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**FRIENDSWOOD INDEPENDENT SCHOOL  
DISTRICT**

**ANNUAL FINANCIAL AND COMPLIANCE REPORT**

**For the Year Ended August 31, 2024**

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*CPAs and Professional Consultants*



# FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT

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**CERTIFICATE OF BOARD**

**Friendswood Independent School District**

Name of School District

**Galveston**

County

**084-911**

Co. - Dist. No.

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and approved for the year ended August 31, 2024, at a meeting of the board of trustees of such school district on December 9, 2024.

\_\_\_\_\_  
President of the Board

\_\_\_\_\_  
Vice President of the Board



## **FINANCIAL SECTION**





## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Friendswood Independent School District

### Report on the Audit of the Financial Statements

#### *Opinions*

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of August 31, 2024, and the respective changes in financial position, and, where applicable, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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.

To the Board of Trustees  
Friendswood Independent School District

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

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

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

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

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

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

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

### ***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 combining and individual nonmajor fund financial statements, required Texas Education Agency (TEA) schedules, 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.

To the Board of Trustees  
Friendswood Independent School District

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, required TEA schedules, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the Schedule L-1 but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

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

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



Houston, Texas  
December 9, 2024



## FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

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

### Financial Highlights

The liabilities and deferred inflows of the District exceeded assets and deferred outflows at the close of the most recent fiscal year by \$17,822,663 (net deficit). Of this amount, a deficit of \$12,192,103 was net investment in capital assets, which represents the debt related to the capital assets in excess of the carrying value of the capital assets. \$5,347,701 was restricted for debt service, \$1,139,855 was restricted for food service, \$204 was restricted for federal and state programs, and \$11,627 was restricted for other purposes. The remaining amount was a deficit unrestricted net position of \$12,129,947.

- The District's total net position increased by \$5,936,589 due to decrease in the total amount recorded for the net pension liability, net OPEB liability, and related deferred inflows and outflows. The aggregate negative impact of these amounts increased by \$214,254 from the prior year.
- The District's governmental funds reported combined ending fund balances of \$45,209,355 as of August 31, 2024. Of this amount, \$1,424,245 is non-spendable in the form of (1) inventory in the amount of \$136,983 and (2) prepaid items in the amount of \$1,287,262. Fund balance of \$22,672,436 is restricted for (1) federal and state grants in the amount of \$1,140,059, (2) capital acquisitions in the amount of \$16,055,209, (3) debt service in the amount of \$5,465,541, and (4) \$11,627 for other purposes. Fund balance of \$4,305,072 is committed for (1) disaster recovery of \$1.5 million and (2) decreases in state funding of \$1.2 million and (3) other committed in the amount of \$1,605,072. Fund balance of \$3,365,859 is assigned for capital expenditures for equipment. The remaining amount in fund balance of \$13,441,743 in the general fund is classified as unassigned and is available for spending at the District's discretion. This is an increase of \$247,736 as compared to the prior fiscal year. The unassigned fund balance represents 21% of total general fund expenditures.
- The District's bonded debt decreased by \$2,530,000 due to principal payments made during the current fiscal year for all bonds.

### Overview of the Financial Statements

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

### Government-wide Financial Statements

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

The *Statement of Net Position* presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference of the four reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused sick leave).

## **FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

The government-wide financial statements of the District are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the District include Instruction, Instructional Resources and Media Services, Curriculum and Instructional Staff Development, Instructional Leadership, School Leadership, Guidance, Counseling, and Evaluation Services, Social Work Services, Health Services, Student Transportation, Food Services, Extracurricular Activities, General Administration, Facilities Maintenance and Operations, Security and Monitoring Services, Data Processing Services, Community Services, Interest on Long-term Debt, Payments Related to Shares Service Arrangements, and Other Intergovernmental Charges.

#### **Fund Financial Statements**

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

#### **Governmental Funds**

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

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

The District maintains individual governmental funds for general, special revenue, debt service, and capital projects funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and capital projects fund, each of which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the financial statements. The District adopts an annual appropriated budget for its general fund, debt service fund, and National School Breakfast and Lunch Program special revenue fund.

#### **Proprietary Funds**

The District maintains individual enterprise funds for fuel and vending. *Enterprise funds*, a type of proprietary fund, are used to report on activity for which a fee is charged to external users for goods or services. Enterprise funds are included within *business-type activities* in the government-wide financial statements.

Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The nonmajor enterprise funds financial statements provide information for the Fuel Fund and Vending Fund.

**FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Fiduciary Funds**

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

A *custodial fund* is a type of fiduciary fund used to report resources held by the District in a purely custodial capacity. The District accounts for the activities of student groups and refunds/overpayments due to taxpayers in a custodial fund.

A *private purpose trust fund* is a second type of fiduciary fund. Private purpose trust funds are used to report all trust arrangements, other than those properly recorded in pension trust funds or investment trust funds, under which principal and income benefit individuals, private organizations, or other governments. The District accounts for student scholarships in a private purpose trust fund.

**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 relates to comparison of 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 is presented as required supplementary information. The required supplementary information also includes information related to the required pension system information and the required other post-employment benefit system information.

**Other Information**

The combining and individual fund statements and schedules and other supplementary information are presented immediately following the required supplementary information.

**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, liabilities and deferred inflows exceeded assets and deferred outflows by \$17,822,663 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, 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.

**FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

|   | Governmental Activities |                        | Business-Type Activities |                 | Totals                 |                        |
|---|-------------------------|------------------------|--------------------------|-----------------|------------------------|------------------------|
|   | 2024                    | 2023                   | 2024                     | 2023            | 2024                   | 2023                   |
| Current and other assets                    | \$ 55,856,928           | \$ 141,674,148         | \$ 37,289                | \$ 30,494       | \$ 55,894,217          | \$ 141,704,642         |
| Capital and non current assets              | 178,578,184             | 92,743,003             | -                        | -               | 178,578,184            | 92,743,003             |
| <b>Total Assets</b>                         | <b>234,435,112</b>      | <b>234,417,151</b>     | <b>37,289</b>            | <b>30,494</b>   | <b>234,472,401</b>     | <b>234,447,645</b>     |
| Deferred outflows                           | 14,845,892              | 13,731,906             | -                        | -               | 14,845,892             | 13,731,906             |
| <b>Total Deferred Outflows of Resources</b> | <b>14,845,892</b>       | <b>13,731,906</b>      | <b>-</b>                 | <b>-</b>        | <b>14,845,892</b>      | <b>13,731,906</b>      |
| Current liabilities                         | 24,014,406              | 31,822,818             | 13,019                   | 22,722          | 24,027,425             | 31,845,540             |
| Long term liabilities                       | 227,670,906             | 224,161,518            | -                        | -               | 227,670,906            | 224,161,518            |
| <b>Total Liabilities</b>                    | <b>251,685,312</b>      | <b>255,984,336</b>     | <b>13,019</b>            | <b>22,722</b>   | <b>251,698,331</b>     | <b>256,007,058</b>     |
| Deferred inflows                            | 15,442,625              | 20,991,166             | -                        | -               | 15,442,625             | 20,991,166             |
| <b>Total Deferred Inflows of Resources</b>  | <b>15,442,625</b>       | <b>20,991,166</b>      | <b>-</b>                 | <b>-</b>        | <b>15,442,625</b>      | <b>20,991,166</b>      |
| <b>Net Position</b>                         |                         |                        |                          |                 |                        |                        |
| Net investment in capital assets            | (12,192,103)            | (21,068,646)           | -                        | -               | (12,192,103)           | (21,068,646)           |
| Restricted                                  | 6,499,387               | 4,926,731              | -                        | -               | 6,499,387              | 4,926,731              |
| Unrestricted                                | (12,154,217)            | (12,684,530)           | 24,270                   | 7,772           | (12,129,947)           | (12,676,758)           |
| <b>Total Net Position</b>                   | <b>\$ (17,846,933)</b>  | <b>\$ (28,826,445)</b> | <b>\$ 24,270</b>         | <b>\$ 7,772</b> | <b>\$ (17,822,663)</b> | <b>\$ (28,818,673)</b> |

Net position in the governmental activities are restricted for various purposes as follows:

|                            | Governmental Activities |                     |
|----------------------------|-------------------------|---------------------|
|                            | 2024                    | 2023                |
| Federal and state programs | \$ 204                  | \$ -                |
| Food Service               | 1,139,855               | 1,275,644           |
| Debt Service               | 5,347,701               | 4,383,647           |
| Other Purposes             | 11,627                  | 11,627              |
|                            | <b>\$ 6,499,387</b>     | <b>\$ 5,670,918</b> |

The remaining balance of net position in the governmental activities consists of an unrestricted net deficit of \$12,154,217. At the end of the current fiscal year, the District reports positive balances in restricted net position in the governmental activities. The District reports negative net position in net investment in capital assets, which is reported net of outstanding related debt, and unrestricted net position. The District's net position of the governmental activities increased by \$5,928,456 during the current fiscal year due to depreciation of capital assets. The aggregate negative impact of these amounts increased by \$214,254 from the prior year. The District's net position of the business-type activities had an ending balance of \$24,270, all of which is unrestricted and may be used to meet on-going obligations.

