



HUFFMAN

INDEPENDENT SCHOOL DISTRICT

**Annual Financial and Compliance Report
For Fiscal Year Ended
June 30, 2024**



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**HUFFMAN INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL & COMPLIANCE REPORT**

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CERTIFICATE OF BOARD

Huffman Independent School District
Name of School District

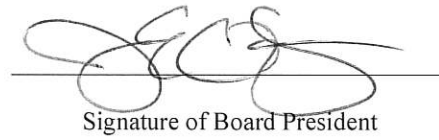
Harris
County

101-925
County-District

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



Signature of Board Secretary



Signature of Board President

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FINANCIAL SECTION

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MAYS & ASSOCIATES PLLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
HUFFMAN INDEPENDENT SCHOOL DISTRICT
Huffman, Texas

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as 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, budgetary comparison information, and TRS pension and OPEB schedules on pages 8-14 and 59-69 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, historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

The logo for Mays & Associates, PLLC. It features the company name "Mays & Associates" in a blue, cursive script font. Below the script, the text "Mays & Associates, PLLC" is written in a smaller, blue, sans-serif font.

Mays & Associates
Mays & Associates, PLLC

Baytown, Texas
November 18, 2024

**HUFFMAN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

As management of the Huffman Independent School District (the District), we offer readers of the District’s financial statements this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2024. Please read it in conjunction with the District’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District’s total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$4,897,627 (*net position*).
- The District’s governmental funds reported combined ending fund balances of \$56,190,283, an increase of \$41,405,879 in comparison with the prior year. The increase in governmental fund balances was due primarily to a bond issuance in the Capital Projects fund.
- The unassigned fund balance for the general fund was \$5,311,493 or 12% of total general fund expenditures.
- The District’s bonded debt increased by \$41,925,000, which was due to the issuance of Bond Series 2024 offset.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – Management’s Discussion and Analysis, the basic financial statements, and the required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The Statement of Net Position (Exhibit A-1) and the Statement of Activities (Exhibit B-1) are government-wide financial statements that provide both long-term and short-term information about the District’s overall financial status.
- The remaining Governmental Fund Financial Statements and the Fiduciary Fund Financial Statement focus on individual parts of the government and they report the District’s operations in more detail than the government-wide statements. The governmental funds statements tell how general government services were funded in the short term as well as what remains for future spending. Fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include Notes to the Financial Statements that explain in narrative form some of the information in the financial statements and also provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the government’s assets and deferred outflows of resources, and liabilities and deferred inflows of resources. All of the current period’s revenues and expenses are accounted for in the Statement of Activities regardless of when cash was received or paid.

The two government-wide statements report the District’s net position and how it has changed. Net position represents the difference between the District’s assets and deferred outflows of resources, and liabilities and deferred inflows of resources and is one way to measure the District’s financial health or position.

- Over time, increases or decreases in the District’s net position are indicators of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional non-financial factors such as changes in the District’s tax base and changes in student enrollment.

**HUFFMAN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

The government-wide financial statements of the District reflect the governmental activities which are principally supported by taxes and intergovernmental revenues. Most of the District’s basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services, and general administration.

Fund Financial Statements

The fund financial statements (Exhibits C-1 through E-2) provide more detailed information about the District’s most significant funds, but not the District as a whole. A fund is a group of accounts that the District uses to record specific sources of revenue and to track expenditures used for particular purposes.

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

The District has two kinds of funds:

1. Governmental Funds – Most of the District’s basic services are included in governmental funds, which focus on (1) how cash and other financial assets, that can readily be converted to cash, flow in and out and (2) the balances remaining at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide Exhibits C-1R and C-3 to explain the differences between them.
2. Fiduciary Funds – The District is the trustee, or fiduciary, for certain funds. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District’s fiduciary activities are reported in separate statements (Exhibit E-1 & E-2). We excluded these activities from the District’s government-wide financial statements because the District cannot use these assets to finance its operations.

Notes to the 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.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. The required supplementary information compares the original adopted budget, the final amended budget, and the actual amounts for the fiscal year. This is required supplementary information for the general fund and any major special revenue funds. The District did not have any major special revenue funds; therefore, only the general fund budget is presented as required supplementary information.

In addition, information related to the District’s proportionate share of its net pension liability, net OPEB liability, and contributions to the Teacher Retirement System of Texas is also presented.

Other Information

The other supplementary information is presented immediately following the required supplementary information and includes schedules required by the Texas Education Agency.

**HUFFMAN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$4,897,627 at the close of the most recent fiscal year.

A portion of the District's net position reflects its investment in capital assets (e.g., land, buildings and improvements, furniture and equipment, and construction in progress), less any outstanding related debt used to acquire those assets. The District uses these 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.

COMPARATIVE SCHEDULE OF NET POSITION

	Governmental Activities		Change
	2024	2023	2023-2024
Current and other assets	\$ 66,950,501	\$ 20,303,852	\$ 46,646,649
Capital assets and non current assets	82,282,994	82,210,529	72,465
Total assets	<u>149,233,495</u>	<u>102,514,381</u>	46,719,114
Total deferred outflows of resources	<u>12,128,811</u>	<u>8,941,421</u>	3,187,390
Other liabilities	15,651,839	4,984,600	10,667,239
Long-term liabilities	130,159,634	87,144,448	43,015,186
Total liabilities	<u>145,811,473</u>	<u>92,129,048</u>	53,682,425
Total deferred intflows of resources	<u>10,653,206</u>	<u>11,156,928</u>	(503,722)
Net position:			
Net investment in capital assets	16,443,215	11,492,731	4,950,484
Restricted	3,654,002	4,398,212	(744,210)
Unrestricted	<u>(15,199,590)</u>	<u>(7,721,117)</u>	<u>(7,478,473)</u>
Total net position	<u>\$ 4,897,627</u>	<u>\$ 8,169,826</u>	<u>\$ (3,272,199)</u>

Unrestricted net position, which can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, amount to (\$15,199,590) at June 30, 2024. Unrestricted net position continues to reflect a deficit balance. Although the District reports a deficit, the deficit is primarily due to reporting the District's proportionate share of the net pension and OPEB liabilities. The District's liability is reported in governmental activities; however, the actual liability does not require the use of current resources at the fund level, which results in a timing difference since the pension and TRS-Care plans are funded on a pay-as-you-go basis. The District has made all contractually required contributions as noted in the required supplementary information and has sufficient fund balance to meet the District's ongoing obligations to students and creditors.

Additionally, net position is restricted for the following purposes:

	Governmental Activities	
	2024	2023
Federal and state programs	\$ 609,411	\$ 1,069,893
Debt Services	3,017,952	3,040,353
Other purposes	<u>26,639</u>	<u>287,966</u>
	<u>\$ 3,654,002</u>	<u>\$ 4,398,212</u>

**HUFFMAN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

COMPARATIVE SCHEDULE OF CHANGES IN NET POSITION

	Governmental Activities				Change 2023-2024
	2024	%	2023	%	
Revenues					
Program revenues:					
Charges for services	\$ 1,961,941	4%	\$ 1,852,347	4%	\$ 109,594
Operating grants & contributions	9,053,213	17%	9,701,402	19%	(648,189)
General revenues:					
Property taxes	16,833,746	32%	20,095,097	39%	(3,261,351)
State aid - formula grants	22,619,599	43%	18,157,474	35%	4,462,125
Grants and contributions not restricted	1,494,504	3%	1,202,063	2%	292,441
Investment earnings	969,962	2%	245,692	0%	724,270
Other	99,968	0%	73,086	0%	26,882
Total revenues	<u>53,032,933</u>	<u>100%</u>	<u>51,327,161</u>	<u>100%</u>	<u>1,705,772</u>
Expenses:					
Instruction and related services	29,132,465	52%	25,689,164	51%	3,443,301
Instructional and school leadership	2,602,659	5%	2,492,453	5%	110,206
Support services - student	10,432,718	19%	9,937,533	20%	495,185
Administrative support services	2,434,702	4%	2,073,294	4%	361,408
Support services - non-student based	8,253,889	15%	8,199,227	16%	54,662
Debt service	3,257,430	6%	2,041,320	4%	1,216,110
Intergovernmental charges	191,269	0%	182,214	0%	9,055
Total expenses	<u>56,305,132</u>	<u>100%</u>	<u>50,615,205</u>	<u>100%</u>	<u>5,689,927</u>
Increase (decrease) in net position	(3,272,199)		711,956		(3,984,155)
Net position, beginning	8,169,826		7,457,870		711,956
Prior period adjustment	-		-		-
Net position, ending	<u>\$ 4,897,627</u>		<u>\$ 8,169,826</u>		<u>\$ 13,067,453</u>

Governmental Activities

The decrease in Net Position of \$3,272,199 results primarily from change OPEB liabilities and expenses recognized during the year. In addition, operating expenses exceeded operating revenues.

Governments providing defined benefit pension plans and other post-employment benefits were required to recognize their long-term obligation for pension and OPEB benefits as a liability on their accrual-based, government-wide statement of net position. This provides citizens and other users of these financial reports with a clearer picture of the size and nature of the financial obligations to current and former employees. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI).

The implementation of these standards clearly depicts the government's financial position. While this information will, in some cases, give the appearance that a government is financially weaker than it was previously, the financial reality of the government's situation will not have changed. Reporting the net pension liability and net OPEB liability on the face of the financial statements will more clearly portray the government's financial status because the pension and OPEB liabilities will be placed on an equal footing with other long-term obligations.

At June 30, 2024, the District reported a net pension liability of \$15,713,551 for its proportionate share of TRS's net pension liability and a net OPEB liability of \$6,564,128 for its proportionate share of the District's Other Post-Employment benefits other than pensions. At June 30, 2023, the District's net pension liability and OPEB liability was \$11,676,445 and \$6,289,763, respectively.

**HUFFMAN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Revenues are generated primarily from the following three sources: property taxes, state-aid formula grants, and operating grants and contributions. When combined (\$48,506,558), these represented 92 percent of total revenues. The remaining \$4,526,375 or 8 percent was generated from charges for services, investment earnings, and miscellaneous revenues.

The primary functional expenses of the District were instruction and related services, student support services, and non-student support services which represented 86 percent of total expenses. The remaining functional expenses represent less than 9 percent each of the total expenditures.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

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

Governmental Funds

The focus of the District’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District’s financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a District’s net resources available for spending at the end of the fiscal year.

At June 30, 2024, the District’s governmental funds reported combined fund balances of \$56,190,283, an increase of \$41,405,879 in comparison with the prior year. Approximately 81% or \$45,540,294 of combined fund balance constitutes *capital acquisition and contractual obligations*.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund and total fund balance of the general fund was \$5,311,493. As a measure of the general fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. As of June 30, 2024, these were 12% of general fund expenditures. Unassigned fund balance decreased \$4,434,925 from the prior year primarily due to results of operation.

The debt service fund has a total fund balance of \$4,033,627, all of which is reserved for the payment of debt service. The net increase in the debt service fund balance during the current year was \$530,448. This increase results from revenues exceeding debt service expenditures.

The capital projects fund has a fund balance of \$45,540,294. This increase is due to the issuance of bonds totaling \$44.9 million, offset by capital expenditures during the year.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget of the general fund can be briefly summarized as follows:

	BUDGET	
	Original	Final
Total revenues	\$ 39,019,712	\$ 38,706,104
Total expenditures	39,019,712	43,629,814
Net change in fund balance	\$ -	\$ (4,923,710)

The District initially adopted a balanced budget; however, an amendment resulted in a projected deficit of \$4,923,710. Actual revenues fell short of estimates by \$288,868, largely due to a decrease in anticipated federal funding. On the expenditure side, actual costs were \$777,643 less than expected. Despite these adjustments, the overall general fund balance decreased by approximately \$4.4 million over the fiscal year.

**HUFFMAN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

The District's investment in capital assets for its governmental type activities as of June 30, 2024, includes land, buildings and improvements, furniture and equipment, construction in progress and capital leases. The investment in capital assets (capital outlays) increased during the current year by \$72,465. This increase was the result of current year additions offset by current year depreciation.

The following table summarizes the investment in capital assets as of June 30, 2024 and 2023.

	2024	2023
Land	\$ 5,847,601	\$ 5,847,601
Buildings and improvements	126,889,501	123,940,931
Furniture and equipment	13,214,431	11,969,797
Assets purchase under capital leases	219,558	-
Construction in progress	1,540,596	2,050,770
	147,711,687	143,809,099
Accumulated depreciation	(65,428,693)	(61,598,570)
Net capital assets	\$ 82,282,994	\$ 82,210,529

Additional information on the District's capital assets can be found in the notes to the financial statements.

Long-Term Liabilities

As of June 30, 2024, the District had total long-term debt liabilities of \$107,890,000. The District's bonded debt decreased by \$3,005,000 from the prior year due to regularly scheduled debt payments. The District's general obligation bonds are rated "Aaa" and "A3" by Standard & Poor and Moody's Investors Service, respectively. The bonds are guaranteed through the Texas Permanent School Fund Guarantee Program or by a municipal bond insurance policy.

Changes in long-term debt for the year ended June 30, 2024 are as follows:

	Outstanding 7/1/2023	Additions	Reductions	Outstanding 6/30/2024
General obligation bonds	\$ 65,965,000	\$ 44,930,000	\$ (3,005,000)	\$ 107,890,000
Deferred bond components	2,706,108	1,675,085	(276,479)	4,104,714
Tax anticipation note	-	4,049,000	-	4,049,000
Capital lease	-	219,558	(60,346)	159,212
Compensated absences	507,132	210,561	-	717,693
	\$ 69,178,240	\$ 51,084,204	\$ (3,341,825)	\$ 116,920,619

Additional information on the District's long-term liabilities can be found in the notes to the financial statements.

