,947)
2028	(1,698,977)
2029	(1,522,323)
Thereafter	(1,849,288)
<b>Total</b>	<b>\$ (11,277,476)</b>

### Actuarial Methods and Assumptions

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

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The following assumptions used for the valuation of the TRS-Care OPEB liability are identical to the assumptions employed in the August 31, 2022 TRS pension actuarial valuation that was rolled forward to August 31, 2023:

Demographic Assumptions	Economic Assumptions
Rates of mortality	General inflation
Rates of retirement	Wage inflation
Rates of termination	
Rates of disability	

See Note 4.C for detail on these assumptions. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2021.

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

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

## Barbers Hill Independent School District

### Notes to the Financial Statements

The following methods and additional assumptions were used in the TRS-Care OPEB valuation:

Actuarial cost method	Individual entry age normal
Single discount rate	4.13%
Aging factors	Based on plan specific experience
Election rates	Normal retirement: 62% participation prior to age 65 and 25% after age 65. Pre-65 retirees: 30% of pre-65 retirees are assumed to discontinue coverage at age 65.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Ad hoc postemployment benefit changes	None

#### **Discount Rate**

A single discount rate of 4.13% was used to measure the total OPEB liability at August 31, 2023. This was an increase of 0.22% in the discount rate since the August 31, 2022 measurement date. The plan is essentially a "pay-as-you-go" plan, and based on the assumption that contributions are made at the statutorily required rates, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments to current plan members and therefore, the single discount rate is equal to the prevailing municipal bond rate. The source for the rate is the Fixed Income Market Data / Yield Curve / Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of August 31, 2023.

#### **Sensitivity Analysis of Rates**

##### Discount Rate

The following table presents the District's proportionate share of the TRS-Care net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that was 1% less than and 1% greater than the discount rate that was used (4.13%) in measuring the net OPEB liability.

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
District's proportionate share of the net OPEB liability	\$ 17,142,189	\$ 14,554,515	\$ 12,442,913

## Barbers Hill Independent School District

### Notes to the Financial Statements

#### Healthcare Cost Trend Rates

The following table presents the District's proportionate share of net OPEB liability using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% lower or 1% higher than the assumed health-care cost trend rate:

	Current Healthcare Cost Trend Rate		
	1% Decrease		1% Increase
District's proportionate share of the net OPEB liability	\$ 11,984,915	\$ 14,554,515	\$ 17,860,315

#### **Change of Assumptions Since the Prior Measurement Date**

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

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

#### **Change of Benefit Terms Since the Prior Measurement Date**

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

#### **Note 5. Tax Abatements**

The District entered into property tax abatement agreements with local businesses under Texas Tax Code, Title 3. Subtitle B. Chapter 313. Texas Economic Development Act (the Act) beginning December 14, 2009 through June 25, 2018. Under the Act, Texas school districts may grant property tax abatements according to the category of taxable value of property in the District for the preceding tax year. Barbers Hill Independent School District is a Category II district, which limits the minimum amount per qualified investment to \$80 million. The qualified property is limited only from maintenance and operation (M&O) property tax. The tax abatements, which are approved by the Texas Comptroller's office and the District's Board, are granted for the purpose of enhancing the local community; improving the public education system; creating high-paying jobs; and advancing economic development goals.

The agreements were for local businesses to invest a minimum capital investment totaling \$1,300,000,000 within the District's boundaries during a qualifying period and to create jobs. Such investments would be limited to taxable value of the lesser of qualified appraised value or the agreements that range individually from \$30,000,000 to \$80,000,000. The District's tax abatements expire in increments beginning in December 31, 2023 through December 31, 2031.

For the fiscal year ended June 30, 2024, the District foregoes collecting property taxes totaling \$63,848,680 resulting from the M&O tax rate of \$0.8326 per \$100 of taxable value. The qualified property per the agreements had a taxable value of \$8,968,589,907 and was limited to a taxable value of \$1,300,000,000. However, in foregoing the property tax revenue, the District receives state funding through the Foundation School Program funding formula to offset the loss of property tax revenues. In addition, the local businesses receiving such property tax abatements have committed to compensate the District for the loss of M&O revenue, reimburse the District for all non-reimbursed costs for extraordinary education related expenses not funded by state aid, and compensate the District for the greater of \$100 per student per average daily attendance (ADA) or \$50,000 during the term of the agreement.

## **Barbers Hill Independent School District**

### Notes to the Financial Statements

#### **Note 6. Nonmonetary Transactions**

During fiscal year 2024, the District received goods purchased by the Texas Department of Agriculture (TDA) through the Food Distribution Program (commodities). These commodities have been recorded in the amount of \$130,933 in a special revenue fund as federal revenues, which represents the amount of consideration given by TDA.

#### **Note 7. Subsequent Events**

On September 15, 2024, the District issued \$189,190,000 of Unlimited Tax School Building bonds, Series 2024. The bonds were issued to fund the construction, acquisition, rehabilitation, renovation, expansion and equipment of school buildings, the purchase of land for school buildings, the purchase of new school buses and to pay the costs of issuance. The bonds were issued with interest rates ranging from 4.0% - 5.0% and are scheduled to mature on February 15, 2054.