**Governmental Activities**

Governmental activities increased the District's net position by \$5,928,456. Revenues are generated primarily from three sources. Property taxes, state-aid formula grants, and operating grants and contributions represent 88 percent of total revenues. Charges for services, investment earnings, and other miscellaneous revenue account for the remaining 12 percent.



**FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

|   | Governmental Activities |                        | Business-Type Activities |                  | Totals                 |                        |
|---|-------------------------|------------------------|--------------------------|------------------|------------------------|------------------------|
|   | 2024                    | 2023                   | 2024                     | 2023             | 2024                   | 2023                   |
| <b>Program Revenues</b>                                     |                         |                        |                          |                  |                        |                        |
| Charges for services  | \$ 4,570,810            | \$ 4,295,320           | \$ 213,831               | \$ 165,124       | \$ 4,784,641           | \$ 4,460,444           |
| Operating grants  | 9,948,097               | 5,919,765              | -                        | -                | 9,948,097              | 5,919,765              |
| <b>General Revenues</b>                                     |                         |                        |                          |                  |                        |                        |
| Property taxes  | 42,930,335              | 48,631,855             | -                        | -                | 42,930,335             | 48,631,855             |
| State Aid - Formula Grants                                  | 24,113,445              | 14,377,353             | -                        | -                | 24,113,445             | 14,377,353             |
| Interest earnings   | 6,083,146               | 617,627                | -                        | -                | 6,083,146              | 617,627                |
| <b>Total Revenues</b>                                       | <b>87,645,833</b>       | <b>73,841,920</b>      | <b>213,831</b>           | <b>165,124</b>   | <b>87,859,664</b>      | <b>74,007,044</b>      |
| <b>Expenses</b>   |                         |                        |                          |                  |                        |                        |
| Instruction   | 40,264,433              | 38,090,583             | -                        | -                | 40,264,433             | 38,090,583             |
| Instructional resources and media services                  | 858,390                 | 821,916                | -                        | -                | 858,390                | 821,916                |
| Curriculum and staff development                            | 1,651,735               | 2,013,703              | -                        | -                | 1,651,735              | 2,013,703              |
| Instructional leadership                                    | 1,248,624               | 991,863                | -                        | -                | 1,248,624              | 991,863                |
| School leadership   | 3,621,162               | 3,355,228              | -                        | -                | 3,621,162              | 3,355,228              |
| Guidance, counseling, and evaluation services               | 3,548,543               | 3,163,660              | -                        | -                | 3,548,543              | 3,163,660              |
| Social work services  | 22,000                  | 22,000                 | -                        | -                | 22,000                 | 22,000                 |
| Health services   | 751,035                 | 691,710                | -                        | -                | 751,035                | 691,710                |
| Student transportation                                      | 2,535,830               | 2,421,092              | -                        | -                | 2,535,830              | 2,421,092              |
| Food service  | 2,899,833               | 2,873,943              | -                        | -                | 2,899,833              | 2,873,943              |
| Extracurricular activities                                  | 3,058,802               | 2,804,537              | -                        | -                | 3,058,802              | 2,804,537              |
| General administration                                      | 2,840,159               | 2,674,008              | -                        | -                | 2,840,159              | 2,674,008              |
| Facilities maintenance and operations                       | 8,719,965               | 7,678,758              | -                        | -                | 8,719,965              | 7,678,758              |
| Security and monitoring services                            | 1,129,481               | 995,254                | -                        | -                | 1,129,481              | 995,254                |
| Data processing services                                    | 1,665,809               | 1,548,866              | -                        | -                | 1,665,809              | 1,548,866              |
| Community services  | 683,327                 | 544,455                | -                        | -                | 683,327                | 544,455                |
| Interest on long-term debt                                  | 5,647,832               | 5,858,825              | -                        | -                | 5,647,832              | 5,858,825              |
| Debt issuance costs and fees                                | 108,903                 | -                      | -                        | -                | 108,903                | -                      |
| Facilities repairs  | 45,474                  | -                      | -                        | -                | 45,474                 | -                      |
| Payments related to shared services arrangements            | 62,426                  | 74,879                 | -                        | -                | 62,426                 | 74,879                 |
| Payments to Juvenile Justice Alternative Education Programs | 553                     | 2,371                  | -                        | -                | 553                    | 2,371                  |
| Other intergovernmental charges                             | 378,354                 | 358,207                | -                        | -                | 378,354                | 358,207                |
| Fuel Fund   | -                       | -                      | 613                      | -                | 613                    | -                      |
| Vending Fund  | -                       | -                      | 179,792                  | 120,361          | 179,792                | 120,361                |
| <b>Total Expenses</b>                                       | <b>81,742,670</b>       | <b>76,985,858</b>      | <b>180,405</b>           | <b>120,361</b>   | <b>81,923,075</b>      | <b>77,106,219</b>      |
| Excess (deficiency) before transfers                        | 5,903,163               | (3,143,938)            | 33,426                   | 44,763           | 5,936,589              | (3,099,175)            |
| Transfers   | 25,293                  | 37,300                 | (25,293)                 | (37,300)         | -                      | -                      |
| Increase (Decrease) in Net Position                         | 5,928,456               | (3,106,638)            | 8,133                    | 7,463            | 5,936,589              | (3,099,175)            |
| <b>Beginning Net Position</b>                               | <b>(23,775,389)</b>     | <b>(28,521,347)</b>    | <b>16,137</b>            | <b>16,378</b>    | <b>(23,759,252)</b>    | <b>(28,504,969)</b>    |
| <b>Ending Net Position</b>                                  | <b>\$ (17,846,933)</b>  | <b>\$ (31,627,985)</b> | <b>\$ 24,270</b>         | <b>\$ 23,841</b> | <b>\$ (17,822,663)</b> | <b>\$ (31,604,144)</b> |

|  | Total Revenues       | % of Total Revenues |
|--|----------------------|---------------------|
| Property taxes                         | \$ 42,930,335        | 49%                 |
| State aid - formula grants             | 24,113,445           | 28%                 |
| Operating grants and contributions     | 9,948,097            | 11%                 |
| Charges for services and other revenue | 10,653,956           | 12%                 |
| <b>Total Revenues</b>                  | <b>\$ 87,645,833</b> | <b>100%</b>         |

The primary functional expense of the District is instruction, which represent 49 percent of total expenses. Plant maintenance and operations, interest on long-term debt, and school leadership represent 11 percent, 7 percent, and 4 percent, respectively, of the total expenses. The remaining individual functional categories of expenses are each less than 4 percent of total expenses.

**FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

|                                  | <u>Total Expenses</u>       | <u>% of Total Expenses</u> |
|----------------------------------|-----------------------------|----------------------------|
| Instruction                      | \$ 40,264,433               | 49%                        |
| Plant maintenance and operations | 8,719,965                   | 11%                        |
| Interest on long-term debt       | 5,647,832                   | 7%                         |
| School leadership                | 3,621,162                   | 4%                         |
| Other expenses                   | 23,489,278                  | 29%                        |
| <b>Total Expenses</b>            | <u><u>\$ 81,742,670</u></u> | <u><u>100%</u></u>         |

**Business-Type Activities**

Net position of the District's business type activities increased by \$8,133 for the year ended August 31, 2024.

**Governmental Funds Financial Analysis**

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

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.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$45,209,355, a decrease of \$18,405,294 in comparison with the prior year.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$13,441,743, while total fund balance reached \$17,544,879. 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. Unassigned fund balance represents 21 percent of expenditures and total fund balance represents 27 percent of the same amount.

During the current fiscal year, the total fund balance of the District's general fund increased by \$181,042, while total general fund expenditures showed an increase of \$4,001,306. The increase in expenditures was primarily due to new personnel costs and mandated salary increases brought forth by House Bill 3.

The debt service fund has a total fund balance of \$5,465,541, all of which is restricted for the payment of debt service. The net increase in the debt service fund balance during the current year of \$924,603 was in line with budgeted expectations.