**HUFFMAN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

Indicators, both financial and non-financial, that will impact the District in the immediate future are:

- Current enrollment (2024-2025) totals 3,646 students, which is a 0% change from last year’s enrollment of 3,679.
- The District’s 2024-2025 refined average daily attendance (RADA) was budgeted to 3,362.528 which is equal to the final RADA for the 2023-2024 school year.
- District staff totals 546 employees, which includes 246.5 teachers and 97 instructional aides and clerical staff. The District maintains 4 campuses for instruction.
- The unemployment rate for the metropolitan area was currently 4.8% as of June 30, 2024 which is higher than last year’s unemployment rate of 4.4%.
- Property values of the District increased by approximately 9.5% in the 2024-2025 fiscal year from the 2023-2024 fiscal year.
- The maintenance and operations tax rate for fiscal year 2024-2025 is \$0.6769 while the interest and sinking tax rate is \$0.3968 for a total rate of \$1.0767. The preceding year rates were \$0.6692, \$0.27699, and \$0.94619, respectively.

All of these factors were considered in preparing the District’s general fund and interest and sinking budgets for the 2024-2025 fiscal year.

The Huffman Independent School District general fund adopted budget for 2024-2025 is as follows:

<u>General Fund Budget</u>	<u>Original</u>
Budgeted Revenues	\$ 36,808,855
Budgeted Expenditures	<u>39,776,406</u>
Budget Deficit	<u><u>\$ (2,967,551)</u></u>

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District’s finances for all of those with an interest in the District’s finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Chief Financial Officer at Huffman Independent School District, P.O. Box 2390, Huffman, Texas 77336.

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

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 58,227,938
1220 Property Taxes - Delinquent	1,800,339
1230 Allowance for Uncollectible Taxes	(260,000)
1240 Due from Other Governments	7,043,203
1290 Other Receivables, Net	139,021
Capital Assets:	
1510 Land	5,847,601
1520 Buildings, Net	69,477,716
1530 Furniture and Equipment, Net	5,241,435
1550 Right-to-Use Leased Assets, Net	175,646
1580 Construction in Progress	1,540,596
1000 Total Assets	149,233,495
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Charge for Refunding	773,853
1705 Deferred Outflow Related to TRS Pension	7,235,822
1706 Deferred Outflow Related to TRS OPEB	4,119,136
1700 Total Deferred Outflows of Resources	12,128,811
LIABILITIES	
2110 Accounts Payable	1,043,340
2120 Short Term Debt Payable	4,049,000
2140 Accrued Interest	1,442,296
2150 Payroll Deductions and Withholdings	273,639
2160 Accrued Wages Payable	3,367,251
2177 Due to Fiduciary Funds	4,500
2300 Unearned Revenue	482,149
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc. Due in More than One Year:	4,989,664
2502 Bonds, Notes, Loans, Leases, etc.	107,881,955
2540 Net Pension Liability (District's Share)	15,713,551
2545 Net OPEB Liability (District's Share)	6,564,128
2000 Total Liabilities	145,811,473
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	775,053
2606 Deferred Inflow Related to TRS OPEB	9,878,153
2600 Total Deferred Inflows of Resources	10,653,206
NET POSITION	
3200 Net Investment in Capital Assets and Right-to-Use Lease Assets Restricted:	16,443,215
3820 Restricted for Federal and State Programs	609,411
3850 Restricted for Debt Service	3,017,952
3890 Restricted for Other Purposes	26,639
3900 Unrestricted	(15,199,590)
3000 Total Net Position	\$ 4,897,627

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

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

Net (Expense)
Revenue and
Changes in Net
Position

Data Control Codes	1	Program Revenues		6
		3	4	
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities

Primary Government:

GOVERNMENTAL ACTIVITIES:

11	Instruction	\$ 26,956,101	\$ 274,763	\$ 3,284,833	\$ (23,396,505)
12	Instructional Resources and Media Services	366,664	-	9,869	(356,795)
13	Curriculum and Instructional Staff Development	1,809,700	-	835,439	(974,261)
21	Instructional Leadership	510,939	-	154,158	(356,781)
23	School Leadership	2,091,720	-	66,471	(2,025,249)
31	Guidance, Counseling, and Evaluation Services	1,687,795	-	483,329	(1,204,466)
32	Social Work Services	404,921	-	176,033	(228,888)
33	Health Services	470,461	-	15,000	(455,461)
34	Student (Pupil) Transportation	2,026,849	-	71,937	(1,954,912)
35	Food Services	3,562,019	358,224	2,872,659	(331,136)
36	Extracurricular Activities	2,280,673	1,323,456	23,143	(934,074)
41	General Administration	2,434,702	-	53,997	(2,380,705)
51	Facilities Maintenance and Operations	5,933,912	5,498	98,000	(5,830,414)
52	Security and Monitoring Services	1,095,117	-	102,129	(992,988)
53	Data Processing Services	1,223,141	-	17,544	(1,205,597)
61	Community Services	1,719	-	1,579	(140)
72	Debt Service - Interest on Long-Term Debt	2,595,423	-	757,693	(1,837,730)
73	Debt Service - Bond Issuance Cost and Fees	662,007	-	-	(662,007)
93	Payments Related to Shared Services Arrangements	29,400	-	29,400	-
95	Payments to Juvenile Justice Alternative Ed. Prg.	15,555	-	-	(15,555)
99	Other Intergovernmental Charges	146,314	-	-	(146,314)
	[TP] TOTAL PRIMARY GOVERNMENT:	\$ 56,305,132	\$ 1,961,941	\$ 9,053,213	(45,289,978)

Data Control Codes	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	11,925,762
DT	Property Taxes, Levied for Debt Service	4,907,984
SF	State Aid - Formula Grants	22,619,599
GC	Grants and Contributions not Restricted	1,494,504
IE	Investment Earnings	969,962
MI	Miscellaneous Local and Intermediate Revenue	99,968
TR	Total General Revenues	42,017,779
CN	Change in Net Position	(3,272,199)
NB	Net Position - Beginning	8,169,826
NE	Net Position - Ending	\$ 4,897,627

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

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

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects Fund
ASSETS			
1110 Cash and Cash Equivalents	\$ 7,430,012	\$ 4,041,640	\$ 45,541,143
1220 Property Taxes - Delinquent	1,303,518	496,821	-
1230 Allowance for Uncollectible Taxes	(191,800)	(68,200)	-
1240 Due from Other Governments	6,678,565	-	-
1260 Due from Other Funds	263,244	2,550	-
1290 Other Receivables	57,379	-	-
1000 Total Assets	<u>\$ 15,540,918</u>	<u>\$ 4,472,811</u>	<u>\$ 45,541,143</u>
LIABILITIES			
2110 Accounts Payable	\$ 800,182	\$ 2,550	\$ 849
2120 Short Term Debt Payable - Current	4,049,000	-	-
2150 Payroll Deductions and Withholdings Payable	273,639	-	-
2160 Accrued Wages Payable	3,063,691	-	-
2170 Due to Other Funds	524,146	-	-
2300 Unearned Revenue	407,049	8,013	-
2000 Total Liabilities	<u>9,117,707</u>	<u>10,563</u>	<u>849</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	1,111,718	428,621	-
2600 Total Deferred Inflows of Resources	<u>1,111,718</u>	<u>428,621</u>	<u>-</u>
FUND BALANCES			
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	45,540,294
3480 Retirement of Long-Term Debt	-	4,033,627	-
3490 Other Restricted Fund Balance	-	-	-
Committed Fund Balance:			
3545 Other Committed Fund Balance	-	-	-
3600 Unassigned Fund Balance	5,311,493	-	-
3000 Total Fund Balances	<u>5,311,493</u>	<u>4,033,627</u>	<u>45,540,294</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 15,540,918</u>	<u>\$ 4,472,811</u>	<u>\$ 45,541,143</u>

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,215,143	\$ 58,227,938
-	1,800,339
-	(260,000)
364,638	7,043,203
521,596	787,390
81,642	139,021
<u>\$ 2,183,019</u>	<u>\$ 67,737,891</u>
\$ 239,759	\$ 1,043,340
-	4,049,000
-	273,639
303,560	3,367,251
267,744	791,890
67,087	482,149
<u>878,150</u>	<u>10,007,269</u>
-	1,540,339
<u>-</u>	<u>1,540,339</u>
609,386	609,386
-	45,540,294
-	4,033,627
26,639	26,639
668,844	668,844
-	5,311,493
<u>1,304,869</u>	<u>56,190,283</u>
<u>\$ 2,183,019</u>	<u>\$ 67,737,891</u>

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

EXHIBIT C-1R

Total Fund Balances - Governmental Funds	\$	56,190,283
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. The cost of these assets is \$147,711,687 and the accumulated depreciation is \$65,428,693. The effect of including capital assets (net of depreciation) in the governmental activities is an increase to net position. (See Note II. D.)		82,282,994
2 Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period, and, therefore, are not reported as liabilities in the governmental funds. The effect of these long-term liabilities is a decrease to net position. (See Note II. E.)		(112,871,619)
3 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of \$15,713,551, a deferred inflow of resources related to TRS in the amount of \$775,053, and a deferred outflow of resources related to TRS in the amount of \$7,235,822. The effect of these pension related items is a decrease to net position.		(9,252,782)
4 The District implemented GASB 75 reporting requirements for the OPEB benefit plan through TRS. The District's share of the TRS plan resulted in a net OPEB liability of \$6,564,128, a deferred inflow of \$9,878,153 and a deferred outflow of \$4,119,136. The effect of these OPEB related items is a decrease to net position.		(12,323,145)
5 Recognizing deferred revenue (property taxes) as revenue in the government-wide statements to convert from modified accrual basis of accounting to the accrual basis of accounting. The net effect is an increase to net position.		1,540,339
6 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include eliminating interfund transactions, interest accrual, and recognizing the bond components (deferred charge on refunding) associated with bonds. The net effect of these reclassifications and recognitions is to decrease net position.		(668,443)
29 Net Position of Governmental Activities	\$	<u>4,897,627</u>

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

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

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects Fund
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 12,442,013	\$ 4,938,369	\$ 705,655
5800 State Program Revenues	24,549,375	757,693	-
5900 Federal Program Revenues	1,206,290	-	-
5020 Total Revenues	<u>38,197,678</u>	<u>5,696,062</u>	<u>705,655</u>
EXPENDITURES:			
Current:			
0011 Instruction	22,183,624	-	114,006
0012 Instructional Resources and Media Services	334,375	-	-
0013 Curriculum and Instructional Staff Development	854,083	-	-
0021 Instructional Leadership	334,123	-	-
0023 School Leadership	1,908,225	-	-
0031 Guidance, Counseling, and Evaluation Services	1,095,330	-	-
0032 Social Work Services	203,674	-	-
0033 Health Services	427,083	-	-
0034 Student (Pupil) Transportation	2,018,752	-	207,137
0035 Food Services	-	-	-
0036 Extracurricular Activities	1,079,595	-	-
0041 General Administration	2,238,820	-	-
0051 Facilities Maintenance and Operations	6,295,582	-	128,952
0052 Security and Monitoring Services	990,167	-	49,350
0053 Data Processing Services	989,818	-	149,697
0061 Community Services	-	-	-
Debt Service:			
0071 Principal on Long-Term Liabilities	60,346	3,005,000	-
0072 Interest on Long-Term Liabilities	-	2,152,242	-
0073 Bond Issuance Cost and Fees	51,550	7,500	602,957
Capital Outlay:			
0081 Facilities Acquisition and Construction	1,625,145	-	516,219
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-
0095 Payments to Juvenile Justice Alternative Ed. Prg.	15,555	-	-
0099 Other Intergovernmental Charges	146,314	-	-
6030 Total Expenditures	<u>42,852,161</u>	<u>5,164,742</u>	<u>1,768,318</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,654,483)</u>	<u>531,320</u>	<u>(1,062,663)</u>
OTHER FINANCING SOURCES (USES):			
7911 Capital Related Debt Issued	-	-	44,930,000
7913 Right-to-Use Lease and SBITA Proceeds	219,558	-	-
7915 Transfers In	-	2,128	-
7916 Premium or Discount on Issuance of Bonds	-	-	1,675,085
8911 Transfers Out (Use)	-	-	(2,128)
7080 Total Other Financing Sources (Uses)	<u>219,558</u>	<u>2,128</u>	<u>46,602,957</u>
1200 Net Change in Fund Balances	(4,434,925)	533,448	45,540,294
0100 Fund Balance - July 1 (Beginning)	<u>9,746,418</u>	<u>3,500,179</u>	<u>-</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ 5,311,493</u>	<u>\$ 4,033,627</u>	<u>\$ 45,540,294</u>

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

	Nonmajor Governmental Funds	Total Governmental Funds
\$	1,685,814	\$ 19,771,851
	469,252	25,776,320
	6,318,311	7,524,601
	8,473,377	53,072,772
	2,341,131	24,638,761
	-	334,375
	788,955	1,643,038
	142,051	476,174
	1,221	1,909,446
	440,556	1,535,886
	165,875	369,549
	2,723	429,806
	25,706	2,251,595
	3,655,112	3,655,112
	1,011,782	2,091,377
	988	2,239,808
	23,642	6,448,176
	75,594	1,115,111
	-	1,139,515
	1,579	1,579
	-	3,065,346
	-	2,152,242
	-	662,007
	-	2,141,364
	29,400	29,400
	-	15,555
	-	146,314
	8,706,315	58,491,536
	(232,938)	(5,418,764)
	-	44,930,000
	-	219,558
	-	2,128
	-	1,675,085
	-	(2,128)
	-	46,824,643
	(232,938)	41,405,879
	1,537,807	14,784,404
\$	1,304,869	\$ 56,190,283