**This Page Intentionally Left Blank**

## **Required Supplementary Information**

# Barbers Hill Independent School District

# Exhibit G-1

Schedule of Revenues, Expenditures, and Changes in  
 Fund Balance - Budget and Actual  
 General Fund  
 For the Fiscal Year Ended June 30, 2024

Data Control Codes		Budgeted Amounts			Variance with Final Budget Positive (Negative)
		Original	Final	Actual	
<b>REVENUES</b>					
5700	Local and intermediate revenues	\$ 112,199,022	\$ 112,284,827	\$ 109,101,001	\$ (3,183,826)
5800	State program revenues	21,074,745	13,534,276	12,443,068	(1,091,208)
5900	Federal program revenues	1,010,000	1,011,000	496,928	(514,072)
5020	Total revenues	134,283,767	126,830,103	122,040,997	(4,789,106)
<b>EXPENDITURES</b>					
Current:					
0011	Instruction	65,472,595	65,472,595	63,762,056	1,710,539
0012	Instructional resources and media services	826,937	829,937	825,463	4,474
0013	Curriculum and instructional staff development	2,330,677	2,330,677	2,194,715	135,962
0021	Instructional leadership	727,048	788,048	786,615	1,433
0023	School leadership	5,377,225	5,377,225	5,292,690	84,535
0031	Guidance, counseling, and evaluation services	4,484,526	4,484,527	4,331,760	152,767
0032	Social work services	599,217	611,217	610,319	898
0033	Health services	1,306,259	1,306,259	1,294,052	12,207
0034	Student transportation	4,630,523	4,630,523	3,986,563	643,960
0035	Food services	881	881	-	881
0036	Extracurricular activities	2,617,310	3,307,311	3,265,048	42,263
0041	General administration	3,711,046	4,264,046	4,119,388	144,658
0051	Plant maintenance and operations	11,294,304	11,294,304	11,038,798	255,506
0052	Security and monitoring services	1,413,631	1,478,631	1,474,278	4,353
0053	Data processing services	1,787,638	1,865,638	1,785,507	80,131
0061	Community services	113,400	143,400	137,728	5,672
Debt service:					
0071	Principal on long-term debt	-	294,636	122,320	172,316
0072	Interest on long-term debt	-	5,364	5,364	-
Capital outlay:					
0081	Facilities acquisition and construction	73	73	-	73
Intergovernmental:					
0091	Contracted instructional services between schools	20,800,000	13,000,000	10,278,175	2,721,825
0099	Other intergovernmental charges	1,062,000	1,062,000	926,780	135,220
6030	Total expenditures	128,555,290	122,547,292	116,237,619	6,309,673
1100	Excess (deficiency) of revenues over (under) expenditures	5,728,477	4,282,811	5,803,378	1,520,567
<b>OTHER FINANCING SOURCES (USES)</b>					
7913	Proceeds from leased subscription assets	-	250,000	12,365	(237,635)
8911	Transfers out	-	(77,000)	(76,331)	669
8948	Tax refund pursuant to Texas Tax Code 313	(2,429,100)	(2,364,100)	(2,363,542)	558
7080	Total other financing sources (uses)	(2,429,100)	(2,191,100)	(2,427,508)	(236,408)
1200	Net change in fund balance	3,299,377	2,091,711	3,375,870	1,284,159
0100	Fund balance - beginning	37,212,322	37,212,322	37,212,322	-
3000	<b>FUND BALANCE - ENDING</b>	<b>\$ 40,511,699</b>	<b>\$ 39,304,033</b>	<b>\$ 40,588,192</b>	<b>\$ 1,284,159</b>

The Notes to the Required Supplementary Information are an integral part of this schedule.

## Barbers Hill Independent School District

## Exhibit G-2

Schedule of the District's Proportionate Share of the Net Pension Liability of a Cost-Sharing Multiple-Employer Pension Plan  
 Teacher Retirement System of Texas  
 For the Last Ten Fiscal Years\*

Year	District's Proportion of Net Pension Liability	District's Proportionate Share of the Net Pension Liability	State's Proportionate Share of the Net Pension Liability Associated with the District	Total	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.0553370%	\$ 38,011,151	\$ 52,103,112	\$ 90,114,263	\$ 73,610,228	51.64%	73.15%
2023	0.0495711%	29,429,093	44,466,350	73,895,443	65,167,368	45.16%	75.62%
2022	0.0481418%	12,260,006	18,428,556	30,688,562	59,123,645	20.74%	88.79%
2021	0.0433476%	23,216,093	36,152,796	59,368,889	53,181,037	43.65%	75.54%
2020	0.0455293%	23,667,533	32,406,900	56,074,433	48,637,212	48.66%	75.24%
2019	0.0422176%	23,237,589	33,097,397	56,334,986	44,041,414	52.76%	73.74%
2018	0.0384908%	12,307,296	20,767,188	33,074,484	42,876,104	28.70%	82.17%
2017	0.0377107%	14,250,308	23,482,791	37,733,099	39,867,733	35.74%	78.00%
2016	0.0379358%	13,409,800	21,228,484	34,638,284	36,566,914	36.67%	78.43%
2015	0.0289778%	7,740,371	17,284,882	25,025,253	34,374,026	22.52%	83.25%

\* The amounts presented for the fiscal years were determined as of the Plan's fiscal year end, August 31 of the prior year.