**General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget of the general fund are summarized as follows:

|                                   | <u>Budget</u>                |                              |
|-----------------------------------|------------------------------|------------------------------|
|                                   | <u>Original</u>              | <u>Final Amended</u>         |
| Total Revenues                    | \$ 59,366,514                | \$ 59,366,514                |
| Total Expenditures                | 65,816,514                   | 66,962,186                   |
| <b>Net Change in Fund Balance</b> | <u><u>\$ (6,450,000)</u></u> | <u><u>\$ (7,595,672)</u></u> |

**FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Capital Assets and Long-Term Liabilities**

**Capital Assets**

The District's investment in capital assets for its governmental type activities as of August 31, 2024, includes land, buildings and improvements, and furniture and equipment. The investment in capital assets (capital outlays) during the current year amounted to \$28,429,138. The following table summarizes the investment in capital assets as of August 31, 2024 and 2023.

|  | <b>August 31,<br/>2024</b>   | <b>August 31,<br/>2023</b>   |
|--|------------------------------|------------------------------|
| Land   | \$ 2,882,739                 | \$ 2,882,739                 |
| Buildings and improvements                             | 256,963,924                  | 189,044,102                  |
| Furniture and equipment                                | 17,556,240                   | 15,421,664                   |
| Right-to-use assets                                    | 309,010                      | 309,010                      |
| Construction in progress                               | <u>2,748,379</u>             | <u>44,459,182</u>            |
|  | <u>280,460,292</u>           | <u>252,116,697</u>           |
| <b>Less Accumulated Depreciation/Amortization for:</b> |                              |                              |
| Buildings and improvements                             | (94,407,874)                 | (88,656,192)                 |
| Furniture and equipment                                | (11,878,315)                 | (10,783,744)                 |
| Right-to-use assets                                    | <u>(129,376)</u>             | <u>(43,875)</u>              |
|  | <u>(106,415,565)</u>         | <u>(99,483,811)</u>          |
| <b>Governmental Capital Assets</b>                     | <u><u>\$ 174,044,727</u></u> | <u><u>\$ 152,632,886</u></u> |

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

**Long-term Liabilities**

At the end of the current fiscal year, the District had in bonded debt outstanding, a decrease of \$2,530,000 over the previous year. The District's bonds are sold with an "AAA" rating and are guaranteed through the Texas Permanent School Fund Guarantee Program. The underlying rating of the bonds from Standard and Poor's is "AA" and from Moody's Investors Service is "Aa3" for unlimited tax debt.

Changes in long-term debt, for the year ended August 31, 2024, are as follows:

| <b>Outstanding<br/>09/01/23</b> | <b>Issued</b>       | <b>Retired</b>        | <b>Outstanding<br/>08/31/24</b> |
|---------------------------------|---------------------|-----------------------|---------------------------------|
| <u>\$ 189,905,000</u>           | <u>\$ 4,000,000</u> | <u>\$ (6,530,000)</u> | <u>\$ 187,375,000</u>           |

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

**FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

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

- The District's enrollment was projected to remain stable at 6,190 students at the time the 2024-2025 budget was adopted.
- For 2024-2025, the maintenance and operations tax rate is \$0.7869 while the debt service rate is \$0.2531. The maintenance and operations rate decreased \$0.0084, and the debt service rate decreased by \$0.0316 compared to 2023-2024. The adopted tax rate reflects tax compression mandated by House Bill 2 of the 86th Legislature.
- Net taxable values in the District have increased 10.3%. The average taxable residence in Friendswood has shown a ten-year upward trend increasing from average taxable value in 2014 of \$238,185 to \$437,317. Senate Bill 2 of the 88th Legislature brought forth property tax compression. Additionally, the state's homestead exemption increased from \$40,000 to \$100,000.
- Operating expenses per students in the District's general fund were \$10,275 for 2023-2024. Operating expenses per student for the 2024-2025 fiscal year are projected to be \$10,090.
- Expenditures are budgeted to decrease 2.12% or \$1.35 million. This decrease is primarily due to the reduction of capital projects offset by increases in salaries, utilities, debt service, and insurance cost.
- For 2025, construction of new commercial and residential property in the are estimated to bring in an estimated \$90M in taxable value.

These indicators were taken into account when adopting the budget for 2024-2025. The Friendswood Independent School District general fund adopted budget for 2024-2025 is as follows:

|                       | <b>Fiscal Year<br/>2025 Adopted<br/>Budget</b> |
|-----------------------|--|
| Budgeted Revenues     | \$ 62,457,389                                  |
| Budgeted Expenditures | <u>62,457,389</u>                              |
|                       | <u>\$ -</u>                                    |

**Contacting the District's Financial Management**

This financial report is designed to provide the citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Office at Friendswood Independent School District, 302 Laurel Drive, Friendswood, TX 77546. You may also view previous year's financial reports on the District's website at [www.myfisd.com](http://www.myfisd.com).

## **BASIC FINANCIAL STATEMENTS**



**FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT**

**STATEMENT OF NET POSITION**

August 31, 2024

Exhibit A-1

| Data Control<br>Codes                 |  | Governmental<br>Activities | Business-type<br>Activities | Total                  |
|---------------------------------------|--|----------------------------|-----------------------------|------------------------|
| <b>Assets</b>                         |  |                            |                             |                        |
| 1110                                  | Cash and cash equivalents                        | \$ 49,177,358              | \$ 36,461                   | \$ 49,213,819          |
| 1120                                  | Current investments                              | 2,916,082                  | -                           | 2,916,082              |
| 1225                                  | Property taxes receivables, net                  | 695,041                    | -                           | 695,041                |
| 1240                                  | Due from other governments                       | 1,137,425                  | -                           | 1,137,425              |
| 1290                                  | Other receivables, net                           | 438,749                    | 828                         | 439,577                |
| 1300                                  | Inventories                                      | 136,983                    | -                           | 136,983                |
| 1410                                  | Prepaid items                                    | 1,355,290                  | -                           | 1,355,290              |
|                                       | Capital assets not subject to depreciation:      |                            |                             |                        |
| 1510                                  | Land   | 2,882,739                  | -                           | 2,882,739              |
| 1580                                  | Construction in progress                         | 2,748,379                  | -                           | 2,748,379              |
|                                       | Capital assets net of depreciation/amortization: |                            |                             |                        |
| 1520                                  | Buildings and improvements, net                  | 162,556,050                | -                           | 162,556,050            |
| 1530                                  | Furniture and equipment, net                     | 5,677,925                  | -                           | 5,677,925              |
| 1550                                  | Right-to-use assets, net                         | 179,634                    | -                           | 179,634                |
| 1910                                  | Long-term investments                            | 4,533,457                  | -                           | 4,533,457              |
| <b>1000</b>                           | <b>Total Assets</b>                              | <b>234,435,112</b>         | <b>37,289</b>               | <b>234,472,401</b>     |
| <b>Deferred Outflows of Resources</b> |  |                            |                             |                        |
|                                       | Deferred charge on refunding                     | 3,154,299                  | -                           | 3,154,299              |
|                                       | Deferred outflows - pension                      | 8,435,639                  | -                           | 8,435,639              |
|                                       | Deferred outflows - OPEB                         | 3,255,954                  | -                           | 3,255,954              |
| <b>1700</b>                           | <b>Total Deferred Outflows of Resources</b>      | <b>14,845,892</b>          | <b>-</b>                    | <b>14,845,892</b>      |
| <b>Liabilities</b>                    |  |                            |                             |                        |
| 2110                                  | Accounts payable                                 | 9,740,923                  | 13,019                      | 9,753,942              |
| 2120                                  | Other liabilities - current                      | 16,662                     | -                           | 16,662                 |
| 2140                                  | Interest payable                                 | 267,967                    | -                           | 267,967                |
| 2150                                  | Payroll deductions and withholdings              | 2,431                      | -                           | 2,431                  |
| 2160                                  | Accrued wages payable                            | 3,995,441                  | -                           | 3,995,441              |
| 2300                                  | Unearned revenue                                 | 808,971                    | -                           | 808,971                |
|                                       | Noncurrent Liabilities:                          |                            |                             |                        |
| 2501                                  | Due within one year                              | 7,082,290                  | -                           | 7,082,290              |
| 2502                                  | Due in more than one year                        | 199,040,823                | -                           | 199,040,823            |
| 2540                                  | Net pension liability                            | 21,547,793                 | -                           | 21,547,793             |
| 2545                                  | Net OPEB liability                               | 9,182,011                  | -                           | 9,182,011              |
| <b>2000</b>                           | <b>Total Liabilities</b>                         | <b>251,685,312</b>         | <b>13,019</b>               | <b>251,698,331</b>     |
| <b>Deferred Inflows of Resources</b>  |  |                            |                             |                        |
|                                       | Deferred inflows - Pension                       | 1,248,000                  | -                           | 1,248,000              |
|                                       | Deferred inflows - OPEB                          | 14,194,625                 | -                           | 14,194,625             |
| <b>2600</b>                           | <b>Total Deferred Inflows of Resources</b>       | <b>15,442,625</b>          | <b>-</b>                    | <b>15,442,625</b>      |
| <b>Net Position (Deficit)</b>         |  |                            |                             |                        |
| 3200                                  | Net investment in capital assets                 | (12,192,103)               | -                           | (12,192,103)           |
|                                       | Restricted for:                                  |                            |                             |                        |
| 3820                                  | Federal and state programs                       | 204                        | -                           | 204                    |
| 3820                                  | Food service                                     | 1,139,855                  | -                           | 1,139,855              |
| 3850                                  | Debt service                                     | 5,347,701                  | -                           | 5,347,701              |
| 3890                                  | Other purposes                                   | 11,627                     | -                           | 11,627                 |
| 3900                                  | Unrestricted                                     | (12,154,217)               | 24,270                      | (12,129,947)           |
| <b>3000</b>                           | <b>Total Net Position (Deficit)</b>              | <b>\$ (17,846,933)</b>     | <b>\$ 24,270</b>            | <b>\$ (17,822,663)</b> |

**FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended August 31, 2024**

*Exhibit B-1*  
*Page 1 of 2*

| Data Control Codes               | Functions/Programs  | Expenses             | Program Revenue      |                                    |
|----------------------------------|---|----------------------|----------------------|------------------------------------|
|                                  |   |                      | Charges for Services | Operating Grants and Contributions |
| <b>Governmental Activities:</b>  |   |                      |                      |                                    |
| 11                               | Instruction   | \$ 40,264,433        | \$ 882,354           | \$ 4,254,621                       |
| 12                               | Instructional resources and media services                  | 858,390              | -                    | 104,396                            |
| 13                               | Curriculum and staff development                            | 1,651,735            | -                    | 870,899                            |
| 21                               | Instructional leadership                                    | 1,248,624            | -                    | 68,982                             |
| 23                               | School leadership   | 3,621,162            | -                    | 303,516                            |
| 31                               | Guidance, counseling, and evaluation services               | 3,548,543            | -                    | 961,934                            |
| 32                               | Social work services  | 22,000               | -                    | 22,000                             |
| 33                               | Health services   | 751,035              | -                    | 47,975                             |
| 34                               | Student transportation                                      | 2,535,830            | -                    | 49,247                             |
| 35                               | Food service  | 2,899,833            | 2,478,036            | 327,772                            |
| 36                               | Extracurricular activities                                  | 3,058,802            | 192,662              | 443,237                            |
| 41                               | General administration                                      | 2,840,159            | -                    | 351,380                            |
| 51                               | Facilities maintenance and operations                       | 8,719,965            | 392,849              | 104,076                            |
| 52                               | Security and monitoring services                            | 1,129,481            | -                    | 56,585                             |
| 53                               | Data processing services                                    | 1,665,809            | -                    | 81,178                             |
| 61                               | Community services  | 683,327              | 624,909              | 12,271                             |
| 72                               | Interest on long-term debt                                  | 5,647,832            | -                    | 1,888,028                          |
| 73                               | Debt issuance costs and fees                                | 108,903              | -                    | -                                  |
| 81                               | Facilities repairs  | 45,474               | -                    | -                                  |
| 93                               | Payments related to shared services arrangements            | 62,426               | -                    | -                                  |
| 95                               | Payments to Juvenile Justice Alternative Education Programs | 553                  | -                    | -                                  |
| 99                               | Other intergovernmental charges                             | 378,354              | -                    | -                                  |
| <b>TG</b>                        | <b>Total Governmental Activities</b>                        | <u>81,742,670</u>    | <u>4,570,810</u>     | <u>9,948,097</u>                   |
| <b>Business-Type Activities:</b> |   |                      |                      |                                    |
| 01                               | Fuel Fund   | 613                  | 8,745                | -                                  |
| 02                               | Vending Fund  | 179,792              | 205,086              | -                                  |
| <b>TB</b>                        | <b>Total Business-Type Activities</b>                       | <u>180,405</u>       | <u>213,831</u>       | <u>-</u>                           |
| <b>TP</b>                        | <b>Total Primary Government</b>                             | <u>\$ 81,923,075</u> | <u>\$ 4,784,641</u>  | <u>\$ 9,948,097</u>                |



**FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended August 31, 2024

Exhibit B-1  
Page 2 of 2

| Data<br>Control<br>Codes | Functions/Programs  | Net (Expense) Revenue<br>and Changes in Net Position |                             |                        |
|--------------------------|---|--|-----------------------------|------------------------|
|                          |   | Primary Government                                   |                             |                        |
|                          |   | Governmental<br>Activities                           | Business-type<br>Activities | Total                  |
|                          | <b>Governmental Activities:</b>                             |  |                             |                        |
| 11                       | Instruction   | \$ (35,127,458)                                      |                             | \$ (35,127,458)        |
| 12                       | Instructional resources and media services                  | (753,994)  |                             | (753,994)              |
| 13                       | Curriculum and staff development                            | (780,836)  |                             | (780,836)              |
| 21                       | Instructional leadership                                    | (1,179,642)  |                             | (1,179,642)            |
| 23                       | School leadership   | (3,317,646)  |                             | (3,317,646)            |
| 31                       | Guidance, counseling, and evaluation services               | (2,586,609)  |                             | (2,586,609)            |
| 32                       | Social work services  | -  |                             | -                      |
| 33                       | Health services   | (703,060)  |                             | (703,060)              |
| 34                       | Student transportation                                      | (2,486,583)  |                             | (2,486,583)            |
| 35                       | Food service  | (94,025)   |                             | (94,025)               |
| 36                       | Extracurricular activities                                  | (2,422,903)  |                             | (2,422,903)            |
| 41                       | General administration                                      | (2,488,779)  |                             | (2,488,779)            |
| 51                       | Facilities maintenance and operations                       | (8,223,040)  |                             | (8,223,040)            |
| 52                       | Security and monitoring services                            | (1,072,896)  |                             | (1,072,896)            |
| 53                       | Data processing services                                    | (1,584,631)  |                             | (1,584,631)            |
| 61                       | Community services  | (46,147)   |                             | (46,147)               |
| 72                       | Interest on long-term debt                                  | (3,759,804)  |                             | (3,759,804)            |
| 73                       | Debt issuance costs and fees                                | (108,903)  |                             | (108,903)              |
| 81                       | Facilities repairs  | (45,474)   |                             | (45,474)               |
| 93                       | Payments related to shared services arrangements            | (62,426)   |                             | (62,426)               |
| 95                       | Payments to Juvenile Justice Alternative Education Programs | (553)  |                             | (553)                  |
| 99                       | Other intergovernmental charges                             | (378,354)  |                             | (378,354)              |
| <b>TG</b>                | <b>Total Governmental Activities</b>                        | <u>(67,223,763)</u>                                  |                             | <u>(67,223,763)</u>    |
|                          | <b>Business-Type Activities:</b>                            |  |                             |                        |
| 01                       | Fuel Fund   | -  | \$ 8,132                    | 8,132                  |
| 02                       | Vending Fund  | -  | 25,294                      | 25,294                 |
| <b>TB</b>                | <b>Total Business-Type Activities</b>                       | -  | <u>33,426</u>               | <u>33,426</u>          |
| <b>TP</b>                | <b>Total Primary Government</b>                             | <u>(67,223,763)</u>                                  | <u>33,426</u>               | <u>(67,190,337)</u>    |
|                          | <b>General Revenues:</b>                                    |  |                             |                        |
|                          | Taxes:  |  |                             |                        |
| <b>MT</b>                | Property taxes, levied for general purposes                 | 31,617,555   | -                           | 31,617,555             |
| <b>DT</b>                | Property taxes, levied for debt service                     | 11,312,780   | -                           | 11,312,780             |
| <b>SF</b>                | State-aid formula grants                                    | 24,113,445   | -                           | 24,113,445             |
| <b>IE</b>                | Investment earnings   | 6,083,146  | -                           | 6,083,146              |
| <b>FR</b>                | Transfers   | 25,293   | (25,293)                    | -                      |
| <b>TR</b>                | <b>Total General Revenues and Transfers</b>                 | <u>73,152,219</u>                                    | <u>(25,293)</u>             | <u>73,126,926</u>      |
| <b>CN</b>                | Change in net position                                      | 5,928,456  | 8,133                       | 5,936,589              |
| <b>NB</b>                | <b>Net Position (Deficit) - Beginning</b>                   | <u>(23,775,389)</u>                                  | <u>16,137</u>               | <u>(23,759,252)</u>    |
| <b>NE</b>                | <b>Net Position (Deficit) - Ending</b>                      | <u>\$ (17,846,933)</u>                               | <u>\$ 24,270</u>            | <u>\$ (17,822,663)</u> |

**FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

**August 31, 2024**

**Exhibit C-1**

| Data Control Codes   | General Fund         | Debt Service Fund   | Capital Projects Fund | Total Nonmajor Governmental Funds | Total Governmental Funds |
|--|----------------------|---------------------|-----------------------|-----------------------------------|--------------------------|
| <b>Assets</b>  |                      |                     |                       |                                   |                          |
| 1110 Cash and temporary investments  | \$ 13,785,366        | \$ 5,468,968        | \$ 26,420,646         | \$ 3,502,378                      | \$ 49,177,358            |
| 1120 Investments   | 2,916,082            | -                   | -                     | -                                 | 2,916,082                |
| Receivables:   |                      |                     |                       |                                   |                          |
| 1220 Property taxes - delinquent   | 624,121              | 201,061             | -                     | -                                 | 825,182                  |
| 1230 Allowance for uncollectible taxes (credit)                                | (99,885)             | (30,256)            | -                     | -                                 | (130,141)                |
| 1240 Receivables from other governments  | 212,980              | -                   | -                     | 924,445                           | 1,137,425                |
| 1260 Due from other funds  | 865,143              | -                   | -                     | -                                 | 865,143                  |
| 1290 Other receivables   | 268,662              | -                   | 168,711               | 1,376                             | 438,749                  |
| 1300 Inventories, at cost  | 136,983              | -                   | -                     | -                                 | 136,983                  |
| 1410 Prepaid items   | 1,266,153            | -                   | -                     | 89,137                            | 1,355,290                |
| 1910 Long-term investments   | 4,533,457            | -                   | -                     | -                                 | 4,533,457                |
| <b>1000 Total Assets</b>   | <b>\$ 24,509,062</b> | <b>\$ 5,639,773</b> | <b>\$ 26,589,357</b>  | <b>\$ 4,517,336</b>               | <b>\$ 61,255,528</b>     |
| <b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>            |                      |                     |                       |                                   |                          |
| <b>Liabilities:</b>  |                      |                     |                       |                                   |                          |
| 2110 Accounts payable  | \$ 2,095,835         | \$ -                | \$ 7,168,289          | \$ 476,799                        | \$ 9,740,923             |
| 2120 Other liabilities - current   | 12,929               | 3,733               | -                     | -                                 | 16,662                   |
| 2150 Payroll withholdings payable  | 2,431                | -                   | -                     | -                                 | 2,431                    |
| 2160 Accrued wages payable   | 3,989,274            | -                   | -                     | 6,167                             | 3,995,441                |
| 2170 Due to other funds  | -                    | -                   | -                     | 865,143                           | 865,143                  |
| 2300 Unearned revenue  | 397,239              | 20,372              | -                     | 391,360                           | 808,971                  |
| <b>2000 Total Liabilities</b>  | <b>6,497,708</b>     | <b>24,105</b>       | <b>7,168,289</b>      | <b>1,739,469</b>                  | <b>15,429,571</b>        |
| <b>Deferred Inflows of Resources:</b>  |                      |                     |                       |                                   |                          |
| 2600 Unavailable revenue - property taxes                                      | 466,475              | 150,127             | -                     | -                                 | 616,602                  |
| <b>2600 Total Deferred Inflows of Resources</b>                                | <b>466,475</b>       | <b>150,127</b>      | <b>-</b>              | <b>-</b>                          | <b>616,602</b>           |
| <b>Fund Balances:</b>  |                      |                     |                       |                                   |                          |
| Nonspendable:  |                      |                     |                       |                                   |                          |
| 3410 Inventories   | 136,983              | -                   | -                     | -                                 | 136,983                  |
| 3430 Prepaid items   | 1,266,153            | -                   | -                     | 21,109                            | 1,287,262                |
| Restricted:  |                      |                     |                       |                                   |                          |
| 3450 Grant restrictions  | -                    | -                   | -                     | 1,140,059                         | 1,140,059                |
| 3470 Capital acquisitions  | -                    | -                   | 16,055,209            | -                                 | 16,055,209               |
| 3480 Debt service  | -                    | 5,465,541           | -                     | -                                 | 5,465,541                |
| 3490 Other   | -                    | -                   | -                     | 11,627                            | 11,627                   |
| Committed:   |                      |                     |                       |                                   |                          |
| 3545 Other purposes  | 2,700,000            | -                   | -                     | 1,605,072                         | 4,305,072                |
| Assigned:  |                      |                     |                       |                                   |                          |
| 3570 Capital expenditures for equipment  | -                    | -                   | 3,365,859             | -                                 | 3,365,859                |
| 3600 Unassigned  | 13,441,743           | -                   | -                     | -                                 | 13,441,743               |
| <b>3000 Total Fund Balances</b>  | <b>17,544,879</b>    | <b>5,465,541</b>    | <b>19,421,068</b>     | <b>2,777,867</b>                  | <b>45,209,355</b>        |
| <b>4000 Total Liabilities, Deferred Inflows of Resources and Fund Balances</b> | <b>\$ 24,509,062</b> | <b>\$ 5,639,773</b> | <b>\$ 26,589,357</b>  | <b>\$ 4,517,336</b>               | <b>\$ 61,255,528</b>     |

**FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT**  
**RECONCILIATION OF BALANCE SHEET FOR GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION**  
**August 31, 2024**

*Exhibit C-1R*

| <u>Data<br/>Control<br/>Codes</u> |  |                               |
|-----------------------------------|--|-------------------------------|
|                                   | <b>Total Fund Balance, Governmental Funds</b>  | <b>\$ 45,209,355</b>          |
|                                   | Amounts reported for governmental activities in the statement of net position are different because:   |                               |
| <b>1</b>                          | Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets at historical cost, net of accumulated depreciation, where applicable.   | 174,044,727                   |
| <b>2</b>                          | Property taxes receivable have been levied and are due this year, but are not available soon enough to pay for the current period's expenditures, these property taxes and related penalty and interest amounts (net of allowance for uncollectible accounts).   | 616,602                       |
| <b>3</b>                          | Deferred charges on refunding  | 3,154,299                     |
|                                   | Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position. |                               |
| <b>4</b>                          | Deferred outflows relating to pension activities   | 8,435,639                     |
| <b>5</b>                          | Deferred inflows relating to pension activities  | (1,248,000)                   |
| <b>6</b>                          | Deferred outflows relating to OPEB activities  | 3,255,954                     |
| <b>7</b>                          | Deferred inflows relating to OPEB activities   | (14,194,625)                  |
|                                   | Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:   |                               |
| <b>8</b>                          | General obligation bonds   | (187,375,000)                 |
| <b>9</b>                          | Premiums on issuance   | (17,912,165)                  |
| <b>10</b>                         | Compensated absences   | (676,775)                     |
| <b>11</b>                         | Accrued interest payable   | (267,967)                     |
| <b>12</b>                         | Lease payable  | (159,173)                     |
| <b>13</b>                         | Net pension liability  | (21,547,793)                  |
| <b>14</b>                         | Net OPEB liability   | <u>(9,182,011)</u>            |
| <b>29</b>                         | <b>Total Net Deficit - Governmental Activities</b>   | <b><u>\$ (17,846,933)</u></b> |

**FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS**

**For the Year Ended August 31, 2024**

**Exhibit C-2**

| Data Control Codes                    |  |                      |                     |                       | Total Nonmajor      | Total                |
|---------------------------------------|--|----------------------|---------------------|-----------------------|---------------------|----------------------|
|                                       |  | General Fund         | Debt Service Fund   | Capital Projects Fund | Governmental Funds  | Governmental Funds   |
| <b>Revenues</b>                       |  |                      |                     |                       |                     |                      |
| 5700                                  | Local, intermediate, and out-of-state                      | \$ 35,324,563        | \$ 11,661,089       | \$ 3,879,175          | \$ 4,350,503        | \$ 55,215,330        |
| 5800                                  | State program revenues                                     | 27,517,895           | 1,885,864           | -                     | 1,345,293           | 30,749,052           |
| 5900                                  | Federal program revenues                                   | 321,796              | -                   | -                     | 2,178,484           | 2,500,280            |
| <b>5020</b>                           | <b>Total Revenues</b>                                      | <b>63,164,254</b>    | <b>13,546,953</b>   | <b>3,879,175</b>      | <b>7,874,280</b>    | <b>88,464,662</b>    |
| <b>Expenditures</b>                   |  |                      |                     |                       |                     |                      |
| Current:                              |  |                      |                     |                       |                     |                      |
| 0011                                  | Instruction  | 34,151,086           | -                   | 8,295                 | 2,771,924           | 36,931,305           |
| 0012                                  | Instruction resources and media services                   | 705,717              | -                   | 4,061                 | 82,109              | 791,887              |
| 0013                                  | Curriculum and instructional staff development             | 850,081              | -                   | -                     | 748,243             | 1,598,324            |
| 0021                                  | Instructional leadership                                   | 1,127,543            | -                   | -                     | 17,055              | 1,144,598            |
| 0023                                  | School leadership  | 3,144,868            | -                   | -                     | 182,435             | 3,327,303            |
| 0031                                  | Guidance, counseling and evaluation services               | 2,596,854            | -                   | -                     | 741,992             | 3,338,846            |
| 0032                                  | Social work services                                       | -                    | -                   | -                     | 22,000              | 22,000               |
| 0033                                  | Health services  | 679,906              | -                   | 6,581                 | 379                 | 686,866              |
| 0034                                  | Student transportation                                     | 2,306,383            | -                   | 311,302               | -                   | 2,617,685            |
| 0035                                  | Food services  | 1,306                | -                   | -                     | 2,981,978           | 2,983,284            |
| 0036                                  | Extracurricular activities                                 | 2,409,300            | -                   | -                     | 429,292             | 2,838,592            |
| 0041                                  | General administration                                     | 2,580,117            | -                   | 287                   | 10,510              | 2,590,914            |
| 0051                                  | Facilities maintenance and operations                      | 7,456,683            | -                   | 1,440,272             | 30,819              | 8,927,774            |
| 0052                                  | Security and monitoring services                           | 986,486              | -                   | 24,600                | 51,681              | 1,062,767            |
| 0053                                  | Data processing services                                   | 1,472,618            | -                   | 1,287,575             | 57,478              | 2,817,671            |
| 0061                                  | Community services   | 621,236              | -                   | -                     | -                   | 621,236              |
| Debt Service:                         |  |                      |                     |                       |                     |                      |
| 0071                                  | Principal on long-term debt                                | 81,379               | 6,530,000           | -                     | 2,345               | 6,613,724            |
| 0072                                  | Interest on long-term debt                                 | 71,810               | 6,087,200           | -                     | 141                 | 6,159,151            |
| 0073                                  | Debt service costs and fees                                | 108,903              | 5,150               | -                     | -                   | 114,053              |
| Capital Outlay:                       |  |                      |                     |                       |                     |                      |
| 0081                                  | Facilities acquisition and construction                    | 2,014,711            | -                   | 23,342,742            | 49,763              | 25,407,216           |
| Intergovernmental:                    |  |                      |                     |                       |                     |                      |
| 0093                                  | Payments related to shared services arrangements           | 62,426               | -                   | -                     | -                   | 62,426               |
| 0095                                  | Payments to Juvenile Justice Alternative Education Program | 553                  | -                   | -                     | -                   | 553                  |
| 0099                                  | Other intergovernmental charges                            | 378,354              | -                   | -                     | -                   | 378,354              |
| <b>6030</b>                           | <b>Total Expenditures</b>                                  | <b>63,808,320</b>    | <b>12,622,350</b>   | <b>26,425,715</b>     | <b>8,180,144</b>    | <b>111,036,529</b>   |
| 1100                                  | Excess (deficiency) of revenues over expenditures          | (644,066)            | 924,603             | (22,546,540)          | (305,864)           | (22,571,867)         |
| <b>Other Financing Sources (Uses)</b> |  |                      |                     |                       |                     |                      |
| 7911                                  | Capital-related debt issued (regular bonds)                | 4,000,000            | -                   | -                     | -                   | 4,000,000            |
| 7915                                  | Transfers in   | 60,000               | -                   | 3,351,055             | 50,410              | 3,461,465            |
| 7916                                  | Premium on issuance of bonds                               | 141,280              | -                   | -                     | -                   | 141,280              |
| 8911                                  | Transfers out  | (3,376,172)          | -                   | (60,000)              | -                   | (3,436,172)          |
| <b>7080</b>                           | <b>Total Other Financing Sources (Uses)</b>                | <b>825,108</b>       | <b>-</b>            | <b>3,291,055</b>      | <b>50,410</b>       | <b>4,166,573</b>     |
| 1200                                  | Net change in fund balances                                | 181,042              | 924,603             | (19,255,485)          | (255,454)           | (18,405,294)         |
| <b>0100</b>                           | <b>Fund Balance - September 1 (Beginning)</b>              | <b>17,363,837</b>    | <b>4,540,938</b>    | <b>38,676,553</b>     | <b>3,033,321</b>    | <b>63,614,649</b>    |
| <b>3000</b>                           | <b>Fund Balance - August 31 (Ending)</b>                   | <b>\$ 17,544,879</b> | <b>\$ 5,465,541</b> | <b>\$ 19,421,068</b>  | <b>\$ 2,777,867</b> | <b>\$ 45,209,355</b> |

**FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended August 31, 2024**

*Exhibit C-2R*

**Data**  
**Control**  
**Codes**

**Net Change in Fund Balances - Total Governmental Funds (from C-2)** \$ (18,405,294)

Amounts reported for governmental activities in the statement of activities (B-1) are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

|          |   |             |
|----------|---|-------------|
| <b>1</b> | Capital outlay  | 28,429,138  |
| <b>2</b> | Depreciation/amortization expense   | (7,017,297) |
| <b>3</b> | Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | 114,613     |

Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

|          |                                   |             |
|----------|-----------------------------------|-------------|
| <b>4</b> | Issuance of maintenance tax notes | (4,000,000) |
| <b>5</b> | Principal paid on leases          | 83,724      |
| <b>6</b> | Principal paid on bonds           | 6,530,000   |

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

|           |   |             |
|-----------|---|-------------|
| <b>7</b>  | Changes in pension liabilities and related deferred outflows and inflows of resources | (2,170,391) |
| <b>8</b>  | Changes in OPEB liabilities and related deferred outflows and inflows of resources    | 1,956,137   |
| <b>9</b>  | Decrease in interest payable not recognized in fund statements                        | 2,083       |
| <b>10</b> | Amortization of bond premiums and discounts   | 626,029     |
| <b>11</b> | Amortization of deferred amounts on refunded bonds                                    | (252,923)   |
| <b>12</b> | Compensated absences  | 32,637      |

**Change in Net Position of Governmental Activities (see B-1)** \$ 5,928,456

**FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**August 31, 2024**

*Exhibit D-1*

|                             | <b>Business-type<br/>Activities -<br/>Enterprise Funds</b> |
|-----------------------------|--|
|                             | <u>                    </u>                                |
| <b>Assets</b>               |  |
| <b>Current Assets:</b>      |  |
| Cash and cash equivalents   | \$ 36,461  |
| Other receivables           | 828  |
| <b>Total Assets</b>         | <u>37,289</u>  |
| <br>                        |  |
| <b>Liabilities</b>          |  |
| <b>Current Liabilities:</b> |  |
| Accounts payable            | 13,019   |
| <b>Total Liabilities</b>    | <u>13,019</u>  |
| <br>                        |  |
| <b>Net Position</b>         |  |
| Unrestricted net position   | 24,270   |
| <b>Total Net Position</b>   | <u>\$ 24,270</u>   |

**FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Year Ended August 31, 2024**

*Exhibit D-2*

|   | <b>Business-type<br/>Activities -<br/>Enterprise<br/>Funds</b> |
|---|--|
| <b>Operating Revenues</b>                     |  |
| Charges for services                          | \$ 213,831   |
| <b>Total Operating Revenues</b>               | <u>213,831</u>   |
| <b>Operating Expenses</b>                     |  |
| Purchased and contracted services             | 171,519  |
| Supplies and materials                        | 5,957  |
| Claims expense and other operating expenses   | <u>2,929</u>   |
| <b>Total Operating Expenses</b>               | <u>180,405</u>   |
| Income (loss) before transfers                | 33,426   |
| <b>Transfers</b>                              |  |
| Transfers out                                 | <u>(25,293)</u>  |
| <b>Total Transfers</b>                        | <u>(25,293)</u>  |
| Change in Net Position                        | 8,133  |
| <b>Net Position - September 1 (Beginning)</b> | <u>16,137</u>  |
| <b>Net Position - August 31 (Ending)</b>      | <u><u>\$ 24,270</u></u>  |

**FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended August 31, 2024**

*Exhibit D-3*

|   | <b>Business-type<br/>Activities -<br/>Enterprise<br/>Funds</b> |
|---|--|
|   | <u>                    </u>                                    |
| <b>Cash Flows from Operating Activities:</b>  |  |
| Cash received from user charges   | \$ 217,552   |
| Cash payments to suppliers for goods and services   | <u>(180,405)</u>   |
| <b>Net Cash Provided by (Used for) Operating Activities</b>   | <u>37,147</u>  |
| <br>  |  |
| <b>Cash Flows from Non-Capital Financing Activities:</b>  |  |
| Advances to other funds   | <u>(25,293)</u>  |
| <b>Net Cash Provided by (Used for) Non-Capital Financing Activities</b>                                       | <u>(25,293)</u>  |
| <br>  |  |
| Net Increase (Decrease) in Cash and Cash Equivalents  | 11,854   |
| <b>Cash and Cash Equivalents at Beginning of Year</b>   | <u>24,607</u>  |
| <b>Cash and Cash Equivalents at End of Year</b>   | <u><u>\$ 36,461</u></u>  |
| <br>  |  |
| <b>Reconciliation to Balance Sheet</b>  |  |
| Cash and Cash Equivalents Per Cash Flow   | <u>\$ 36,461</u>   |
| Cash and Cash Equivalents per Balance Sheet   | <u><u>\$ 36,461</u></u>  |
| <br>  |  |
| <b>Reconciliation of Operating Income (Loss) to Net Cash<br/>Provided by (Used for) Operating Activities:</b> |  |
| Operating Income (Loss)   | \$ 33,426  |
| Change in Assets and Liabilities:   |  |
| Decrease (increase) in receivables  | (8)  |
| Increase (decrease) in accounts payable   | <u>3,729</u>   |
| <b>Net Cash Provided by (Used for) Operating Activities</b>   | <u><u>\$ 37,147</u></u>  |



**FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT****STATEMENT OF FIDUCIARY NET POSITION****August 31, 2024***Exhibit E-1*

|                           | <u>Private<br/>Purpose</u> | <u>Custodial<br/>Funds</u> |
|---------------------------|----------------------------|----------------------------|
| <b>Assets</b>             |                            |                            |
| Cash and cash equivalents | \$ 6,689                   | \$ 436,077                 |
| Due from others           | -                          | 15,622                     |
| Other receivables         | -                          | 20,112                     |
| <b>Total Assets</b>       | <u>\$ 6,689</u>            | <u>\$ 471,811</u>          |
| <b>Liabilities</b>        |                            |                            |
| Accounts payable          | \$ -                       | \$ 30,306                  |
| Due to others             | -                          | 143,797                    |
| <b>Total Liabilities</b>  | <u>\$ -</u>                | <u>\$ 174,103</u>          |
| <b>Net Position</b>       |                            |                            |
| Restricted Net Position   | <u>\$ 6,689</u>            | <u>\$ 297,708</u>          |
| <b>Total Net Position</b> | <u><u>\$ 6,689</u></u>     | <u><u>\$ 297,708</u></u>   |

**FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
*For the Year Ended August 31, 2024*

*Exhibit E-2*

|  | <u>Private<br/>Purpose</u> | <u>Custodial<br/>Funds</u> |
|--|----------------------------|----------------------------|
| <b>Additions</b>                                   |                            |                            |
| Investment earnings                                | \$ -                       | \$ 93,950                  |
| Revenues from student activities                   | -                          | 380,055                    |
| Property taxes collected for other governments     | -                          | <u>49,261,967</u>          |
| <b>Total Additions</b>                             | <u>-</u>                   | <u>49,735,972</u>          |
| <b>Deductions</b>                                  |                            |                            |
| Payments for student activities                    | -                          | 388,344                    |
| Property taxes distributed to<br>other governments | -                          | <u>49,355,917</u>          |
| <b>Total Deductions</b>                            | <u>-</u>                   | <u>49,744,261</u>          |
| Change in net position                             | -                          | (8,289)                    |
| <b>Net Position Beginning of Year</b>              | <u>6,689</u>               | <u>305,997</u>             |
| <b>Net Position End of Year</b>                    | <u>\$ 6,689</u>            | <u>\$ 297,708</u>          |

**Note 1 - Summary of Significant Accounting Policies**

**Reporting Entity**

The Friendswood Independent School District (District) is governed by a seven-member Board of Trustees (Board), which has governance responsibilities over all activities related to public elementary and secondary education within the District. Because members of the Board are elected by the public; have authority to make decisions; appoint management and significantly influence operations; and have primary accountability for fiscal matters; the District is not included in any other governmental reporting entity. The accompanying financial statements present the District. There are no component units, entities for which the District is considered to be financially accountable, included within the reporting entity.

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

**Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District. The effect of interfund activity has been removed from these statements. *Governmental activities* normally are supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to students or users who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**Note 1 - Summary of Significant Accounting Policies (continued)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

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.

The District reports the following major governmental funds:

- The *general fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.
- The *capital projects fund* accounts for the proceeds from sales of bonds and other revenues to be used for authorized construction and technology projects/enhancements

Additionally, the District reports the following fund types:

Proprietary Funds

- The *enterprise funds* account for activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities. The District's nonmajor enterprise funds are the fuel fund and the vending fund.
- The *internal service fund* accounts for workers' compensation benefits provided to other funds and/or employees of the District on a cost reimbursement basis.

Fiduciary Funds

- The *private purpose trust fund* is used to report all trust arrangements by the District. This fund type is used to account for the District's scholarship funds.
- The *custodial funds* are used to account for assets held by the District as a custodian for student organizations and taxpayer refunds and overpayments.

Nonmajor governmental funds of the District include federal, state and local grant funds accounted for as *special revenue funds*.

Amounts reported as *program revenues* include 1) charges to students or users for goods, services, or privileges provided and 2) operating grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and investment income.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

Operating expenses for the internal service fund include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

**Note 1 - Summary of Significant Accounting Policies (continued)**

**Deposits and Investments**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit, investment pools, and short-term investments. Investments for the District are reported at fair value. The funds of the District must be deposited and invested under the terms of a depository contract, the contents of which are set out in the Depository Contract Law. The depository bank may either place approved pledged securities for safekeeping and trust with the District's agent bank or file a corporate surety bond in an amount sufficient to protect district funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of FDIC insurance. The depository cash balances were covered by FDIC insurance and by collateral held by the District's agent in the District's name. The District categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs. The District's local government investment pools are recorded at amortized costs as permitted by GASB Statement No. 79 *Certain Investment Pools and Pool Participants*.

**Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Property tax receivables include unpaid property taxes at year-end along with penalties and interest assessed on these unpaid taxes and are shown net of an allowance for uncollectible. The property tax receivable allowance is based on historical collections. Revenues from property taxes are recognized when levied to the extent they are available. The District considers property taxes as available when collected. However, not all outstanding property taxes are expected to be collected within one year of the date of the financial statements. Property values are determined by the Galveston Central Appraisal District as of January 1 of each year. The amount of net assessed values for fiscal year 2024 (tax year 2023) were \$3,995,298,611. Prior to September 1 of each year, the District must adopt its annual budget and as soon thereafter as practicable, shall adopt a tax rate thus creating the tax levy. The District's combined tax rate was \$1.0800, which included \$0.7953 for maintenance and operations, and \$0.2847 for debt service. Property taxes for the current calendar year are levied on approximately October 1 of each year and are payable by January 31 of the following year. Property tax receivables are recorded as of the date levied. The total levy for the 2024 fiscal year was \$43,149,225. Unpaid taxes become delinquent on February 1 and a tax lien on real property is created as of July 1 of each year.

**Inventories and Prepaid Items**

Inventories consisting of supplies and materials are valued at weighted average cost and they include maintenance, transportation, and office and instructional supplies. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. A portion of fund balance is classified as non-spendable to reflect minimum inventory quantities considered necessary for the District's continuing operations.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**Note 1 - Summary of Significant Accounting Policies (continued)**

**Capital Assets**

Capital assets, which include land, construction in progress, buildings and improvements, furniture and equipment, right-to-use lease assets, and infrastructure assets (e.g., roads, sidewalks and similar items), are reported in the governmental column in the government-wide financial statements. The measurement of the right-to-use lease assets is discussed in their respective section of this note. The District’s infrastructure includes parking lots and roads associated with various buildings. The cost of the infrastructure was initially capitalized with the building cost and is being depreciated over the same useful life as the building. Capital assets are defined by the District as assets with an initial, individual cost that equals or exceeds \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Buildings and improvements, and furniture and equipment of the District are depreciated/amortized using the straight-line method over the following estimated useful lives:

| <u>Assets</u>              | <u>In Years</u>   |
|----------------------------|---|
| Buildings and improvements | 9 - 30  |
| Furniture and equipment    | 5 - 25  |
| Right-of-use asset         | lesser of useful life of asset or<br>remaining lease term |

**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.

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 in long-term liabilities on the Statement of Net Position.

**Long-term Obligations**

The District’s long-term obligations consist of bonded indebtedness, workers’ compensation, and compensated absences. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and proprietary fund type statement of net position. Bond premiums and discounts amortized over the life of the bonds using the bonds outstanding method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as an expense in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. The current requirements for general obligation bonds principal and interest expenditures are accounted for in the debt service fund. The current requirements for notes payable principal and interest expenditures are accounted for in the general fund. The current requirements for compensated absences are accounted for in the general fund. The current requirements for workers’ compensation are accounted for in the workers’ compensation fund.

**Note 1 - Summary of Significant Accounting Policies (continued)**

**Leases**

*Lessee:* The District is a lessee for a noncancellable lease of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$50,000 or more.

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

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

The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided; the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term liabilities on the statement of net position.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position, deferred amounts related to pension, and deferred amounts related to OPEB. The deferred charge on refunding resulted from the difference between 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. The deferred amounts related to pension and OPEB relate to differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the government-wide financial statements the District reports deferred amounts related to pension and deferred amounts related to OPEB.

**Note 1 - Summary of Significant Accounting Policies (continued)**

**Pensions**

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

**Other Post-Employment Benefits (OPEB)**

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

**Net Position and Fund Balances**

Friendswood Independent School District reports fund balances in accordance with GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

**Nonspendable fund balance** – amounts that are not in spendable form or are required to be maintained intact. As such, inventory and prepaid items have been properly classified in the Governmental Funds Balance Sheet. However, if the use of the proceeds from the sale of the inventory is restricted, committed, or assigned, then the applicable amounts are included in the appropriate fund balance classification, rather than nonspendable fund balance.