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

EXHIBIT C-3

Total Net Change in Fund Balances - Governmental Funds	\$	41,405,879
Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of removing current year capital outlays is to increase net position. (See Note II. D.)		4,480,192
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.		(4,407,727)
The governmental funds report bond proceeds as an other financing source, while repayment of bond principal is reported as an expenditure. Also, governmental funds report bond premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect is to decrease net position. (See Note II. E.)		(43,693,379)
Changes in the District's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to the Teacher Retirement System of Texas for the current year are not reported in governmental funds but are reported in the government-wide financial statements. The net effect of these changes is a decrease to net position.		(1,766,400)
Changes in the District's proportionate share of the net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to the Texas Public School Retired Employees Group Insurance Program (TRS-Care) for the current year are not reported in governmental funds but are reported in the government-wide financial statements. The net effect of these changes is a increase to net position.		1,230,498
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.		(521,262)
Change in Net Position of Governmental Activities	<u>\$</u>	<u>(3,272,199)</u>

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

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

	Total Custodial Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 50,561
Due from Other Funds	4,500
Other Receivables	<u>2,464</u>
Total Assets	<u>57,525</u>
LIABILITIES	
Accounts Payable	<u>22,064</u>
Total Liabilities	<u>22,064</u>
NET POSITION	
Restricted for Campus Activities	35,445
Restricted for Other Purposes	<u>16</u>
Total Net Position	<u><u>\$ 35,461</u></u>

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

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

	Total Custodial Funds
<hr/>	
ADDITIONS:	
Enterprising Services Revenue	\$ 219,848
Total Additions	<u>219,848</u>
DEDUCTIONS:	
Supplies and Materials	<u>225,341</u>
Total Deductions	<u>225,341</u>
Change in Fiduciary Net Position	(5,493)
Total Net Position July 1 (Beginning)	<u>40,954</u>
Total Net Position June 30 (Ending)	<u><u>\$ 35,461</u></u>

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

**HUFFMAN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Huffman Independent School District (the “District”) have been prepared in conformity with U.S. generally accepted accounting principles (“GAAP”) promulgated by the Governmental Accounting Standards Board (“GASB”) and other authoritative sources identified in *Statement on Auditing Standards No. 69*, as amended by *Statement on Auditing Standards No. ’s 91 and 93* of the American Institute of Certified Public Accountants (“AICPA”); and it complies with the requirements of the appropriate version of Texas Education Agency’s (“TEA”) Financial Accountability System Resource Guide (FASRG) and the requirements of contracts and grants of agencies from which it receives funds.

A. Reporting Entity

The Board of Trustees (the “Board”), a seven member group, has fiscal responsibility over all activities related to public elementary and secondary education within the jurisdiction of the District. The public elects the Board that corporately has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency (“TEA”) or to the Texas State Board of Education are reserved for the Board, and TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District is not included in any other governmental “reporting entity” as defined by GASB Statement No. 61, “*The Financial Reporting Entity*”: *Omnibus - an amendment by GASB Statements No. 14 and 34*. There are no component units or entities for which the District is considered financially accountable included within the reporting entity.

B. Basis of Presentation

1. Government-Wide Financial Statements

The government-wide financial statements, which includes the statement of net position and the statement of activities, report on all of the non-fiduciary activities of the District’s primary government. These statements exclude the effects of interfund activities that do not involve services provided or used. In this context, the District’s governmental activities are typically funded by tax revenues and intergovernmental revenues. The District does not have business-type activities, which would normally depend significantly on fees and charges for financial support.

The statement of activities provides a comparison between direct expenses and program revenues for each program or function of the District’s governmental activities. *Direct expenses* are specifically associated with a program or function and are clearly attributable to that function. *Indirect costs* are allocated proportionally, based on the ratio of function’s expense to total expense. *Program revenues* are categorized as 1) Charges for services, goods, or privileges purchased by students, applicants, or users who directly benefit from a specific function and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

Revenues that are not classified as program revenues, such as taxes, are reported as *general revenues*.

2. Fund Financial Statements

The District presents separate financial statements for governmental and fiduciary funds. Fiduciary funds, though excluded from the government-wide financial statements, are still reported in separate fiduciary fund financial statements. During the fiscal year, the District segregates transactions related to specific functions or activities into separate funds to aid financial management and demonstrate legal compliance.

Fund financial statements are designed to present the District’s financial information at a more detailed level, with the focus on major funds. These major individual governmental funds are reported in separate columns to highlight their financial activity. All remaining nonmajor governmental funds are aggregated and presented in a single column for reporting purposes.

**HUFFMAN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

C. Fund Accounting

The District utilizes funds to manage and organize its financial records during the fiscal year. A fund is an accounting entity with its own set of self-balancing accounts, meaning it independently tracks its financial resources and obligations. The District has two categories of funds: governmental and fiduciary.

1. Governmental Funds

Governmental funds are those through which most governmental functions of the District are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities and deferred inflows of resources are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources, and liabilities and deferred inflows of resources is reported as fund balance. The District reports the following major governmental funds:

- **General Fund** – is the District’s primary operating fund and accounts for resources that finance the fundamental operations of the District. It includes all financial resources not required to be accounted for in another fund. Major revenue sources for the General Fund include local property taxes and state funding, such as the Foundation School Program.

This fund covers all expenditures related to the District's daily operations, except for specific programs funded by federal or state government, as well as food service, debt service, and capital projects. It plays a central role in supporting the District’s mission, in partnership with the community, to enable and motivate students to reach their full potential. The General Fund is a budgeted fund, and any fund balances are considered resources available for current operations.

- **Debt Service Fund** – is the used to account for the accumulation of resources to pay the principal and interest on long-term debt issued by the District. These funds ensure that the District can meet its debt obligations as they come due. Major revenue sources for the Debt Service Fund include dedicated property taxes. Transfers from other funds or special assessments that set aside to pay off debt. This is a budgeted fund and a separate bank account is maintained for this fund. Any unused sinking fund balances are transferred to the General Fund after all of the related debt obligations have been met.
- **Capital Projects Fund** – This fund accounts for proceeds from the sale of voter-approved bonds and other resources to be used for Board authorized acquisition, construction, and renovations of major capital facilities as well as providing their furnishings and equipment. Upon completion of a bond project, any unused proceeds are transferred to the debt service fund to retire related bond principal.
- **Nonmajor Governmental Funds** - account for grants and other resources of the District whose uses are restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a special revenue fund. Generally, unused balances are returned to the grantor at the close of the specified project periods. With respect to the food service and campus activity funds, funds are rolled over from year to year for use in the program.

**HUFFMAN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

2. Fiduciary Funds

Fiduciary Funds are used to manage resources that the Districts holds in a trust or as an agent for others, such as pension funds, scholarship donations, or various campus organization fundraising resources. Fiduciary funds are excluded from the government-wide financial statements because they do not belong to the government but are held in trust for others. The District uses the following fiduciary funds:

- **Custodial Funds** – These funds accounts for the resources raised by student groups and various other campus organizations received by the District in a custodial capacity that do not constitute District property. However, the District’s role is considered to be substantive because in the absence of an approved policy, the faculty advisor has the ability to reject, modify, or approve how the resources are being spent.

The custodial funds meet the requirements for reporting as fiduciary activities. The assets derived from these funds are not from the District’s owned revenue sources. In addition, they do not meet the criteria for District-mandated or voluntary nonexchange transactions. Lastly, these assets are for the benefits of individuals, namely students or others, and the District does not have administrative involvement or direct financial involvement for these funds.

D. Measurement Focus and Basis of Accounting

1. Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. All assets and deferred outflows of resources, and liabilities and deferred inflows of resources associated with the operation of the District are included in the statement of net position. 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 recorded as revenues in the year of levy.

2. Fund Financial Statements

The Governmental fund statements are prepared using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. These statements reflect only current assets (such as cash and receivables expected to be collected within the year) and current liabilities (those expected to be settled within the fiscal year). Long-term assets and liabilities, such as capital assets and long-term debt, are not reported in these statements.

Revenues are recognized when they are both measurable (the amount can be determined) and available (expected to be collected within the current period or within 60 days after the fiscal year ends). Property tax revenue and state funding follow the susceptible-to-accrual concept, meaning they must be available and measurable to be recognized. Taxes not collected within 60 days are reported as deferred inflows of resources. Miscellaneous revenues, such as fees or minor revenues, are recorded when received because they are generally not measurable until collection. Interest revenue and building rentals are recognized when earned, as they are measurable and available. State and Federal grants revenue is recognized when eligible expenditures are incurred. If funds are received before expenditures are made, they are recorded as unearned revenues. If expenditures are made before receiving grant funds, they are reported as receivables.

Expenditures are recognized when a liability is incurred, similar to accrual accounting. However, debt service payments (principal and interest), compensated absences, claims, and judgments are recorded only when payment is due, not when the liability is incurred.

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The government-wide financial statements (using the *accrual basis*) include all assets and liabilities, including long-term ones. In contrast, the fund financial statements (using *modified accrual*) exclude long-term items like capital assets and long-term debt. As a result, reconciliations are provided in the fund financial statements to explain these differences.

3. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

- ***Revenues-Exchange and Non-exchange Transactions***

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year end.

Grant revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

On the modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized. Tax revenues are considered available when collected.

- **Unearned Revenues**

Unearned revenues arise when assets are recognized before revenue recognition criteria has been satisfied.

Property taxes for which there is an enforceable legal claim as of January 1, but which were levied to current fiscal year operations, are recorded as deferred inflows of resources in the fund financial statements. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue in both the government-wide and fund financial statements. In governmental fund financial statements, receivables that will not be collected within the available period are reported as deferred inflows of resources.

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- **Expenses/Expenditures**

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on the decrease in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of costs, such as depreciation and amortization, are not recognized in governmental funds.

E. Assets, Liabilities, and Net Position or Fund Equity

1. Cash and Cash Equivalents

For purposes of the statement of cash flows for proprietary funds, the District considers cash on hand, demand deposits, investment pools, and short-term investments with maturities of three months or less from the date of acquisition to be cash and cash equivalents.

2. Deposits and Investments

Under Texas state law, a bank serving as the school depository must have a bond, or in lieu thereof, deposited or pledged securities with the District or an independent third party agent, in an amount equal to the highest daily balance of all deposits the District may have during the term of the depository contract, less any applicable FDIC insurance.

Investments consist of balances in privately managed public funds investment pools, certificates of deposit, and U.S. agencies. Investments in local government investment pools are valued and recorded at amortized costs as permitted by GASB Statement No. 79, *Certain Investment Pools and Pool Participants*. Investments with maturities of 12 months or less at the date of purchase are held at amortized cost and net asset value (NAV). Investments with maturities exceeding 12 months at the date of purchase are stated at fair value based on quoted market prices at year-end date.

The District categorizes fair value measurements of its investments based on the hierarchy established by GAAP. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Inputs to the valuation methodology are quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

3. Property Taxes

The District levies property taxes on October 1, as per the Texas Property Tax Code. Taxes are due upon receipt of the bill and become delinquent after February 1 of the following year, subject to interest and penalties. A tax lien is attached to properties on January 1 to secure payment.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of levy. A significant portion of delinquent taxes outstanding at any fiscal year end is generally not collected in the ensuing fiscal year.

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Allowances for uncollectible taxes within the general and debt service funds are based on historical experience in collecting taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

4. Inter-fund Receivables, Payables, and Transfers

Interfund receivables and payables arise from interfund transactions and are recorded in all affected funds in the period in which transactions are executed in the normal course of operations. Interfund receivables and payables are eliminated in the government-wide financial statements as are transfers between funds.

5. Capital Assets

Capital assets, which include land, buildings and improvements, and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as those with an initial individual cost of more than \$5,000 or \$400,000, in aggregate, with an estimated useful life in excess of five years. Such assets are recorded at historical cost, or if unavailable, at estimated historical cost. Donated assets are recorded at their acquisition value or estimated fair value on the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed, but interest incurred during construction is not capitalized. When assets are retired or disposed of, their related costs or other recorded amounts are removed from the records.

Capital assets of the District are depreciated using the straight-line method over their estimated useful lives, which are as follows:

Capital Asset:	Years
Building and improvements	9-60
Furniture, Fixtures & Equipment	5-15
Buses & Vehicles	10

6. Deferred Outflows/Inflows of Resources

Deferred outflows and inflows of resources are reported in the statement of net position and balance sheet as described below:

A *deferred outflow of resources* is a consumption of a government’s net assets (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period. The District has three items that qualify for reporting in this category:

- Deferred outflow of resources for refunding – Reported in the government-wide statement of net position, this deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred outflow of resources for pension – Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of differences between expected and actual actuarial experiences. The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year.

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The other pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.

- Deferred outflow of resources for OPEB – Reported in the government-wide financial statement of net position, this deferred outflow results from OPEB plan contributions made after the measurement date of the net OPEB liability and the results of differences between expected and actual investment earnings and changes in proportionate share. The deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year.

The other OPEB related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEB through the OPEB plan.