**Barbers Hill Independent School District****Exhibit G-3**

Schedule of the District's Contributions to the  
Teacher Retirement System of Texas Pension Plan  
For the Last Ten Fiscal Years\*

Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 3,110,418	\$ (3,110,418)	\$ -	\$ 78,728,954	3.95%
2023	2,778,981	(2,778,981)	-	72,403,471	3.84%
2022	2,246,153	(2,246,153)	-	63,957,498	3.51%
2021	2,008,700	(2,008,700)	-	58,022,986	3.46%
2020	1,769,857	(1,769,857)	-	52,414,801	3.38%
2019	1,562,159	(1,562,159)	-	47,867,176	3.26%
2018	1,427,277	(1,427,277)	-	44,684,592	3.19%
2017	1,011,809	(1,011,809)	-	41,232,770	2.45%
2016	1,185,438	(1,185,438)	-	39,298,947	3.02%
2015	1,062,115	(1,062,115)	-	36,325,507	2.92%

\* The amounts presented for the fiscal years were determined as of the District's fiscal year end.

## Barbers Hill Independent School District

## Exhibit G-4

Schedule of the District's Proportionate Share of the Net OPEB Liability of a Cost-Sharing Multiple-Employer OPEB Plan  
 Teacher Retirement System of Texas  
 For the Last Seven Fiscal Years\*

Year	District's Proportion of Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	State's Proportionate Share of the Net OPEB Liability Associated with the District	Total	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2024	0.0657436%	\$ 14,554,515	\$ 17,562,260	\$ 32,116,775	\$ 73,610,228	19.77%	14.94%
2023	0.0615908%	14,747,293	17,989,381	32,736,674	65,167,368	22.63%	11.52%
2022	0.0584310%	22,539,457	30,179,849	52,737,306	59,123,645	38.12%	6.18%
2021	0.0539220%	20,498,193	27,544,658	48,042,851	53,181,037	38.54%	4.99%
2020	0.0528847%	25,009,822	33,232,462	58,242,284	48,637,212	51.42%	2.66%
2019	0.0495648%	24,748,138	39,080,884	63,829,022	44,041,414	56.19%	1.57%
2018	0.0469035%	20,396,588	34,999,204	55,395,792	42,876,104	47.57%	0.91%

\* The amounts presented for the fiscal years were determined as of the Plan's fiscal year end, August 31 of the prior year. Ten years of data is not available.

**Barbers Hill Independent School District****Exhibit G-5**

Schedule of the District's Contributions to the  
Teacher Retirement System of Texas OPEB Plan  
For the Last Seven Fiscal Years\*

Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 608,410	\$ (608,410)	\$ -	\$ 78,728,954	0.77%
2023	560,804	(560,804)	-	72,403,471	0.77%
2022	491,392	(491,392)	-	63,957,498	0.77%
2021	448,100	(448,100)	-	58,022,986	0.77%
2020	406,125	(406,125)	-	52,414,801	0.77%
2019	369,030	(369,030)	-	47,867,176	0.77%
2018	329,178	(329,178)	-	44,684,592	0.74%

\* The amounts presented for the fiscal years were determined as of the District's fiscal year end.  
Ten years of data is not available.

# **Barbers Hill Independent School District**

## Notes to the Required Supplementary Information

### **Note 1. Budget**

#### **A. Budgetary Information**

Each school district in Texas is required by law to prepare annually a budget of anticipated revenues and expenditures for the general fund, debt service fund, and the National School Breakfast and Lunch Program special revenue fund. The Texas Education Code requires the budget to be prepared no later than June 19 and adopted by June 30 of each year. The budgets are prepared on a basis of accounting that is used for reporting in accordance with generally accepted accounting principles.

The following procedures are followed in establishing the budgetary data reflected in the fund financial schedules:

1. Prior to June 19 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
3. Prior to July 1, the budget is formally approved and adopted by the Board.

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

### **Note 2. Net Pension Liability and Net OPEB Liability**

The following factors significantly affect trends in the amounts reported for the District's proportionate share of the net pension liability and net OPEB liability:

#### **Changes in Actuarial Assumptions and Inputs**

Measurement Date August 31,	Net Pension Liability		Net OPEB Liability
	Discount Rate	Long-term Expected Rate of Return	Discount Rate
2023	7.000%	7.000%	4.130%
2022	7.000%	7.000%	3.910%
2021	7.250%	7.250%	1.950%
2020	7.250%	7.250%	2.330%
2019	7.250%	7.250%	2.630%
2018	6.907%	7.250%	3.690%
2017	8.000%	8.000%	3.420%
2016	8.000%	8.000%	
2015	8.000%	8.000%	
2014	8.000%	8.000%	

## **Barbers Hill Independent School District**

Notes to the Required Supplementary Information

### **Changes in Demographic and Economic Assumptions**

For measurement date August 31, 2018 – Net Pension Liability and Net OPEB Liability:

- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement and economic assumptions, including rates of salary increase for individual participants were updated based on the experience study performed for TRS for the period ending August 31, 2017.

### **Changes in Benefit Terms**

For measurement date August 31, 2023 – 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 was paid January 2024.

For measurement date August 31, 2018 – Net OPEB Liability:

- Changes of benefit terms were made effective September 1, 2017 by the 85<sup>th</sup> Texas Legislature.

### **Other Changes**

For measurement date August 31, 2022 – Net OPEB Liability:

- The participation rate for pre-65 retirees was lowered from 65% to 62%. The participation rate for post-65 retirees was lowered from 40% to 25%.