A *deferred inflow of resources* is an acquisition of a government's net assets (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period. The District has three items that qualify for reporting in this category:

- Deferred inflow of resources for unavailable revenues – Reported only in the governmental funds balance sheet, unavailable revenues from property taxes arise under the modified accrual basis of accounting. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Deferred inflow of resources for pension – Reported in the government-wide financial statement of net position, these deferred inflows result primarily from differences between projected and actual earnings on pension plan investments. These amounts will be amortized over a closed five year period.
- Deferred inflow of resources for OPEB – Reported in the government-wide financial statement of net position, these deferred inflows result primarily from differences between expected and actual experience and from changes in assumptions. These amounts will be amortized over the average expected remaining service life of all members.

7. Long-Term Obligations

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term indebtedness is reported as a liability. Bond premiums and discounts, as well as defeasance costs, are deferred and amortized over the life of the bonds using the straight-line method in the government-wide financial statements. Bonds payable are reported net of the applicable bond premium, discount, and other costs.

In the fund financial statements, bond premiums (net of discounts) are recognized in the current period and recorded as other financing sources. Issuance costs are recognized in the current period as debt service expenditures. The face amount of the debt issued is reported as other financing sources; whereas, bonds refunded during the period are recorded as other financing uses.

8. Compensated Absences

Compensated absences are absences for which employees will be paid, such as sick leave. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the government and its employees is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the government and its employees are accounted for in the period in which such services are rendered or such events take place.

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In the governmental funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for them. The remainder of the compensated absences liability is reported as long-term liabilities on the statement of net position.

9. Pensions

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities, and additions to/deductions from TRS 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.

10. Other Post-Employment Benefits

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

11. Fund Balance

Generally, governmental fund balances represent the difference between the current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources. The government fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective government funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- ***Nonspendable*** – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. (Inventories and Prepaid Items are considered *Nonspendable* as these items are not expected to be converted to cash or are not expected to be converted to cash within the next year.)
- ***Restricted*** – includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- ***Committed*** – includes amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., the Board of Trustees). To be reported as committed, amounts cannot be used for any other purposes unless the District takes the same highest level of action to remove or change the constraint. The District establishes (and modifies or rescinds) fund balance commitments by passage of a resolution or ordinance. A fund balance commitment is further indicated in the budget document as a commitment of the fund. The District has committed 100 percent of Fund 461 Campus Activity Funds' fund balance.

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- **Assigned** – includes amounts that are constrained by the District’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the Superintendent or Chief Financial Officer through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the *general fund*.
- **Unassigned** – includes the residual fund balance for amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the *general fund*. The *Unassigned* classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of *Assigned* fund balance amounts.

The board has adopted a minimum fund balance policy for the *general fund* which requires there be sufficient funds to cover 90 days of operating expenditures.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

12. Net Position

Net Position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. The classifications used in the government-wide financial statements are as follows:

- **Net investment in capital assets** – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.
- **Restricted net position** – This amount is restricted by creditors, grantors, contributors, or laws or regulations of other governments.
- **Unrestricted net position** – This amount is the net position that does not meet the definition of “net investment in capital assets” or “restricted net position”.

The District’s policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

13. Budgetary Data

The Board adopts an “appropriated budget” for the General Fund, Debt Services Fund, and the Child Nutrition Program (which is included in the Nonmajor Governmental Funds). The District compares the final amended budget to actual revenues and expenditures. The Budgetary Comparison Schedules appear in Exhibits G-1, J-2, and J-3.

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

- a) Prior to June 20, the District prepares an operating budget for the next succeeding fiscal year beginning July 1. The budget includes proposed expenditures and the means of financing them.
- b) A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten day’s public notice of the meeting must be given.

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- c) Prior to July 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board.
Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after the fiscal year end.
- d) Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.
- e) Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at June 30, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year’s budget.

14. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management’s estimates. Accordingly, actual results could differ from those estimates.

The amount of state foundation and available school revenue a school district earns for a year, can and does vary until the time when final values for each of the factors in the formula become available. Availability can be as late as midway into the next fiscal year. It is probable that the foundation revenue estimate as of June 30 will change and those changes could be material. For the year ended June 30, 2024, the District received approximately 49% of revenues from the State of Texas.

15. Data Control Codes

The data control codes refer to the account code structure prescribed by TEA in the FASRG. The TEA requires school districts to display these codes in the financial statements filed with the Agency to ensure accuracy in building a statewide database for policy development and funding plans.

II. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

A summary of the District’s cash and investments by fund at June 30, 2024 is shown below:

	<u>Cash and Deposits</u>	<u>Investment Pools</u>	<u>Total Cash & Cash Equivalents</u>	<u>Total Cash & Investments</u>
Governmental Funds:				
General fund	\$ 3,312,899	\$ 4,117,113	\$ 7,430,012	\$ 7,430,012
Debt service fund	2,317,968	1,723,672	4,041,640	4,041,640
Capital projects fund	1,619	45,539,524	45,541,143	45,541,143
Non-major governmental funds	<u>1,188,896</u>	<u>26,247</u>	<u>1,215,143</u>	<u>1,215,143</u>
Total governmental funds	<u>6,821,382</u>	<u>51,406,556</u>	<u>58,227,938</u>	<u>58,227,938</u>
Fiduciary funds	<u>50,561</u>	<u>-</u>	<u>50,561</u>	<u>50,561</u>
Total	<u><u>\$ 6,871,943</u></u>	<u><u>\$ 51,406,556</u></u>	<u><u>\$ 58,278,499</u></u>	<u><u>\$ 58,278,499</u></u>

At June 30, 2024, the net carrying amount of the District’s cash and deposits was \$6,871,943 and the bank balance was \$6,984,102. At June 30, 2024, the District’s combined deposits were fully insured by FDIC insurance or collateralized with securities held by the Bank’s agent in the District’s name.

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The Public Funds Investment Act (“the Act”) and Board policy governs the District’s investment policies. The Act 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, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date of the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposits. Statutes authorize the District to invest in: (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) securities lending programs, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools and (9) guaranteed investment contracts.

The District’s cash equivalents and investments at June 30, 2024 are as shown below:

<u>Investment Type:</u>	<u>Rating</u>	<u>Fair Value Measurements Using:</u>			<u>Percent of Portfolio</u>	<u>WAM (Days/Years)</u>
		<u>Value at June 30, 2024</u>	<u>(Level 1)</u>	<u>(Level 2)</u>		
Cash in Bank		\$ 6,871,943			12%	
<i>Cash equivalents measured at amortized costs:</i>						
TexPool	AAA/m	46			0%	<365 days
Lone Star	AAA/AAA/m	51,406,510			88%	<365 days
Cash and cash equivalents - subtotal		51,406,556	-	-	-	
Total cash and investments		\$ 58,278,499	\$ -	\$ -	\$ -	100%

TexPool (Texas Local Government Investment Pool) and Lone Star (Lone Star Investment Pool) are local government investment “pools” organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The District’s investments in TexPool and Lone Star are reported at amortized cost. Deposits and withdrawals can be made on any business day of the week. The pools have a redemption notice of one day, which may be redeemed daily. The pools may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or a national state of emergency that affects the pools liquidity. There are no limits on the number of accounts a participant can have or the number of transactions. The District has no unfunded commitments related to the pools.

The District’s management believes that it has complied with the requirements of the Act and with local policies. Short-term investments, such as money market investments, commercial paper, banker’s acceptances, and U.S. Treasury and agency obligations, with a remaining maturity at time of purchase of one year or less, are exempt from fair value measurement and may be reported at amortized cost.

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

1) Credit Risk

State law and the District’s investment policy limit investments in all categories to top ratings issued by nationally recognized statistical rating organizations. The credit quality ratings for the District’s investments were in compliance with the Act. At year end, the District was not significantly exposed to credit risk.

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2) Custodial Credit Risk

To control custody risk, State law and the District’s Investment Policy require collateral for all time and demand deposits and repurchase agreements with securities transferred only on a delivery versus payment basis and held by an independent party approved by the District and held in the District’s name.

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

3) Concentration of Credit Risk

The District’s investment policy requires the investment portfolio to be diversified in terms of investment instruments, maturity scheduling, and financial institutions in order to reduce the risk of loss resulting from overconcentration of assets in a specific class of investments, specific maturity, or specific issuer. The District’s Investment Policy requires the following diversification:

Type of Investment	Maximum Allowed % of Portfolio
Certificates of Deposit	100%
Banker's Acceptance	100%
U.S. Government Securities	100%
State and Local Obligations	100%
Repurchase Agreements	100%
Guaranteed Investment Contracts	100%
Investment Pools	100%
No Load Money Market Mutual Funds	15%
Commercial Paper	100%
Corporate Bonds	15%

At year end, the District was not exposed to concentration of credit risk.

4) Interest Rate Risk

The risk that changes in interest rates may adversely affect the value of investments. The District monitors interest rate risk utilizing weighted average maturity and specific identification. To limit interest and market rate risk from changes in interest rates, the District’s Investment Policy sets a maximum maturity as follows:

- CD’s are limited to a stated maturity of one year.
- Banker’s acceptance are limited to a stated maturity of 270 days or less, from the date of issuance.
- Repurchase agreements are limited to a maximum maturity of three months.
- Municipal obligations of the State of Texas or any other state or political subdivision must have a stated maturity less than two years.

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- Obligations of the U.S. government, its agencies, and instrumentalities excluding mortgage backed securities, or guaranteed by governmental entities not to exceed two years to stated maturity in the operating and debt service funds and not to exceed three years in bond funds (2256.009).
- Commercial paper is limited to mature in 365 days or less, from the date of issuance.

At year end, the District was not exposed to interest rate risk.

B. Receivables and Unearned Revenue

Receivables as of June 30, 2024, for the District’s individual major funds and nonmajor funds, in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
Property taxes	\$ 1,303,518	\$ 496,821	\$ -	\$ 1,800,339
Due from other governments-state	6,608,846	-	820	6,609,666
Due from other governments-federal	63,674	-	363,818	427,492
Due from other governments-other	6,045	-	-	6,045
Subtotal - due from other governments	6,678,565	-	364,638	7,043,203
Other receivables	57,379	-	81,642	139,021
Gross receivables	8,039,462	496,821	446,280	8,982,563
Less: allowance for uncollectibles	(191,800)	(68,200)	-	(260,000)
Net total receivables	\$ 7,847,662	\$ 428,621	\$ 446,280	\$ 8,722,563

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of June 30, 2024 are summarized above. All federal grants shown above are passed through the TEA and are reported in the financial statements as Due from Other Governments.

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or in connection with resources that have been received, but not yet earned.

Unearned revenue at June 30, 2024, for the District’s governmental funds is as follows:

	Unavailable	Unearned
Delinquent property taxes receivable - General Fund	\$ 1,111,718	\$ -
Delinquent property taxes receivable - Debt Service Fund	428,621	-
State Funding Allotment - (General Fund)	-	407,049
State Funding Allotment - (Debt Service Fund)	-	8,013
Advance Funding - (Nonmajor Government Fund)	-	67,087
Total deferred revenue	\$ 1,540,339	\$ 482,149

Property Taxes

Property taxes are considered available when collected within the current period. The District levies taxes on October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and become past due, subject to interest and penalty, if not paid by February 1 of the year following the October 1 levy date.

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On January 1 of each year, a tax lien attaches to property securing payment of all taxes, penalties, and interest ultimately imposed. The tax rates assessed for the year ended June 30, 2024 to finance general fund operations and voter approved debt service principal and interest payments were \$0.6692 and \$0.2770, respectively, per \$100 of assessed valuation for a total tax rate of \$0.9462.

The net assessed/appraised value for school tax purposes was \$1,726,257,411, upon which the current year's total levy value was \$16,333,675.

Current tax collections for the year ended June 30, 2024 were 95% of the year-end adjusted levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of levy. A significant portion of delinquent taxes outstanding at any fiscal year end is generally not collected in the ensuing fiscal year. Allowances for uncollectible taxes within the general and debt service funds are based on historical experience in collecting taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. The property taxes receivable allowance is approximately 16% of outstanding property taxes receivable at June 30, 2024.

C. Interfund Receivables, Payables and Transfers

Interfund balances consist of short-term lending/borrowing arrangements between two or more governmental funds. Interfund balances in the fund financial statements at June 30, 2024 consisted of the following:

Fund	Receivable (Due From)	Payable (Due To)
General Fund:		
Nonmajor Governmental Funds	\$ 521,596	\$ 263,244
Debt Service Fund	2,550	-
Total General Fund	524,146	263,244
Debt Service Fund:		
General Fund	-	2,550
Nonmajor Governmental Funds:		
General Fund	263,244	521,596
Fiduciary Fund	4,500	-
Total Nonmajor Governmental Funds	267,744	521,596
Fiduciary Fund:		
Nonmajor Governmental Funds	-	4,500
Total	\$ 791,890	\$ 791,890

District expenditures are paid from a centralized-pooled operating bank account maintained in the general fund. Since all cash transactions flow through this account, each District fund carries a receivable/payable balance with the general fund. This balance will be repaid within one year.

Interfund transfers in the fund financial statements at June 30, 2024 consisted of the following:

Transfers from	Transfers to	Amount
Capital Projects	Debt Service Fund	\$ 2,128

The District transferred \$2,128 from the capital projects fund to the debt service fund to cover debt issuance costs.