For measurement date August 31, 2020 – Net OPEB Liability:

- The participation rate for post-65 retirees was lowered from 50% to 40%.
- The ultimate health care trend rate assumption decreased to reflect the repeal of the excise tax on high-cost employer health plans.

For measurement date August 31, 2019 – Net Pension Liability:

- With the enactment of SB3 by the 2019 Texas Legislature, an assumption was made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected based on the actuarial assumptions.

For measurement date August 31, 2019 – Net OPEB Liability:

- The participation rate for pre-65 retirees was lowered from 70% to 65%. The participation rate for post-65 retirees was lowered from 75% to 50%. 25% of pre-65 retirees are assumed to discontinue their coverage at age 65.
- The trend rates were reset to better reflect the plan's anticipated experience.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20% to 15%. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20% to 10%.

## **Barbers Hill Independent School District**

### Notes to the Required Supplementary Information

For measurement date August 31, 2018 – Net OPEB Liability:

- Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018.
- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020.

**This Page Intentionally Left Blank**

## **Supplementary Information**

# Barbers Hill Independent School District

Combining Balance Sheet

Nonmajor Governmental Funds

Special Revenue Funds

June 30, 2024

211 224 225

Data Control Codes		ESSA Title I, Part A - Improving		
		Basic Programs	IDEA-Part B Formula	IDEA-Part B Preschool
<b>ASSETS</b>				
1110	Cash and cash equivalents	\$ -	\$ -	\$ -
1120	Investments	-	-	-
1240	Due from other governments	112,429	218,551	2,126
1241	Due from component unit	-	-	-
1260	Due from other funds	43,811	-	-
1290	Other receivables	-	-	-
1000	<b>TOTAL ASSETS</b>	<b>\$ 156,240</b>	<b>\$ 218,551</b>	<b>\$ 2,126</b>
<b>LIABILITIES</b>				
2110	Accounts payable	\$ -	\$ 1,783	\$ -
2150	Payroll deductions and withholdings	4,322	6,981	135
2160	Accrued wages payable	77,709	60,824	1,380
2170	Due to other funds	74,209	148,963	611
2180	Due to other governments	-	-	-
2300	Unearned revenue	-	-	-
2000	Total liabilities	156,240	218,551	2,126
<b>FUND BALANCES</b>				
3450	Restricted - grants	-	-	-
3545	Committed - other	-	-	-
3000	Total fund balances	-	-	-
<b>TOTAL LIABILITIES AND FUND BALANCES</b>				
		<b>\$ 156,240</b>	<b>\$ 218,551</b>	<b>\$ 2,126</b>

**Exhibit H-1**  
(Page 1 of 2)

226	240	244	255	263	280	283	284
IDEA - Part B, Discretionary	National School Breakfast/Lunch Program	Career and Technical Basic Grant	ESSA Title II, Part A.; Teacher & Principal Training & Recruiting	Title III, Part A English Language Acquisition and Enhancement	ARP Homeless II—Education for Homeless Children and Youth	ESSER Supplemental	IDEA - Part B, Formula - ARP
\$ -	\$ 2,313,729	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
46,607	581	9,536	17,344	6,596	1,729	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	640
-	14,078	-	-	-	-	-	-
<b>\$ 46,607</b>	<b>\$ 2,328,388</b>	<b>\$ 9,536</b>	<b>\$ 17,344</b>	<b>\$ 6,596</b>	<b>\$ 1,729</b>	<b>\$ -</b>	<b>\$ 640</b>
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ -	\$ 11,742	\$ 9,536	\$ 1,905	\$ -	\$ -	\$ -	\$ -
-	11,580	-	-	-	-	-	-
-	169,183	-	-	2,893	-	-	-
46,607	9	-	14,908	703	1,729	-	640
-	-	-	-	3,000	-	-	-
-	104,504	-	531	-	-	-	-
<b>46,607</b>	<b>297,018</b>	<b>9,536</b>	<b>17,344</b>	<b>6,596</b>	<b>1,729</b>	<b>-</b>	<b>640</b>
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	2,031,370	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	2,031,370	-	-	-	-	-	-
<b>\$ 46,607</b>	<b>\$ 2,328,388</b>	<b>\$ 9,536</b>	<b>\$ 17,344</b>	<b>\$ 6,596</b>	<b>\$ 1,729</b>	<b>\$ -</b>	<b>\$ 640</b>

# Barbers Hill Independent School District

Combining Balance Sheet

Nonmajor Governmental Funds

Special Revenue Funds – Continued

June 30, 2024

288

289

397

Data Control Codes		Summer School LEP	Federally Funded Special Revenue Funds	Advanced Placement Incentives
<b>ASSETS</b>				
1110	Cash and cash equivalents	\$ -	\$ -	\$ 5,566
1120	Investments	-	-	-
1240	Due from other governments	-	40,904	-
1241	Due from component unit	-	-	-
1260	Due from other funds	-	-	-
1290	Other receivables	-	-	-
1000	<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 40,904</b>	<b>\$ 5,566</b>
<b>LIABILITIES</b>				
2110	Accounts payable	\$ -	\$ 2,332	\$ -
2150	Payroll deductions and withholdings	-	-	-
2160	Accrued wages payable	-	-	-
2170	Due to other funds	-	38,572	-
2180	Due to other governments	-	-	-
2300	Unearned revenue	-	-	-
2000	Total liabilities	-	40,904	-
<b>FUND BALANCES</b>				
3450	Restricted - grants	-	-	5,566
3545	Committed - other	-	-	-
3000	Total fund balances	-	-	5,566
<b>TOTAL LIABILITIES AND FUND BALANCES</b>				
		<b>\$ -</b>	<b>\$ 40,904</b>	<b>\$ 5,566</b>

**Exhibit H-1**  
(Page 2 of 2)

404	410	425	429	461	480	Total
Student Success Initiatives	State Textbook Fund	School Safety Standards Grant Fund	State Funded Special Revenue Funds	Campus Activity Funds	BHISD Education Foundation Grant	Nonmajor Funds (See Exhibit C-1)
\$ 81	\$ -	\$ -	\$ -	\$ 367,719	\$ 323,894	\$ 3,010,989
-	-	-	-	525,309	-	525,309
-	638,553	-	820	-	-	1,095,776
-	-	-	-	-	453,539	453,539
-	-	-	-	-	-	44,451
-	-	-	-	24,497	-	38,575
<b>\$ 81</b>	<b>\$ 638,553</b>	<b>\$ -</b>	<b>\$ 820</b>	<b>\$ 917,525</b>	<b>\$ 777,433</b>	<b>\$ 5,168,639</b>
\$ -	\$ 443,200	\$ -	\$ -	\$ 27,075	\$ 869	\$ 498,442
-	-	-	-	-	-	23,018
-	-	-	-	-	-	311,989
-	195,353	-	820	32,145	728,512	1,283,781
-	-	-	-	-	-	3,000
-	-	-	-	-	-	105,035
-	638,553	-	820	59,220	729,381	2,225,265
81	-	-	-	858,305	-	2,895,322
-	-	-	-	-	48,052	48,052
81	-	-	-	858,305	48,052	2,943,374
<b>\$ 81</b>	<b>\$ 638,553</b>	<b>\$ -</b>	<b>\$ 820</b>	<b>\$ 917,525</b>	<b>\$ 777,433</b>	<b>\$ 5,168,639</b>

# Barbers Hill Independent School District

Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
Special Revenue Funds  
For the Fiscal Year Ended June 30, 2024

211 224 225

Data Control Codes		ESSA Title I, Part A - Improving		
		Basic Programs	IDEA-Part B Formula	IDEA-Part B Preschool
<b>REVENUES</b>				
5700	Local and intermediate revenues	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-
5900	Federal program revenues	480,627	1,153,224	14,389
5020	Total revenues	480,627	1,153,224	14,389
<b>EXPENDITURES</b>				
Current:				
0011	Instruction	461,964	731,762	14,389
0012	Instructional resources and media services	-	-	-
0013	Curriculum and instructional staff development	34,410	-	-
0031	Guidance, counseling, and evaluation services	-	421,462	-
0032	Social work services	-	-	-
0035	Food services	-	-	-
0036	Extracurricular activities	-	-	-
0052	Security and monitoring services	-	-	-
0053	Data processing services	-	-	-
0061	Community services	-	-	-
Debt service:				
0071	Principal on long-term debt	8,468	-	-
6030	Total expenditures	504,842	1,153,224	14,389
1100	Excess (deficiency) of revenues over (under) expenditures	(24,215)	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
7913	Proceeds from leased subscription assets	24,215	-	-
7915	Transfers in	-	-	-
7080	Total other financing sources (uses)	24,215	-	-
1200	Net change in fund balances	-	-	-
0100	Fund balances - beginning	-	-	-
3000	<b>FUND BALANCES - ENDING</b>	\$ -	\$ -	\$ -

**Exhibit H-2**  
(Page 1 of 2)

226	240	244	255	263	280	283	284
IDEA - Part B, Discretionary	National School Breakfast/Lunch Program	Career and Technical Basic Grant	ESSA Title II, Part A.: Teacher & Principal Training & Recruiting	Title III, Part A English Language Acquisition and Enhancement	ARP Homeless II—Education for Homeless Children and Youth	ESSER Supplemental	IDEA - Part B, Formula - ARP
\$ -	\$ 3,696,374 99,917	\$ -	\$ -	\$ -	\$ - 46	\$ -	\$ -
46,607	1,488,843	53,567	141,326	41,564	7,077	(1,474)	180,350
46,607	5,285,134	53,567	141,326	41,564	7,123	(1,474)	180,350
46,607	-	53,567	24,806	28,724	-	(1,474)	173,030
-	-	-	-	-	-	-	-
-	-	-	138,632	12,840	-	-	5,220
-	-	-	-	-	-	-	2,100
-	-	-	-	-	-	-	-
-	4,723,292	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	7,123	-	-
-	-	-	11,892	-	-	-	-
46,607	4,723,292	53,567	175,330	41,564	7,123	(1,474)	180,350
-	561,842	-	(34,004)	-	-	-	-
-	-	-	34,004	-	-	-	-
-	53,997	-	-	-	-	-	-
-	53,997	-	34,004	-	-	-	-
-	615,839	-	-	-	-	-	-
-	1,415,531	-	-	-	-	-	-
\$ -	\$ 2,031,370	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

# Barbers Hill Independent School District

Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
Special Revenue Funds – Continued  
For the Fiscal Year Ended June 30, 2024