**HUFFMAN INDEPENDENT SCHOOL DISTRICT
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D. Capital Assets

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

	Beginning Balances	Additions	Deletions	Transfers	Ending Balances
Capital assets not being depreciated:					
Land Purchase and Improvements	\$ 5,847,601	\$ -	\$ -	\$ -	\$ 5,847,601
Construction in Progress	2,050,770	2,402,909	-	(2,913,083)	1,540,596
Total capital assets not being depreciated	<u>7,898,371</u>	<u>2,402,909</u>	<u>-</u>	<u>(2,913,083)</u>	<u>7,388,197</u>
Capital Assets being depreciated:					
Buildings and Improvements	123,940,931	35,487	-	2,913,083	126,889,501
Furniture and Equipment	11,969,797	1,822,238	(577,604)	-	13,214,431
Assets Purchased Under Capital Leases	-	219,558	-	-	219,558
Total capital assets being depreciated	<u>135,910,728</u>	<u>2,077,283</u>	<u>(577,604)</u>	<u>2,913,083</u>	<u>140,323,490</u>
Less accumulated depreciation for:					
Buildings and Improvements	(53,904,821)	(3,506,964)	-	-	(57,411,785)
Furniture and Equipment	(7,693,749)	(856,851)	577,604	-	(7,972,996)
Capitals Leases	-	(43,912)	-	-	(43,912)
Total Accumulated Depreciation	<u>(61,598,570)</u>	<u>(4,407,727)</u>	<u>577,604</u>	<u>-</u>	<u>(65,428,693)</u>
Capital Assets, Net	<u>\$ 82,210,529</u>	<u>\$ 72,465</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82,282,994</u>

Depreciation expense was charged to the following functions as follows:

Expenditures:	
Instruction	\$ 2,159,954
Instructional resources and media services	29,313
Curriculum and instructional staff development	144,037
Instructional leadership	41,744
School leadership	167,391
Guidance, counseling and evaluation services	134,643
Social work services	32,396
Health services	37,679
Student (pupil) transportation	197,386
Food services	320,421
Extracurricular activities	183,342
General administration	196,352
Facilities maintenance and operations	565,278
Security and monitoring services	97,756
Data processing services	99,895
Total depreciation expense	<u>\$ 4,407,727</u>

E. Long-Term Liabilities

General Obligation Bonds

The District issues general obligation bonds for governmental activities to provide resources for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. Principal and interest requirements are payable solely from future revenues of the debt service fund which consists primarily of property taxes collected by the District and interest earnings. Certain outstanding bonds may be redeemed at their par value prior to their normal maturity dates in accordance with the terms of the related bond indentures. The District has never defaulted on any principal or interest payment.

During each year while bonds are outstanding, the District is required to levy and collect sufficient ad valorem taxes to provide for the payment of general obligation bonds principal and interest through the debt service fund as the payments become due. Principal and interest expenditures for note and loan payables are accounted for in the general fund. Other long-term liabilities, such as net pension and net OPEB liabilities, are generally liquidated with resources from the general fund.

**HUFFMAN INDEPENDENT SCHOOL DISTRICT
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Bonded debt as of June 30, 2024 is as follows:

Description	Interest Rate Payable	Maturity Date	Original Issue	Outstanding
General Obligation Bonds:				
Unlimited tax refunding bonds, series 2012	2.0-4.0%	2/15/26	\$ 9,410,000	\$ 980,000
Unlimited tax refunding bonds, series 2013	2.35-3.25%	2/15/29	\$ 6,885,000	930,000
Unlimited tax refunding bonds, series 2014	3.0-5.0%	2/15/37	\$ 9,184,998	6,420,000
Unlimited tax refunding bonds, series 2015	3.0-4.0%	2/15/38	\$ 7,060,000	5,405,000
Unlimited tax school building bonds, series 2016	2.0-4.0%	2/15/41	\$ 9,240,000	7,990,000
Unlimited tax school building bonds, series 2017A	3.125-5.0%	2/15/42	\$ 24,805,000	23,725,000
Unlimited tax school building bonds, series 2018	3.0-5.0%	2/15/43	\$ 9,600,000	8,965,000
Unlimited tax refunding bonds, series 2019	2.0-5.0%	2/15/34	\$ 8,585,000	8,545,000
Unlimited tax school building bonds, series 2024	4.0-5.25%	2/15/54	\$ 44,930,000	44,930,000
Total Bonds				\$ 107,890,000
Other Notes:				
Loans Payable- HISD Tax Anticipation Note, Series 2024	4.55%	4/4/25	\$ 4,049,000	\$ 4,049,000
Total Notes and Leases Payable				\$ 4,049,000

The District's long-term liabilities consist of bond indebtedness and compensated absences. The current requirements of general obligation bonds principal and interest expenditures are accounted for in the debt service fund. The current requirements for compensated absences are accounted for in the general fund.

In March 2024, the District issued Unlimited Tax School Building Bonds, Series 2024 totaling \$44,930,000. The bonds were issued at a net premium of \$1,675,085 and issuance costs of \$602,957. The bonds bear interest from 4.00% to 5.25% and are due in annual installments ranging from \$1,850,000 to \$4,580,000 through February 15, 2054. Proceeds from the sale of bonds will be used (i) the construction, acquisition rehabilitation, renovation, expansion and equipment of school buildings in the District and the purchase of new school buses; and (ii) paying costs of issuance related to the Bonds.

The District entered into a Tax Anticipation Note, Series 2024 sponsored by Wells Fargo Municipal Capital Strategies, LLC totaling \$4,049,000 to provide funds for the payment of working capital expenditures of the District for the fiscal period. The loan is payable in annual installments of principal and interest and bears interest at 4.550%. The balance outstanding at June 30, 2024 is \$4,049,000.

**HUFFMAN INDEPENDENT SCHOOL DISTRICT
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Changes in long-term liabilities for the year ended June 30, 2024, were as follows:

	Beginning			Ending		Due within one year
	Balance	Additions	Deletions	Balance		
Bonds payable:						
Unlimited tax refunding bonds, series 2012	\$ 1,695,000	\$ -	\$ (715,000)	\$ 980,000	\$ 745,000	
Unlimited tax refunding bonds, series 2013	1,580,000	-	(650,000)	930,000	180,000	
Unlimited tax refunding bonds, series 2014	6,835,000	-	(415,000)	6,420,000	425,000	
Unlimited tax refunding bonds, series 2015	5,665,000	-	(260,000)	5,405,000	270,000	
Unlimited tax school building bonds, series 2016	8,320,000	-	(330,000)	7,990,000	400,000	
Unlimited tax school building bonds, series 2017A	23,775,000	-	(50,000)	23,725,000	690,000	
Unlimited tax refunding bonds, series 2017B	485,000	-	(485,000)	-	-	
Unlimited tax school building bonds, series 2018	9,065,000	-	(100,000)	8,965,000	380,000	
Unlimited tax refunding bonds, series 2019	8,545,000	-	-	8,545,000	-	
Unlimited Tax School Building Bonds, Series 2024	-	44,930,000	-	44,930,000	1,850,000	
	65,965,000	44,930,000	(3,005,000)	107,890,000	4,940,000	
Deferred amounts:						
Premium on issuance pf bonds	2,706,108	1,675,085	(276,479)	4,104,714	-	
	68,671,108	46,605,085	(3,281,479)	111,994,714	4,940,000	
Total bonds payable						
Other liabilities:						
Loans Payable- HISD Tax Anticipation Note, Series 2024	-	4,049,000	-	4,049,000	4,049,000	
Capital Leases Payable	-	219,558	(60,346)	159,212	49,664	
Net Pension Liability	11,676,445	4,037,106	-	15,713,551	-	
Net OPEB Liability	6,289,763	274,365	-	6,564,128	-	
Compensated absences	507,132	210,561	-	717,693	-	
	18,473,340	8,790,590	(60,346)	27,203,584	4,098,664	
Governmental activities long-term	\$ 87,144,448	\$ 55,395,675	\$ (3,341,825)	\$ 139,198,298	\$ 9,038,664	

Deceased Debt

The District has defeased certain general obligation and other bonds in prior years 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. At June 30, 2024, there were no bonds outstanding considered defeased.

Debt service requirements at June 30, 2024 were as follows:

Fiscal Year Ending June 30,	General Obligation		Notes Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 4,940,000	\$ 3,932,092	\$ 4,049,000	\$ 183,718	\$ 8,989,000	\$ 4,115,810
2026	3,150,000	3,922,354	-	-	3,150,000	3,922,354
2027	3,230,000	3,802,879	-	-	3,230,000	3,802,879
2028	3,350,000	3,672,780	-	-	3,350,000	3,672,780
2029	3,480,000	3,536,729	-	-	3,480,000	3,536,729
2030-2034	18,925,000	16,007,968	-	-	18,925,000	16,007,968
2035-2039	17,850,000	13,244,312	-	-	17,850,000	13,244,312
2040-2044	14,920,000	10,511,256	-	-	14,920,000	10,511,256
2045-2049	16,835,000	6,984,074	-	-	16,835,000	6,984,074
2050-2054	21,210,000	2,611,600	-	-	21,210,000	2,611,600
Total	\$ 107,890,000	\$ 68,226,044	\$ 4,049,000	\$ 183,718	\$ 111,939,000	\$ 68,409,762

Arbitrage

In accordance with the provisions of Section 148(f) of the Internal Revenue Code of 1986, as amended, bonds must satisfy certain arbitrage rebate requirements. Positive arbitrage is the excess of (1) the amount earned on investments purchased with bond proceeds over (2) the amount that such investments would have earned had such investments been invested at a rate equal to the yield on the bond issue.

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In order to comply with the arbitrage rebate requirements, positive arbitrage must be paid to the U.S. Treasury at the end of each five year anniversary date of the bond issue. As of June 30, 2024, the District does not anticipate any arbitrage liability.

F. Leases

The District is under contract for a noncancellable lease that conveys control of the right-to-use lease assets. The lease liabilities outstanding as of June 30, 2024 is as follows:

	<u>Term</u>		<u>Lease Liability</u>		<u>Lease Asset</u>	
	<u>Start Date</u>	<u>End Date</u>	<u>Original Amount</u>	<u>Outstanding Balance</u>	<u>Value of Lease Asset</u>	<u>Accumulated Amortization</u>
	Capital Leases Payable	7/10/2023	7/10/2026	\$ 219,558	\$ 159,212	\$ 219,558

The future principal and interest lease payments as of June 30, 2024 are as follows:

<u>Fiscal Year Ending</u>	<u>Lease Total</u>			
	<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Amount</u>
2025	\$	49,664	\$ 10,682	\$ 60,346
2026		52,996	7,350	60,346
2027		56,552	3,794	60,346
Total	\$	159,212	\$ 21,826	\$ 181,038

G. Subscription-Based Information Technology Arrangements

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, provides guidance on the accounting and financial reporting for SBITAs for government end users (governments). Under GASB 96, a SBITA is defined as a contract that conveys controls of the right to use another party’s (a SBITA vendor’s) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The subscription term includes the period during which a government has a noncancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend (if it is reasonably certain that the government or SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that the government or SBITA vendor will *not* exercise that option). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter, with earlier application encouraged.

GASB 96 had no significant impact to the District’s financial statements, therefore are not present within the disclosures.

H. Defined Benefit Pension Plan

Plan Description. The District participates in a cost-sharing multiple employer defined benefit pension plan with a special funding situation. The pension plan is administered by the TRS. It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67, and Texas Government Code, Title 8, Subtitle C. The pension trust fund plan 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 plan’s Board of Trustees does not have the authority to establish or amend benefit terms.

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

**HUFFMAN INDEPENDENT SCHOOL DISTRICT
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Pension Plan Fiduciary Net Position. Detailed information about the TRS’ 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 https://www.trs.texas.gov/Pages/about_publications.aspx; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

Components of the net pension liability of the pension plan as of August 31, 2023 are as follows:

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

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, 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 under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

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

Contributions. Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% 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 pension plan 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 2019 thru 2025.

	Contribution Rates	
	2023	2024
Member	8.00%	8.25%
Non-Employer Contributing Entity (NECE) (State)	8.00%	8.25%
Employers	8.00%	8.25%
2023 Employer Contributions		\$ 1,286,613
2023 Member Contributions		\$ 2,447,224
2023 NECE On-Behalf Contributions		\$ 1,429,668

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

The State’s on-behalf contribution is recorded as revenues and expenditures/expenses in the financial statements.

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

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

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

Actuarial Assumptions. The total pension plan liability in the August 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2022 rolled forward to August 31, 2023
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term expected Investment Rate of Return	7.00%
Municipal Bond Rate as of August 2023*	4.13%*
Last year ending August 31 in Projection Period (100 years)	2122
Inflation	2.30%
Salary Increases	2.95% to 8.95% including inflation
Ad Hoc Post-Employment Benefit Changes	None

* Source: 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."

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

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

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

The long-term rate of return on pension plan investments is 7.00%. 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 the Systems target asset allocation as of August 31, 2023 are summarized below:

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

*Absolute Return includes Credit Sensitive Investments.
**Target allocations are based on the FY2023 policy model.
***Capital Market Assumptions come from Aon Hewitt (as of 06/30/2023)
****The volatility drag results from the conversion between arithmetic and geometric mean returns.

**HUFFMAN INDEPENDENT SCHOOL DISTRICT
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Discount Rate Sensitivity Analysis. The following table presents the Net Pension Liability of the pension plan using the discount rate of 7.00%, and what the net pension liability would be if it were calculated using a discount rate that is 1% point lower (6.00%) or 1% point higher (8.00%) than the current rate.

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the net pension liability	\$ 23,492,629	\$ 15,713,551	\$ 9,245,243

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2024, the District reported a net pension liability of \$15,713,551 for its proportionate share of the TRS net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 15,713,551
State's proportionate share that is associated with the District	19,105,029
Total	\$ 34,818,580

The net pension liability was measured as of August 31, 2022 and rolled forward to August 31, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The 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.

For the fiscal years ended June 30, 2024 and 2023, the District's proportion of the collective Net Pension Liability was as follows:

2024 Measurement Year 8/31/2023	2023 Measurement Year 8/31/2022	Increase/(Decrease)
0.0228759216%	0.0196681001%	0.0032078215%

Changes Since the Prior Actuarial Valuation. The following were changes to the actuarial assumptions or other inputs that affected measurement of the Net Pension Liability since the prior measurement period:

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

For the year ended June 30, 2024, the District recognized pension expense of \$1,543,201 and revenue of \$2,884,694 for support provided by the State in the government-wide financial statements.

**HUFFMAN INDEPENDENT SCHOOL DISTRICT
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At June 30, 2024, the District reported its proportionate share of the TRS' deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 559,879	\$ 190,274
Changes in Actuarial Assumptions	1,486,194	363,706
Net Difference Between Projected and Actual Investment Earnings	2,286,703	-
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	1,820,876	221,073
District Contributions Paid to TRS Subsequent to the Measurement Date	1,082,170	-
Total	<u>\$ 7,235,822</u>	<u>\$ 775,053</u>

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

Year Ended June 30:	Pension Expense Amount
2025	\$ 1,104,951
2026	813,229
2027	2,295,900
2028	933,299
2029	231,222
Thereafter	-
	<u>\$ 5,378,602</u>

I. Defined Other Post-Employment Benefit Plan (OPEB)

Plan Description. The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost sharing defined benefit OPEB plan with a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

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

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

Components of the net OPEB liability of the TRS-Care plan as of August 31, 2023 are as follows:

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

**HUFFMAN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

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

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. There are no automatic post-employment benefit changes; including automatic COLAs.

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

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

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 .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than .25% or not more than .75% of the salary of each active employee of the public or charter school.

The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor:

	Contribution Rates	
	<u>2023</u>	<u>2024</u>
Member	0.65%	0.65%
Non-Employer Contributing Entity (NECE) (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
2024 Employer Contributions		\$ 271,195
2024 Member Contributions		\$ 193,761
2023 NECE On-Behalf Contributic		\$ 310,365

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether they participate in the TRS Care OPEB program). When hiring a TRS retiree, employers are required to pay to TRS Care a monthly surcharge of \$535 per retiree.

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

**HUFFMAN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

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

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

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

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

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2022, rolled forward to August 31, 2023
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	30 years
Inflation	2.30%
Single Discount Rate	4.13% as of August 31, 2023
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Salary Increases*	2.95% to 8.95%, including inflation*
Health Trend Rates	The initial medical trend rates were 7.75% for Medicare retirees and 7.00% for non-Medicare retirees. The 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.
Election Rates	Normal Retirement: 62% participation rate prior to age 65 and 25% participation rate after age 65. Pre-65 retirees - 30% are assumed to discontinue coverage at age 65.
Ad hoc Post-Employment Benefit Changes	None
*Includes inflation at 2.30%	

Discount Rate. A single discount rate of 4.13% was used to measure the Total OPEB Liability. There was an increase of .22% in the discount rate since the previous year. Because the plan is a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

**HUFFMAN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

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

	1% Decrease in Discount Rate (3.13%)	Current Single Discount Rate (4.13%)	1% Increase in Discount Rate (5.13%)
District's proportionate share of the Net OPEB liability	\$ 7,731,176	\$ 6,564,128	\$ 5,611,790

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At June 30, 2024, the District reported a liability of \$6,564,128 for its proportionate share of the TRS' Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the Net OPEB Liability that was associated with the District were as follows:

District's proportionate share of the collective Net OPEB liability	\$ 6,564,128
State's proportionate share that is associated with the District	7,920,630
Total	\$ 14,484,758

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

For the fiscal years ended June 30, 2024 and 2023, the District's proportion of the collective Net OPEB Liability was as follows:

2024 Measurement Year 8/31/2023	2023 Measurement Year 8/31/2022	Increase/(Decrease)
0.0296505462%	0.0262686321%	0.0033819141%

The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1% less than and 1% greater than the health trend rates assumed.

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
District's proportionate share of the Net OPEB Liability	\$ 5,405,231	\$ 6,564,128	\$ 8,055,054

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

- The single discount rate changed from 3.91% as of August 31, 2022 to 4.13% as of August 31, 2023, accompanied by revised demographic and economic assumptions based on the TRS experience study. This change decreased the Total OPEB Liability.
- There were no changes in benefit terms since the prior measurement date.

**HUFFMAN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

The amount of OPEB expense recognized by the District in the reporting period was \$4,566,406.

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 post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 296,977	\$ 5,522,471
Changes in Actuarial Assumptions	895,956	4,019,390
Net Difference Between Projected and Actual Investment Earnings	2,836	-
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	2,697,080	336,292
District Contributions Paid to TRS Subsequent to the Measurement Date	226,287	-
Total	\$ 4,119,136	\$ 9,878,153

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

Year Ended June 30:	OPEB Expense Amount
2025	\$ (1,505,455)
2026	(1,204,391)
2027	(796,796)
2028	(973,267)
2029	(814,957)
Thereafter	(690,437)
	\$ (5,985,303)

For the year ended June 30, 2024, the District recognized OPEB expense of \$4,566,406 and revenue of (\$1,693,263) for support provided by the State.

J. Medicare Part D – On Behalf Payments

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended June 30, 2024, 2023, and 2022, the subsidy payments received by TRS-Care on-behalf of the District were \$159,729, \$149,177 and \$101,687, respectively. These payments are recorded as equal revenues and expenditures/expenses in the financial statements.

K. Health Care

The District participates in the Teacher Retirement System of Texas Active Care health care coverage program. This program is a statewide program for public education employees established by the 77th Texas Legislature.

**HUFFMAN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

III. OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; unemployment; injuries to employees; and natural disasters. For the year ended June 30, 2024, the District purchased commercial insurance to cover general liabilities, including workers' compensation.

Auto, Liability, and/or Property Programs

During the year ended June 30, 2024, the District participated in the following TASB Risk Management Fund (the Fund) programs:

- *Auto Liability*
- *Auto Physical Damage*
- *Privacy & Information Security*
- *School Liability*

The Fund was created and is operated under the provision of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund executive Interlocal Agreements that define the responsibilities of the parties.

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for its Auto, Liability and Property programs. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended June 30, 2024, the Fund anticipates that Huffman ISD has no additional liability beyond the contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2024, 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 party to various legal actions none of which the Administration, based on consultation with its legal counsel, believes will have a material effect on the financial condition of the District. Accordingly, no provisions for gains or losses have been recorded in the accompanying government-wide or fund financial statements for contingencies.

The District participates in numerous state and federal grant programs governed by various rules and regulations of the grantor agencies. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. To the extent that the District has not complied with the rules and regulations governing the grants, if any, claims may be disallowed. Any disallowed claims, including amounts already collected, may constitute a liability of the District. In the opinion of the Administration, no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants exist; therefore, no provision has been recorded in the accompanying government-wide or fund financial statements.

C. Construction and Other Significant Commitments

At June 30, 2024, the District had commitments under construction contracts totaling approximately \$1.5 million.

**HUFFMAN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

The District utilizes encumbrance accounting in its governmental funds. Encumbrances represent commitments related to contracts not yet performed (executory contracts) and are used to control expenditures for the year and to enhance cash management. A school district often issues purchase orders or signs contracts for the purchase of goods and services to be received in the future. At the time these commitments are made, which in its simplest form means that when a purchase order is prepared, the appropriate accounts are checked for available funds. If an adequate balance exists, the amount of the order is immediately charged to the account to reduce the available balance for control purposes.

Prior to the end of the year, every effort should be made to liquidate outstanding encumbrances. When encumbrances are outstanding at year end, the school district likely will honor the open purchase orders or contracts that support the encumbrances. For reporting purposes, outstanding encumbrances are not considered expenditures for the fiscal year, only a commitment to expend resources. If the school district allows encumbrances to lapse, even though it plans to honor encumbrances, the appropriations authority expires and the items represented by the encumbrances are usually re-appropriated in the following year's budget. Open encumbrances at fiscal year are included in restricted, committed, or assigned fund balance, as appropriate.

D. Shared Service Agreements (SSAs)

An SSA is an agreement between two or more governmental entities to share resources, services, or expertise to achieve a common goal. The purpose is typically to provide services more efficiently or cost-effectively. In school districts, SSAs often involve sharing specialized services such as special education, transportation, or administrative support. For example, two districts may share the costs of a specialized teacher or jointly operate a school program.

The District is the fiscal agent for a Shared Service Arrangement (“SSA”), which provides entry fees and stipends for the member districts below. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. According to guidance provided in TEA’s Resource Guide, the District has accounted for the fiscal agent’s activities of the SSA in Special Revenue Fund No. 459, Shared Services Arrangements – University Interscholastic League (UIL) Program using Model 3 in SSA section of the FASRG.

Expenditures of the SSA are summarized below:

<u>Member Districts:</u>	<u>Expenditures</u>
New Caney	\$ 10,746
Splendora ISD	9,300
Liberty ISD	9,300
Livingston ISD	9,300
Hamshire-Fannett ISD	9,300
Hardin-Jefferson ISD	9,300
Huffman ISD	9,300
	<u>\$ 66,546</u>

E. Related Organizations

The Huffman ISD Education Foundation (“Foundation”), a non-profit entity which was organized in 2009 to provide funds for District teaching and education programs, is a “related organization” as defined by GASB Statement No. 61. The members of the Board of Directors of the Foundation serve without financial compensation. The operations of the Foundation are not financially significant to the overall operations of the District, and therefore are not reported in the District’s financial statements.

**HUFFMAN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

F. Subsequent Events

In preparing the financial statements, the District has evaluated subsequent events through November 18, 2024 the date the financials were available to be issued. The District is not aware of any events that have occurred subsequent to the statement of financial position date that would require adjustment tom or disclosure in, the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

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HUFFMAN INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2024

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 17,564,963	\$ 11,999,969	\$ 12,442,013	\$ 442,044
5800	State Program Revenues	19,819,749	24,428,080	24,549,375	121,295
5900	Federal Program Revenues	1,635,000	2,058,497	1,206,290	(852,207)
5020	Total Revenues	39,019,712	38,486,546	38,197,678	(288,868)
EXPENDITURES:					
Current:					
0011	Instruction	19,993,193	22,411,271	22,183,624	227,647
0012	Instructional Resources and Media Services	377,436	334,690	334,375	315
0013	Curriculum and Instructional Staff Development	746,486	916,824	854,083	62,741
0021	Instructional Leadership	692,026	368,171	334,123	34,048
0023	School Leadership	1,834,546	1,912,987	1,908,225	4,762
0031	Guidance, Counseling, and Evaluation Services	1,069,822	1,098,037	1,095,330	2,707
0032	Social Work Services	197,194	240,407	203,674	36,733
0033	Health Services	411,777	430,721	427,083	3,638
0034	Student (Pupil) Transportation	1,827,636	2,041,278	2,018,752	22,526
0036	Extracurricular Activities	951,767	1,087,276	1,079,595	7,681
0041	General Administration	1,635,543	2,240,226	2,238,820	1,406
0051	Facilities Maintenance and Operations	6,450,487	6,385,271	6,295,582	89,689
0052	Security and Monitoring Services	1,100,366	993,322	990,167	3,155
0053	Data Processing Services	1,190,763	1,010,645	989,818	20,827
Debt Service:					
0071	Principal on Long-Term Liabilities	-	60,346	60,346	-
0073	Bond Issuance Cost and Fees	-	51,550	51,550	-
Capital Outlay:					
0081	Facilities Acquisition and Construction	350,670	1,878,877	1,625,145	253,732
Intergovernmental:					
0095	Payments to Juvenile Justice Alternative Ed. Prg.	20,000	21,600	15,555	6,045
0099	Other Intergovernmental Charges	170,000	146,315	146,314	1
6030	Total Expenditures	39,019,712	43,629,814	42,852,161	777,653
1100	Excess (Deficiency) of Revenues Over Expenditures	-	(5,143,268)	(4,654,483)	488,785
OTHER FINANCING SOURCES (USES):					
7913	Right-to-Use Lease and SBITA Proceeds	-	219,558	219,558	-
1200	Net Change in Fund Balances	-	(4,923,710)	(4,434,925)	488,785
0100	Fund Balance - July 1 (Beginning)	9,746,418	9,746,418	9,746,418	-
3000	Fund Balance - June 30 (Ending)	\$ 9,746,418	\$ 4,822,708	\$ 5,311,493	\$ 488,785

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

	<u>FY 2024</u> <u>Plan Year 2023</u>	<u>FY 2023</u> <u>Plan Year 2022</u>	<u>FY 2022</u> <u>Plan Year 2021</u>
District's Proportion of the Net Pension Liability (Asset)	0.022875922%	0.0196681%	0.017582298%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 15,713,551	\$ 11,676,445	\$ 4,477,589
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	19,105,029	16,735,669	7,626,964
Total	<u>\$ 34,818,580</u>	<u>\$ 28,412,114</u>	<u>\$ 12,104,553</u>
District's Covered Payroll	\$ 27,900,217	\$ 24,687,212	\$ 23,030,878
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	56.32%	47.30%	19.44%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.15%	75.62%	88.79%