288                    289                    397

Data Control Codes		Summer School LEP	Federally Funded Special Revenue Funds	Advanced Placement Incentives
<b>REVENUES</b>				
5700	Local and intermediate revenues	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-
5900	Federal program revenues	1,469	50,021	-
5020	Total revenues	1,469	50,021	-
<b>EXPENDITURES</b>				
Current:				
0011	Instruction	1,469	35,568	-
0012	Instructional resources and media services	-	-	-
0013	Curriculum and instructional staff development	-	23,379	-
0031	Guidance, counseling, and evaluation services	-	-	-
0032	Social work services	-	-	-
0035	Food services	-	-	-
0036	Extracurricular activities	-	957	-
0052	Security and monitoring services	-	-	-
0053	Data processing services	-	-	-
0061	Community services	-	-	-
Debt service:				
0071	Principal on long-term debt	-	5,315	-
6030	Total expenditures	1,469	65,219	-
1100	Excess (deficiency) of revenues over (under) expenditures	-	(15,198)	-
<b>OTHER FINANCING SOURCES (USES)</b>				
7913	Proceeds from leased subscription assets	-	15,198	-
7915	Transfers in	-	-	-
7080	Total other financing sources (uses)	-	15,198	-
1200	Net change in fund balances	-	-	-
0100	Fund balances - beginning	-	-	5,566
3000	<b>FUND BALANCES - ENDING</b>	\$ -	\$ -	\$ 5,566

**Exhibit H-2**  
(Page 2 of 2)

404	410	425	429	461	480	BHISD Education Foundation Grant	Total Nonmajor Funds (See Exhibit C-2)
Student Success Initiatives	State Textbook Fund	School Safety Standards Grant Fund	State Funded Special Revenue Funds	Campus Activity Funds			
\$ -	\$ -	\$ -	\$ -	\$ 1,363,195	\$ 744,742	\$ 5,804,311	
-	908,087	57,238	11,540	-	-	1,076,828	
-	-	-	-	-	-	3,657,590	
	908,087	57,238	11,540	1,363,195	744,742		10,538,729
-	908,087	-	-	218,083	675,474	3,372,056	
-	-	-	-	53,141	-	53,141	
-	-	-	11,540	-	-	226,021	
-	-	-	-	-	46,216	469,778	
-	-	-	-	4,441	-	4,441	
-	-	-	-	-	-	4,723,292	
-	-	-	-	821,701	-	822,658	
-	-	57,238	-	4,515	-	61,753	
-	-	-	-	31,434	-	31,434	
-	-	-	-	-	-	7,123	
	-	-	-	-	42,734		68,409
	908,087	57,238	11,540	1,133,315	764,424		9,840,106
-	-	-	-	229,880	(19,682)	698,623	
-	-	-	-	-	42,734	116,151	
-	-	-	-	22,334	-	76,331	
-	-	-	-	22,334	42,734	192,482	
-	-	-	-	252,214	23,052	891,105	
81	-	-	-	606,091	25,000	2,052,269	
\$ 81	\$ -	\$ -	\$ -	\$ 858,305	\$ 48,052	\$ 2,943,374	

# Barbers Hill Independent School District

## Schedule of Delinquent Taxes Receivable

For the Fiscal Year Ended June 30, 2024

Year Ended June 30,	1		2		3 Assessed/ Appraised Value For School Tax Purposes
	Maintenance	Debt Service			
2015 and prior years	\$ Various	\$ Various			\$ Various
2016	1.0600	0.2698			5,586,723,191
2017	1.0600	0.2698			4,874,789,592
2018	1.0600	0.2698			5,336,109,490
2019	1.0600	0.2698			5,774,458,189
2020	0.9900	0.2698			11,588,056,182
2021	0.8847	0.2698			13,786,154,278
2022	0.8847	0.2698			14,028,968,519
2023	0.8646	0.2899			16,110,367,317
2024	0.8326	0.2698			17,055,770,950

### 1000 TOTALS

8000 - Taxes refunded under section 26.1115, tax code, for owners who received an exemption as provided by section 11.42(f), tax code

9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code

**Exhibit J-1**

10 <b>Beginning Balance 7/1/23</b>	20 <b>Current Year's Total Levy</b>	31 <b>Maintenance Collections</b>	32 <b>Debt Service Collections</b>	40 <b>Entire Year's Adjustments</b>	50 <b>Ending Balance 6/30/24</b>	99 <b>Total Taxes Refunded Under Section 26.1115(c)</b>
297,032	-	199	40	(22,728)	274,065	
21,132	-	13	3	(1,079)	20,037	
18,118	-	348	88	(1,079)	16,603	
25,567	-	1,355	345	(1,079)	22,788	
26,184	-	1,210	308	(3,096)	21,570	
26,909	-	(1,658)	(452)	(9,223)	19,796	
68,547	-	33,429	10,194	24,636	49,560	
186,867	-	63,447	19,350	(10,511)	93,559	
751,676		387,131	129,805	(80,579)	154,161	
-	122,849,990	75,688,188	45,216,246	(344,636)	1,600,920	
<u>\$ 1,422,032</u>	<u>\$ 122,849,990</u>	<u>\$ 76,173,662</u>	<u>\$ 45,375,927</u>	<u>\$ (449,374)</u>	<u>\$ 2,273,059</u>	
						\$ 53,165
		\$	-			

**Barbers Hill Independent School District**
**Exhibit J-2**

Schedule of Revenues, Expenditures, and Changes  
in Fund Balance – Budget and Actual  
National School Breakfast and Lunch Program  
For the Fiscal Year Ended June 30, 2024

Data Control Codes		Budgeted Amounts			Variance with Final Budget Positive (Negative)
		Original	Final	Actual	
<b>REVENUES</b>					
5700	Local and intermediate revenues	\$ 3,184,220	\$ 3,758,220	\$ 3,696,374	\$ (61,846)
5800	State program revenues	108,000	108,000	99,917	(8,083)
5900	Federal program revenues	1,377,000	1,417,000	1,488,843	71,843
5020	Total revenues	4,669,220	5,283,220	5,285,134	1,914
<b>EXPENDITURES</b>					
Current:					
0035	Food services	4,490,146	4,743,146	4,723,292	19,854
6030	Total expenditures	4,490,146	4,743,146	4,723,292	19,854
1100	Excess (deficiency) of revenues over (under) expenditures	179,074	540,074	561,842	21,768
<b>OTHER FINANCING SOURCES (USES)</b>					
7915	Transfers in	-	55,000	53,997	(1,003)
7080	Total other financing sources (uses)	-	55,000	53,997	(1,003)
1200	Net change in fund balance	179,074	595,074	615,839	20,765
0100	Fund balance - beginning	1,415,531	1,415,531	1,415,531	-
3000	<b>FUND BALANCE - ENDING</b>	<b>\$ 1,594,605</b>	<b>\$ 2,010,605</b>	<b>\$ 2,031,370</b>	<b>\$ 20,765</b>

**Barbers Hill Independent School District**
**Exhibit J-3**

Schedule of Revenues, Expenditures, and Changes  
in Fund Balance – Budget and Actual  
Debt Service Fund  
For the Fiscal Year Ended June 30, 2024

Data Control Codes		Budgeted Amounts			Variance with Final Budget Positive (Negative)
		Original	Final	Actual	
<b>REVENUES</b>					
5700	Local and intermediate revenues	\$ 51,446,032	\$ 52,819,032	\$ 47,010,254	\$ (5,808,778)
5800	State program revenues	200,000	1,825,000	1,820,682	(4,318)
5020	Total revenues	51,646,032	54,644,032	48,830,936	(5,813,096)
<b>EXPENDITURES</b>					
Current:					
0041	General administration	-	1,000	110	890
Debt service:					
0071	Principal on long-term debt	28,302,476	28,302,476	22,705,000	5,597,476
0072	Interest on long-term debt	22,487,524	22,487,524	18,417,498	4,070,026
0073	Issuance costs and fees	20,000	20,000	10,076	9,924
6030	Total expenditures	50,810,000	50,811,000	41,132,684	9,678,316
1100	Excess (deficiency) of revenues over (under) expenditures	836,032	3,833,032	7,698,252	3,865,220
<b>OTHER FINANCING SOURCES (USES)</b>					
8989	Nonoperating loss	-	(555,000)	(551,700)	3,300
7080	Total other financing sources (uses)	-	(555,000)	(551,700)	3,300
1200	Net change in fund balance	836,032	3,278,032	7,146,552	3,868,520
0100	Fund balance - beginning	28,542,491	28,542,491	28,542,491	-
3000	<b>FUND BALANCE - ENDING</b>	<b>\$ 29,378,523</b>	<b>\$ 31,820,523</b>	<b>\$ 35,689,043</b>	<b>\$ 3,868,520</b>

**Barbers Hill Independent School District**  
Use of Funds Report – Select State Allotment  
June 30, 2024

**Exhibit J-4**

<b>Data Codes</b>		<b>Responses</b>
<b>Section A: Compensatory Education Programs</b>		
AP1	Did your District expend any state compensatory education program state allotment funds during the District's fiscal year?	Yes
AP2	Does the District have written policies and procedures for its state compensatory education program?	Yes
AP3	Total state allotment funds received for state compensatory education programs during the District's fiscal year.	\$ 3,356,979
AP4	Actual direct program expenditures for state compensatory education programs during the District's fiscal year. (PICs 24, 26, 28, 29, 30)	\$ 2,187,708
<b>Section B: Bilingual Education Programs</b>		
AP5	Did your District expend any bilingual education program state allotment funds during the District's fiscal year?	Yes
AP6	Does the District have written policies and procedures for its bilingual education program?	Yes
AP7	Total state allotment funds received for bilingual education programs during the District's fiscal year.	\$ 229,624
AP8	Actual direct program expenditures for bilingual education programs during the District's fiscal year. (PICs 25)	\$ 380,238

## **Overall Compliance, Internal Control Section and Federal Awards**

**This Page Intentionally Left Blank**

**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

To the Board of Trustees of  
Barbers Hill Independent School District  
Mont Belvieu, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Barbers Hill Independent School District (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 16, 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 procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Board of Trustees of  
Barbers Hill Independent School District

**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.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

The Woodlands, Texas  
October 16, 2024

**Independent Auditor's Report on Compliance for Each Major Federal  
Program and Report on Internal Control over Compliance  
in Accordance with the Uniform Guidance**

To the Board of Trustees of  
Barbers Hill Independent School District  
Mont Belvieu, Texas

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

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

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

**Basis for Opinion on Each Major Federal Program**

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

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

**Responsibilities of Management for Compliance**

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

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

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

### ***Report on Internal Control Over Compliance***

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

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

The Board of Trustees of  
Barbers Hill Independent School District

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

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

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

The Woodlands, Texas  
October 16, 2024

# **Barbers Hill Independent School District**

Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2024

## **Section 1. Summary of Auditor's Results**

### **Financial Statements**

1. Type of auditor's report issued	Unmodified
2. Internal Control over financial reporting:	
a. Material weakness(es) identified?	No
b. Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
3. Noncompliance material to financial statements noted?	No