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

<u>FY 2021</u> <u>Plan Year 2020</u>	<u>FY 2020</u> <u>Plan Year 2019</u>	<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year 2017</u>	<u>FY 2017</u> <u>Plan Year 2016</u>	<u>FY 2016</u> <u>Plan Year 2015</u>	<u>FY 2015</u> <u>Plan Year 2014</u>
0.017532531%	0.018729412%	0.018577115%	0.019464386%	0.017919737%	0.0174519%	0.0109208%
\$ 9,390,066	\$ 9,736,134	\$ 10,225,295	\$ 6,223,662	\$ 6,496,502	\$ 6,169,013	\$ 2,917,096
16,471,701	15,461,386	16,716,958	9,946,437	12,052,869	11,599,176	9,928,024
<u>\$ 25,861,767</u>	<u>\$ 25,197,520</u>	<u>\$ 26,942,253</u>	<u>\$ 16,170,099</u>	<u>\$ 18,549,371</u>	<u>\$ 17,768,189</u>	<u>\$ 12,845,120</u>
\$ 22,871,419	\$ 21,554,253	\$ 20,776,282	\$ 20,693,831	\$ 19,225,152	\$ 18,423,676	\$ 17,756,965
41.06%	45.17%	49.22%	30.01%	33.79%	33.48%	16.43%
75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

HUFFMAN INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
 TEACHER RETIREMENT SYSTEM OF TEXAS
 FOR THE YEAR ENDED JUNE 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Contractually Required Contribution	\$ 1,286,613	\$ 1,133,882	\$ 871,642
Contribution in Relation to the Contractually Required Contribution	(1,286,613)	(1,133,882)	(871,642)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 29,810,701	\$ 27,343,515	\$ 24,346,927
Contributions as a Percentage of Covered Payroll	4.32%	4.15%	3.58%

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

	2021	2020	2019	2018	2017	2016	2015
\$	744,318	\$ 686,572	\$ 655,276	\$ 626,227	\$ 627,630	\$ 539,246	\$ 478,142
	(744,318)	(686,572)	(655,276)	(626,227)	(627,630)	(539,246)	(478,142)
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$	22,967,516	\$ 22,532,625	\$ 21,472,992	\$ 20,675,130	\$ 20,610,460	\$ 19,047,179	\$ 18,286,046
	3.28%	3.05%	3.05%	3.03%	3.05%	2.83%	2.61%

HUFFMAN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2024

	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.029650546%	0.026268632%	0.024603985%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 6,564,128	\$ 6,289,763	\$ 9,490,856
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	7,920,630	7,672,522	12,715,632
Total	<u>\$ 14,484,758</u>	<u>\$ 13,962,285</u>	<u>\$ 22,206,488</u>
District's Covered Payroll	\$ 27,900,217	\$ 24,687,212	\$ 23,017,237
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	23.53%	25.48%	41.23%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	14.94%	11.52%	6.18%

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

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

<u>FY 2021</u> <u>Plan Year 2020</u>	<u>FY 2020</u> <u>Plan Year 2019</u>	<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year 2017</u>
0.024795878%	0.025525022%	0.025192755%	0.0244308%
\$ 9,426,033	\$ 12,071,095	\$ 12,578,973	\$ 10,624,038
12,666,329	16,039,786	17,919,470	16,113,540
<u>\$ 22,092,362</u>	<u>\$ 28,110,881</u>	<u>\$ 30,498,443</u>	<u>\$ 26,737,578</u>
\$ 22,871,419	\$ 21,554,253	\$ 20,776,282	\$ 20,693,831
41.21%	56.00%	60.54%	51.33%
4.99%	2.66%	1.57%	0.91%

HUFFMAN INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
 TEACHER RETIREMENT SYSTEM OF TEXAS
 FOR THE YEAR ENDED JUNE 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Contractually Required Contribution	\$ 271,195	\$ 250,965	\$ 208,310
Contribution in Relation to the Contractually Required Contribution	(271,195)	(250,965)	(208,310)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 29,810,701	\$ 27,343,515	\$ 24,346,927
Contributions as a Percentage of Covered Payroll	0.91%	0.92%	0.86%

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

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

	2021	2020	2019	2018
\$	191,183	\$ 186,337	\$ 180,318	\$ 167,717
	(191,183)	(186,337)	(180,318)	(167,717)
\$	-	\$ -	\$ -	\$ -
\$	22,953,875	\$ 22,532,625	\$ 21,472,992	\$ 20,675,130
	0.83%	0.83%	0.84%	0.81%

**HUFFMAN INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

Notes to Schedule of Revenue, Expenditures, and Changes in Fund Balance

Budgetary Information

The District adopts an “appropriated budget” for the General Fund, Debt Service Fund, and the Child Nutrition Fund using the same method of accounting as for financial reporting, as required by law. The remaining Special Revenue Funds (primarily federal grant programs) utilize a managerial type budget approved at the fund level by the Board of Trustees upon acceptance of the grants. These grants are subject to Federal, State and locally imposed length budgets and monitoring through submission of reimbursement reports.

Expenditures may not legally exceed budgeted appropriations at the function or activity level. Expenditure requests which would require an increase in total budgeted appropriations, must be approved by the Trustees through formal budget amendment. State law prohibits trustees from making budget appropriations in excess of funds available or estimated revenues. State law also prohibits amendment of the budget after fiscal year end. Supplemental appropriations were made to the General Fund during the year ended June 30, 2024.

The administrative level at which responsibility for control of budgeted appropriations begins is at the organizational level within each function of operations. The finance department reviews closely the expenditure requests submitted by the various organizational heads (principals and department heads) throughout the year to ensure proper spending compliance. No public funds of the District shall be expended in any manner other than as provided for in the budget adopted by the Board of Trustees.

The official school budget for fiscal year 2024 was prepared for adoption for budgeted governmental fund types by June 30, 2023. The budget was adopted by the Board of Trustees at a duly advertised public meeting prior to the expenditure of funds. The final amended budget is filed with the Texas Education Agency (TEA) through inclusion in the annual financial and compliance report.

Encumbrance accounting is utilized in all government fund types. Encumbrances for goods and purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at year-end and encumbrances outstanding at that time are appropriately provided for in the subsequent year’s budget.

The TEA requires the budgets for the General Fund, Debt Service Fund, and Child Nutrition Program to be filed with the TEA. The budget should not be exceeded in any functional category under TEA requirements. For the year ended June 30, 2024, the District’s expenditures did not exceed appropriations.

**HUFFMAN INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

Notes to the Schedule of the District's Proportionate Share of the Net Pension Liability

Changes in Benefits

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

Changes of Assumptions

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

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

Notes to Schedule of the District's Proportionate Share of the Net OPEB Liability

Changes in Benefits

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

Changes of Assumptions

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

- The single 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.

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COMBINING SCHEDULES

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

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program
ASSETS				
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 362,862
1240 Due from Other Governments	34,000	-	-	49,197
1260 Due from Other Funds	24,936	106,893	3,087	339,269
1290 Other Receivables	-	-	-	1,520
1000 Total Assets	<u>\$ 58,936</u>	<u>\$ 106,893</u>	<u>\$ 3,087</u>	<u>\$ 752,848</u>
LIABILITIES				
2110 Accounts Payable	\$ -	\$ 29,400	\$ -	\$ 45,387
2160 Accrued Wages Payable	58,936	77,493	3,087	114,827
2170 Due to Other Funds	-	-	-	-
2300 Unearned Revenue	-	-	-	-
2000 Total Liabilities	<u>58,936</u>	<u>106,893</u>	<u>3,087</u>	<u>160,214</u>
FUND BALANCES				
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	-	592,634
3490 Other Restricted Fund Balance	-	-	-	-
Committed Fund Balance:				
3545 Other Committed Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>592,634</u>
4000 Total Liabilities and Fund Balances	<u>\$ 58,936</u>	<u>\$ 106,893</u>	<u>\$ 3,087</u>	<u>\$ 752,848</u>

244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	279 ESSER III TCLAS ARP Act	280 ESSER III Homelss Children	282 ESSER III ARP Act	284 IDEA B Formula ARP Act	289 Other Federal Special Revenue Funds
\$ -	\$ -	\$ 7,817	\$ -	\$ -	\$ -	\$ -	\$ -
1,670	100,360	-	103,250	34,865	393	-	39,879
9,405	-	-	-	-	35,732	-	-
-	-	-	-	-	-	-	-
<u>\$ 11,075</u>	<u>\$ 100,360</u>	<u>\$ 7,817</u>	<u>\$ 103,250</u>	<u>\$ 34,865</u>	<u>\$ 36,125</u>	<u>\$ -</u>	<u>\$ 39,879</u>
\$ 11,075	\$ 2,076	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	13,092	-	36,125	-	-
-	98,284	-	90,158	34,865	-	-	39,879
-	-	7,817	-	-	-	-	-
<u>11,075</u>	<u>100,360</u>	<u>7,817</u>	<u>103,250</u>	<u>34,865</u>	<u>36,125</u>	<u>-</u>	<u>39,879</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 11,075</u>	<u>\$ 100,360</u>	<u>\$ 7,817</u>	<u>\$ 103,250</u>	<u>\$ 34,865</u>	<u>\$ 36,125</u>	<u>\$ -</u>	<u>\$ 39,879</u>

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

Data Control Codes	397 Advanced Placement Incentives	410 State Instructional Materials	429 Other State Special Revenue Funds	459 Other SSA Special Revenue Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ -	\$ 110,166	\$ 1,747	\$ 3,045
1240 Due from Other Governments	204	-	820	-
1260 Due from Other Funds	-	-	-	-
1290 Other Receivables	-	65,764	-	13,186
1000 Total Assets	<u>\$ 204</u>	<u>\$ 175,930</u>	<u>\$ 2,567</u>	<u>\$ 16,231</u>
LIABILITIES				
2110 Accounts Payable	\$ -	\$ 116,660	\$ 820	\$ 1,372
2160 Accrued Wages Payable	-	-	-	-
2170 Due to Other Funds	58	-	-	-
2300 Unearned Revenue	-	59,270	-	-
2000 Total Liabilities	<u>58</u>	<u>175,930</u>	<u>820</u>	<u>1,372</u>
FUND BALANCES				
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	146	-	1,747	14,859
3490 Other Restricted Fund Balance	-	-	-	-
Committed Fund Balance:				
3545 Other Committed Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>146</u>	<u>-</u>	<u>1,747</u>	<u>14,859</u>
4000 Total Liabilities and Fund Balances	<u>\$ 204</u>	<u>\$ 175,930</u>	<u>\$ 2,567</u>	<u>\$ 16,231</u>

461 Campus Activity Funds	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
\$ 672,172	\$ 57,334	\$ 1,215,143
-	-	364,638
-	2,274	521,596
1,172	-	81,642
<u>\$ 673,344</u>	<u>\$ 59,608</u>	<u>\$ 2,183,019</u>
\$ -	\$ 32,969	\$ 239,759
-	-	303,560
4,500	-	267,744
-	-	67,087
<u>4,500</u>	<u>32,969</u>	<u>878,150</u>
-	-	609,386
-	26,639	26,639
668,844	-	668,844
<u>668,844</u>	<u>26,639</u>	<u>1,304,869</u>
<u>\$ 673,344</u>	<u>\$ 59,608</u>	<u>\$ 2,183,019</u>

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

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 367,577
5800 State Program Revenues	-	-	-	67,930
5900 Federal Program Revenues	683,445	938,052	14,833	2,781,135
5020 Total Revenues	683,445	938,052	14,833	3,216,642
EXPENDITURES:				
Current:				
0011 Instruction	683,445	487,532	14,833	-
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	421,120	-	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	3,655,112
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	23,642
0052 Security and Monitoring Services	-	-	-	-
0061 Community Services	-	-	-	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	-	29,400	-	-
6030 Total Expenditures	683,445	938,052	14,833	3,678,754
1200 Net Change in Fund Balance	-	-	-	(462,112)
0100 Fund Balance - July 1 (Beginning)	-	-	-	1,054,746
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ 592,634

244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	279 ESSER III TCLAS ARP Act	280 ESSER III Homelss Children	282 ESSER III ARP Act	284 IDEA B Formula ARP Act	289 Other Federal Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
53,043	128,947	37,343	596,266	62,884	935,972	43,573	42,818
53,043	128,947	37,343	596,266	62,884	935,972	43,573	42,818
51,393	65,243	31,952	81,997	-	502,015	-	26,240
1,650	62,483	3,812	514,269	-	200,213	-	-
-	-	-	-	-	104,059	37,992	-
-	1,221	-	-	-	-	-	-
-	-	-	-	-	-	5,581	13,855
-	-	-	-	37,178	128,697	-	-
-	-	-	-	-	-	-	2,723
-	-	-	-	25,706	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	988	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	1,579	-	-	-	-	-
-	-	-	-	-	-	-	-
53,043	128,947	37,343	596,266	62,884	935,972	43,573	42,818
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

Data Control Codes	397 Advanced Placement Incentives	410 State Instructional Materials	429 Other State Special Revenue Funds	459 Other SSA Special Revenue Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 66,546
5800 State Program Revenues	204	334,586	66,532	-
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	<u>204</u>	<u>334,586</u>	<u>66,532</u>	<u>66,546</u>
EXPENDITURES:				
Current:				
0011 Instruction	-	334,586	-	-
0013 Curriculum and Instructional Staff Development	204	-	2,460	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	-	-	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	64,941
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	64,072	-
0061 Community Services	-	-	-	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-	-
6030 Total Expenditures	<u>204</u>	<u>334,586</u>	<u>66,532</u>	<u>64,941</u>
1200 Net Change in Fund Balance	-	-	-	1,605
0100 Fund Balance - July 1 (Beginning)	<u>146</u>	<u>-</u>	<u>1,747</u>	<u>13,254</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ 146</u>	<u>\$ -</u>	<u>\$ 1,747</u>	<u>\$ 14,859</u>