### **Federal Awards**

4. Internal control over major programs:	
a. Material weakness(es) identified?	No
b. Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
5. Type of auditor's report issued on compliance with major programs	Unmodified
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance?	No
7. Identification of major programs Special Education Cluster	84.027A, 84.027X, and 84.173A
8. Dollar threshold used to distinguish between Type A and Type B federal programs	\$750,000
9. Auditee qualified as a low-risk auditee?	Yes

## **Section 2. Financial Statement Findings**

None reported

## **Section 3. Federal Award Findings and Questioned Costs**

None reported

**Barbers Hill Independent School District**

Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended June 30, 2024

**Prior Year Findings**

None reported

# Barbers Hill Independent School District

# Exhibit K-1

## Schedule of Expenditures of Federal Awards - Continued For the Fiscal Year Ended June 30, 2024

(1)  <b>Federal Grantor/ Pass-Through Grantor/ Program Title</b>	(2)  <b>Federal Assistance Listing Number</b>	(2A)  <b>Pass-Through Entity Identifying Number</b>	(3)  <b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Passed Through State Department of Education:			
ESEA Title I Part A - Improving Basic Programs	84.010A	23610101036902	\$ 38,517
ESEA Title I Part A - Improving Basic Programs	84.010A	24610101036902	<u>442,110</u>
Total Assistance Listing Number 84.010A			480,627
Special Education Cluster (IDEA):			
IDEA - Part B Formula	84.027A	236600010369026000	65,996
IDEA - Part B Formula	84.027A	246600010369026000	1,087,228
High Cost Fund	84.027A	66002306	46,607
COVID 19 - IDEA-Part B Formula ARP Carryover	84.027X	225350020369025000	<u>180,350</u>
Total Assistance Listing Number 84.027			1,380,181
IDEA - Part B Preschool	84.173A	236610010369026000	468
IDEA - Part B Preschool	84.173A	246610010369026000	<u>13,921</u>
Total Assistance Listing Number 84.173A			14,389
Total Special Education Cluster (IDEA)			1,394,570
Title III Part A English Language Acquisition and Language Enhancement-Immigrant	84.365A	24671003036902	5,860
Title III Part A English Language Acquisition and Language Enhancement	84.365A	23671001036902	15,614
Title III Part A English Language Acquisition and Language Enhancement	84.365A	24671001036902	<u>20,090</u>
Total Assistance Listing Number 84.365A			41,564
23-24 PERKINS V: Strengthening CTE for 21st Century	84.048A	24420006036902	53,567
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367A	23694501036902	47,680
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367A	24694501036902	<u>93,646</u>
Total Assistance Listing Number 84.367A			141,326
Title VI, Part A, Summer School LEP	84.369A	69552102	1,469
Title IV, Part A, Subpart 1	84.424A	24680101036902	50,021
COVID 19 - ARP Homeless	84.425W	21533002036902	7,077
COVID 19 - ESSER Supplemental	84.425U	21528043036902	<u>(1,474)</u>
Total Assistance Listing Number 84.425			5,603
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			2,168,747

The Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**Barbers Hill Independent School District****Exhibit K-1**

Schedule of Expenditures of Federal Awards - Continued  
For the Fiscal Year Ended June 30, 2024

(1)  <b>Federal Grantor/ Pass-Through Grantor/ Program Title</b>	(2)  <b>Federal Assistance Listing Number</b>	(2A)  <b>Pass-Through Entity Identifying Number</b>	(3)  <b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Child Nutrition Cluster:			
Passed Through State Department of Agriculture - Non Cash Assistance:			
National School Lunch Program	10.555	174	130,933
Passed Through State Department of Agriculture:			
Supply Chain Grant	10.555	174	113,300
Passed Through State Department of Education:			
National School Lunch Program	10.555	71302301	<u>931,859</u>
Total Assistance Listing Number 10.555			1,176,092
Passed Through State Department of Education:			
School Breakfast Program	10.553	71402001	<u>312,751</u>
Total Child Nutrition Cluster			<u>1,488,843</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			
			<u><u>\$ 3,657,590</u></u>

The Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**This Page Intentionally Left Blank**

## **Barbers Hill Independent School District**

Notes to the Schedule of Expenditures of Federal Awards

### **Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

National School Lunch Program non-cash commodities are recorded at their estimated market value at the time of donation.

### **Note 2. De Minimis Cost Rate**

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

### **Note 3. Reconciliation to Basic Financial Statements**

Presented below is a reconciliation of federal revenues:

Total expenditures of federal awards per Exhibit K-1	\$ 3,657,590
General fund - federal revenue:	
Interest subsidy on QSCB	260,567
SHARS	236,361
<b>Total federal revenues per Exhibit C-2</b>	<b><u>\$ 4,154,518</u></b>

**Barbers Hill Independent School District****Exhibit L-1**

Schedule of Required Responses to Selected  
School FIRST Indicators (Unaudited)  
For the Fiscal Year Ended June 30, 2024

<b>Data Codes</b>		<b>Responses</b>
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments.)  Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued.  Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	Yes
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end	\$ -