461 Campus Activity Funds	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
\$ 1,173,571	\$ 78,120	\$ 1,685,814
-	-	469,252
-	-	6,318,311
1,173,571	78,120	8,473,377
-	61,895	2,341,131
-	3,864	788,955
-	-	142,051
-	-	1,221
-	-	440,556
-	-	165,875
-	-	2,723
-	-	25,706
-	-	3,655,112
946,841	-	1,011,782
-	-	988
-	-	23,642
-	11,522	75,594
-	-	1,579
-	-	29,400
946,841	77,281	8,706,315
226,730	839	(232,938)
442,114	25,800	1,537,807
\$ 668,844	\$ 26,639	\$ 1,304,869

HUFFMAN INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 JUNE 30, 2024

	865 Custodial Fund Student Activity Acct	890 Fun Festival Fund	Total Custodial Funds
ASSETS			
Cash and Cash Equivalents	\$ 50,545	\$ 16	\$ 50,561
Due from Other Funds	4,500	-	4,500
Other Receivables	2,464	-	2,464
Total Assets	<u>57,509</u>	<u>16</u>	<u>57,525</u>
LIABILITIES			
Accounts Payable	<u>22,064</u>	-	<u>22,064</u>
Total Liabilities	<u>22,064</u>	<u>-</u>	<u>22,064</u>
NET POSITION			
Restricted for Campus Activities	35,445	-	35,445
Restricted for Other Purposes	-	16	16
Total Net Position	<u>\$ 35,445</u>	<u>\$ 16</u>	<u>\$ 35,461</u>

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

	865 Custodial Fund Student Activity Acct	890 Fun Festival Fund	Total Custodial Funds
ADDITIONS:			
Enterprising Services Revenue	\$ 219,848	\$ -	\$ 219,848
Total Additions	<u>219,848</u>	<u>-</u>	<u>219,848</u>
DEDUCTIONS:			
Supplies and Materials	225,341	-	225,341
Total Deductions	<u>225,341</u>	<u>-</u>	<u>225,341</u>
Change in Net Position	(5,493)	-	(5,493)
Net Position -July 1 (Beginning)	<u>40,938</u>	<u>16</u>	<u>40,954</u>
Net Position June 30 (Ending)	<u><u>\$ 35,445</u></u>	<u><u>\$ 16</u></u>	<u><u>\$ 35,461</u></u>

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COMPLIANCE SCHEDULES

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

Last 10 Years Ended	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2015 and prior years	Various	Various	\$ Various
2016	1.040000	0.36000	861,004,786
2017	1.040000	0.36000	883,703,286
2018	1.040000	0.36000	1,124,070,785
2019	1.040000	0.36000	1,158,655,714
2020	0.970000	0.43000	1,262,395,214
2021	0.994700	0.34740	1,370,987,259
2022	0.992000	0.33000	1,509,585,098
2023	0.854600	0.29470	1,727,987,471
2024 (School year under audit)	0.669200	0.27700	1,726,257,411
1000 TOTALS			
8000 Total Taxes Refunded Under Section 26.1115, Tax Code			

(10) Beginning Balance 7/1/2023	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2024	(99) Taxes Refunded Under Section 26.1115c
\$ 169,169	\$ -	\$ 1,712	\$ 2,240	\$ (9,668)	\$ 155,549	
24,109	-	1,516	525	-	22,068	
34,289	-	4,781	1,655	37	27,890	
50,295	-	8,935	3,093	(199)	38,068	
53,653	-	8,870	3,071	(84)	41,628	
83,202	-	11,531	5,112	371	66,930	
115,294	-	45,285	15,816	32,609	86,802	
209,716	-	71,487	23,781	26,871	141,319	
860,714	-	363,674	125,409	(44,694)	326,937	
-	16,333,675	10,920,429	4,520,098	-	893,148	
<u>\$ 1,600,441</u>	<u>\$ 16,333,675</u>	<u>\$ 11,438,220</u>	<u>\$ 4,700,800</u>	<u>\$ 5,243</u>	<u>\$ 1,800,339</u>	

\$ 9,372

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 389,440	\$ 389,440	\$ 367,577	\$ (21,863)
5800 State Program Revenues	20,000	72,565	67,930	(4,635)
5900 Federal Program Revenues	2,765,883	2,906,853	2,781,135	(125,718)
5020 Total Revenues	<u>3,175,323</u>	<u>3,368,858</u>	<u>3,216,642</u>	<u>(152,216)</u>
EXPENDITURES:				
Current:				
0035 Food Services	3,175,323	3,871,119	3,655,112	216,007
0051 Facilities Maintenance and Operations	-	25,000	23,642	1,358
6030 Total Expenditures	<u>3,175,323</u>	<u>3,896,119</u>	<u>3,678,754</u>	<u>217,365</u>
1200 Net Change in Fund Balances	-	(527,261)	(462,112)	65,149
0100 Fund Balance - July 1 (Beginning)	<u>1,054,746</u>	<u>1,054,746</u>	<u>1,054,746</u>	<u>-</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ 1,054,746</u>	<u>\$ 527,485</u>	<u>\$ 592,634</u>	<u>\$ 65,149</u>

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
	REVENUES:				
5700	Total Local and Intermediate Sources	\$ 5,157,243	\$ 5,157,243	\$ 4,938,369	\$ (218,874)
5800	State Program Revenues	-	829,560	757,693	(71,867)
5020	Total Revenues	5,157,243	5,986,803	5,696,062	(290,741)
EXPENDITURES:					
Debt Service:					
0071	Principal on Long-Term Liabilities	3,005,000	3,005,000	3,005,000	-
0072	Interest on Long-Term Liabilities	2,152,243	2,152,242	2,152,242	-
0073	Bond Issuance Cost and Fees	-	7,501	7,500	1
6030	Total Expenditures	5,157,243	5,164,743	5,164,742	1
1100	Excess of Revenues Over Expenditures	-	822,060	531,320	(290,740)
OTHER FINANCING SOURCES (USES):					
7915	Transfers In	-	2,128	2,128	-
1200	Net Change in Fund Balances	-	824,188	533,448	(290,740)
0100	Fund Balance - July 1 (Beginning)	3,500,179	3,500,179	3,500,179	-
3000	Fund Balance - June 30 (Ending)	\$ 3,500,179	\$ 4,324,367	\$ 4,033,627	\$ (290,740)

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

Section A: Compensatory Education Programs

AP1	Did your district expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the district have written policies and procedures for its state compensatory education program?	Yes
AP3	Total state allotment funds received for state compensatory education programs during the district's fiscal year.	2756347
AP4	Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24,26,28,29,30)	623628

Section B: Bilingual Education Programs

AP5	Did your district expend any bilingual education program state allotment funds during the district's fiscal year?	Yes
AP6	Does the district have written policies and procedures for its bilingual education program?	Yes
AP7	Total state allotment funds received for bilingual education programs during the district's fiscal year.	197754
AP8	Actual direct program expenditures for bilingual education programs during the district's fiscal year. (PIC 25)	71655

FEDERAL AWARDS SECTION

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MAYS & ASSOCIATES PLLC
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' 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
HUFFMAN INDEPENDENT SCHOOL DISTRICT
Huffman, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Huffman 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 November 18, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

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 District'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.

Mays & Associates
Mays & Associates, PLLC

Baytown, Texas
November 18, 2024



MAYS & ASSOCIATES PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Trustees
HUFFMAN INDEPENDENT SCHOOL DISTRICT
Huffman, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Huffman 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 auditors' results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of 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.

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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


Mays & Associates, PLLC

Baytown, Texas
November 18, 2024

**HUFFMAN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiencies identified? _____ yes X none reported

Noncompliance material to financial statements noted: _____ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes X no

Significant deficiencies identified? _____ yes X none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? _____ yes X no

Major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.425	Education Stabilization Funds

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

Auditee qualified as low-risk auditee? X yes _____ no

**HUFFMAN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

II. FINANCIAL STATEMENT FINDINGS

None noted

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None noted

**HUFFMAN INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

FINANCIAL STATEMENT FINDINGS

2023-1 Excess Expenditures over Appropriations

Recommendation: The District should review all expenditures during the year to ensure that any necessary budget amendments are brought to the Board of Trustees for approval before June 30.

Current Status: The Board adopted a balanced budget for the 2023-2024 school year and made several amendments during the year and reports no excess expenditures over appropriations for the year ended June 30, 2024.



Huffman Independent School District

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CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2024

NONE NOTED

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

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF HOMELAND SECURITY			
<u>Passed Through Texas Dept. of Emergency Mgmt.</u>			
Disaster Grants - FEMA Hurricane Reimbursements	97.036	4332DRTXP00073931	\$ 515,642
Total Passed Through Texas Dept. of Emergency Mgmt.			<u>515,642</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>515,642</u>
 U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	23610101101925	65,000
ESEA, Title I, Part A - Improving Basic Programs	84.010A	24610101101925	618,445
Total Assistance Listing Number 84.010			<u>683,445</u>
*IDEA - Part B, Formula	84.027A	236600011019256600	63,792
*IDEA - Part B, Formula	84.027A	246600011019256600	874,260
*COVID 19 - IDEA, Part B, Formula - (ARP)	84.027X	225350021019255350	43,573
Total Assistance Listing Number 84.027			<u>981,625</u>
*IDEA - Part B, Preschool	84.173A	246610011019256610	14,833
Total Special Education Cluster (IDEA)			<u>996,458</u>
22-23 Perkins V: Strengthening	84.048A	23420006101925	6,196
23-24 Perkins V: Strengthening	84.048A	24420006101925	46,847
Total Assistance Listing Number 84.048			<u>53,043</u>
Title III, Part A - English Language Acquisition	84.365A	24671001101925	31,715
Title III, Part A - Immigrant	84.365A	23671003101925	1,483
Title III, Part A - Immigrant	84.365A	24671003101925	4,145
Total Assistance Listing Number 84.365			<u>37,343</u>
ESEA, Title II, Part A, Teacher Principal Training	84.367A	24694501101925	135,441
COVID 19 - ESSER III - School Emergency Relief	84.425D	21528001101925	935,972
COVID 19 - Learning Supports - (TCLAS) ESSER III	84.425U	21528042101925	596,266
COVID 19 - ARP Education for Homeless Children	84.425W	21533002101925	93,672
Total Assistance Listing Number 84.425			<u>1,625,910</u>
Title IV, Part A, Subpart 1	84.424A	24680101101925	39,879
LEP Summer School	84.369A	69552302	2,939
Total Passed Through Texas Education Agency			<u>3,574,458</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>3,574,458</u>
 U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Texas Health and Human Services Commission</u>			
Medicaid Administrative Claiming Program - MAC	93.778	101925	17,401
Total Passed Through Texas Health and Human Services Commission			<u>17,401</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>17,401</u>

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

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the Texas Department of Agriculture</u>			
*School Breakfast Program	10.553	71402401	601,783
*National School Lunch Program - Cash Assistance	10.555	71302401	1,829,746
*National School Lunch Prog. - Non-Cash Assistance	10.555	101925	132,483
Supply Chain Assistance Grant	10.555	236TX400N8903	156,364
Total Assistance Listing Number 10.555			2,118,593
Total Child Nutrition Cluster			2,720,376
Fresh Fruit and Vegetable Program	10.582	246TX375L1603	47,482
Commodity Supplemental Food Pr. - Cash Assistance	10.565	236TX877Y8005	13,277
Total Food Distribution Cluster			13,277
Total Passed Through the Texas Department of Agriculture			2,781,135
TOTAL U.S. DEPARTMENT OF AGRICULTURE			2,781,135
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 6,888,636
*Clustered Programs			

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**HUFFMAN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

1. The District utilizes the fund types specified in Texas Education Agency’s (TEA) *Financial Accountability System Resource Guide*.

Special Revenue Funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance is generally accounted for in a Special Revenue Fund.

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2024. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Because the SEFA presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets or cash flows of the District.

2. The District has not elected to use the 10% de minimis indirect cost rate under the Uniform Guidance.
3. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund types and agency funds are accounted for using a current financial resources measurement focus. All federal grant funds are accounted for in the special revenue funds, a component of the governmental fund type. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for the governmental fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, (i.e., both measurable and available), and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant and, accordingly, when such funds are received, they are recorded as unearned revenues until earned. Generally, unused balances are returned to the grantor at the close of specified project periods.

4. The District participates in numerous state and federal grant programs that are governed by various rules and regulations of the grantor agencies. [Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required, and the collectability of any related receivable at June 30, 2024 may be impaired.] In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying financial statements for such contingencies.
5. Reconciliation of Federal Program Revenues:

Total Expenditures of Federal Awards (Exhibit K-1)	\$	6,888,636
Plus: E-Rate reimbursements		435,510
Plus: Reserve Officers' Training Corps. (ROTC)		66,837
Plus: School Health and Related Services (SHARS)		133,618
Total Federal program revenues (Exhibit C-3)	\$	7,524,601

(Per TEA *Financial Accountability System Resource Guide* – SHARS reimbursements are not to be reported on Schedule of Expenditures of Federal Awards.)

SCHOOLS FIRST QUESTIONNAIRE

Exhibit L-1

HUFFMAN INDEPENDENT SCHOOL DISTRICT

Fiscal Year 2024

SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end?	No
SF3	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If payments were not made or warrant hold not cleared within 30 days of when due, then payments are NOT timely.)	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, answer is still YES.)	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 and/or substantial doubt about the district's ability to continue as a going concern?	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 district's administration and school board members discuss any changes and/or impact to local, state, and federal funding at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year end.	0