**Restricted fund balance** – Amounts that can be spent only for specific purposes because of local, state or federal laws, or externally imposed conditions by grantors or creditors.

**Committed fund balance** – 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. A fund balance commitment is further indicated in the budget document as a commitment of the fund. The District has committed the fund balance for the Campus Activity Fund, \$1,200,000 in the General Fund for a loss in State funding and \$1,500,000 in the General Fund for disaster recovery.

**Assigned fund balance** – amounts the District intends to use for a specific purpose. Intent can be expressed by the District or by an official or body to which the Board of Trustees delegates the authority. The Board has delegated authority to the Superintendent to establish fund balance assignments. The District has assigned \$3,365,859 in the Capital Projects Fund for capital expenditures for equipment.

**Unassigned fund balance** – amounts that are available for any purpose. Positive amounts are reported only in the general fund.



**Note 1 - Summary of Significant Accounting Policies (continued)**

**Net Position and Fund Balances (continued)**

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.

**Data Control Codes**

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

**Use of Estimates**

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

**Implementation of New Accounting Standards**

**GASB issued Statement No. 99, *Omnibus 2022***, in April 2022. This Statement was issued to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements and accounting and financial reporting for financial guarantees. The requirements of this statement had various effective dates and specific provisions were implemented prior to fiscal year 2024. The remaining requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The remaining requirements of this statement were implemented in fiscal year 2024 and did not have a material impact on the financial statements.

**GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62***, in June 2022. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The requirements of this statement were implemented in fiscal year 2024 and did not have a material impact on the financial statements.

**GASB issued Implementation Guide 2021-1, *Implementation Guidance Update – 2021***, in May 2021. The primary objective of this Implementation Guide is to provide guidance that clarifies, explains, or elaborates on GASB Statements. The requirements of this Implementation Guide had various effective dates and specific provisions were implemented prior to fiscal year 2024. The remaining requirement, an amendment to Question 7.9.8 in Implementation Guide 2015-1 effective for reporting periods beginning after June 15, 2023, requires governments to capitalize assets whose individual acquisition costs are less than the threshold for an individual asset if those assets in the aggregate are significant. The requirements of this statement were implemented in fiscal year 2024 and did not have a material impact on the financial statements.

**GASB issued Implementation Guide 2023-1, *Implementation Guidance Update – 2023***, in June 2023. The primary objective of this Implementation Guide is to provide guidance that clarifies, explains, or elaborates on GASB Statements. This Implementation Guide amends Implementation Guide No. 2019-3, Leases, Question 4.16, and Implementation Guide No. 2021-1, Implementation Guidance Update—2021, Question 4.13. The requirements of this Implementation Guide are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The requirements of this Implementation Guide were implemented in fiscal year 2024 and did not have a material impact on the financial statements.

**Note 2 - Deposits and Investments**

**Cash Deposits**

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas School Depository Act. The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the District's and the depository bank's agent bank. The pledged securities are approved by the Texas Education Agency and shall be in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance. At August 31, 2024, the District's cash in bank totaled \$763,768 while the carrying value was \$14,833,136, which included funds in a sweep account of \$15,434,555. Pledged collateral and FDIC insurance for these deposits totaled \$20,322,555. The funds in the sweep account are not subject to pledged collateral requirements. Certificates of deposit requiring collateral at August 31, 2024 totaled \$3,500,000. A letter of credit and NCUSIF insurance for the certificates of deposit totaled \$0. As such, the District's cash and certificates of deposit were properly collateralized at August 31, 2024.

The District's investment policy is in accordance with the Public Funds Investment Act, the Public Funds Collateral Act, and federal and state laws. The District further limits its investments to obligations of the U.S. Treasury or the State of Texas, certain U.S. Agencies, certificates of deposit, collateralized mortgage obligations, no-load money market mutual funds, certain municipal securities, repurchase agreements, or investment pools.

**Investments**

For fiscal year 2024, the District invested in the State of Texas TexPool, the State of Texas TexSTAR Investment Pool, MBIA Texas Class Investment Pool, the Texas Association of School Boards Lone Star Investment Pool, Texas Range Local Government Investment Pool, Texas Fixed Income Trust (TexFit) Government Pool, and TD Ameritrade. TexPool, TexSTAR, Lone Star, Texas Class, and TexasTERM operate in a manner consistent with the Security and Exchange Commission's Rule 2a7 of the Investment Company Act of 1940.

TexPool is duly chartered and overseen by the State Comptroller's Office and administered by Federated Investors, Inc. The State Street Bank is the custodial bank. The portfolio consists of U.S. T-Bills, T-Notes, collateralized repurchase and reverse repurchase agreements, and no-load money market mutual funds regulated by the Securities and Exchange Commission and rated AAA or equivalent by at least one nationally recognized rating service. Lone Star Investment Pool is duly chartered by the State of Texas Interlocal Cooperation Act, is administered by First Public, LLC, and managed by Standish Mellon and American Beacon Advisors. The Bank of New York is the custodial bank.

Lone Star Investment Pool is restricted to invest in obligations of the United States or its agencies and instrumentalities; other obligations insured by the United States; fully collateralized repurchase agreements having a defined termination date, secured by obligations described previously; and SEC-registered no-load money market mutual funds, the assets which consist exclusively of the obligations described above.

TexSTAR Investment Pool is duly chartered by the State of Texas Interlocal Cooperation Act, is administered and managed by JPMorgan Fleming Asset Management, Inc. and First Southwest Asset Management, Inc. JP Morgan Chase Bank and/or its subsidiary JP Morgan Investor Services Co. is the custodial bank. The primary objectives of TexSTAR are, in order of priority, preservation and protection of principal, maintenance of sufficient liquidity to meet Participants' needs, diversification to avoid unreasonable or avoidable risks, and yield.

MBIA Texas Class Pool is duly chartered by the State of Texas Interlocal Cooperation Act, is administered and managed by MBIA Municipal Investors Service Corporation. Wells Fargo Bank N.A. is the custodial bank. The primary objectives of MBIA Texas Class Pool, is to maintain safety of principal while providing participating government entities (Participants) with the highest possible rate of return for invested funds.

**Note 2 - Deposits and Investments (continued)**

**Investments (continued)**

Texas Range is directed by an Advisory Board of experienced local government officials, finance directors and treasurers and is managed by a team of industry leaders that are focused on providing professional investment services to investors. The pool offers a fully liquid money market and invests only in those securities authorized by the statutes governing investment of funds by local governments in the state.

TexFit is a conservatively managed, PFIA compliant, investment option with no corporate exposure. The TexFit Government Pool seeks the preservation of principal, a competitive yield and a stable NAV, while also providing some daily liquidity to its participants.

At year-end, the District’s cash and investments balances and the weighted average maturity of these investments were as follows:

|                                       | <u>Carrying Value</u> | <u>Weighted Average<br/>Maturity (In days)</u> |
|---------------------------------------|-----------------------|--|
| <b>Governmental Activities:</b>       |                       |  |
| Cash and deposits                     | \$ 14,353,909         | N/A  |
| Certificates of deposit               | 3,500,000             | 486  |
| <b>Investments</b>                    |                       |  |
| <b>Local Government</b>               |                       |  |
| <b>Investment Pools:</b>              |                       |  |
| Lone Star                             | 8,704,225             | 36   |
| MBIA Texas Class                      | 53,869                | 35   |
| TexPool                               | 999,021               | 36   |
| TexSTAR                               | 13,005,387            | 31   |
| TexFit                                | 10,603,814            | 1  |
| Texas Range                           | <u>999,177</u>        | 41   |
| <b>Total Local Government</b>         |                       |  |
| <b>Investment Pools</b>               | <u>34,365,493</u>     | 23   |
| Money Market:                         |                       |  |
| Charles Schwab                        | 457,950               | 28   |
| <b>Securities:</b>                    |                       |  |
| Treasury Agency                       | <u>3,949,545</u>      | 92   |
| <b>Total Securities</b>               | <u>3,949,545</u>      | 92   |
| <b>Total Investments</b>              | <u>42,272,988</u>     | 68   |
| <b>Total Governmental Activities</b>  | <u>56,626,897</u>     |  |
| <b>Business-Type Activities:</b>      |                       |  |
| Cash and deposits                     | <u>36,461</u>         | N/A  |
| <b>Total Business-Type Activities</b> | <u>36,461</u>         |  |
| <b>Fiduciary Funds:</b>               |                       |  |
| Cash and deposits                     | <u>442,766</u>        | N/A  |
| <b>Total Fiduciary Funds</b>          | <u>442,766</u>        |  |
| <b>Total</b>                          | <u>\$ 57,106,124</u>  |  |
| Investment earnings                   | \$ 6,083,146          |  |

**Note 2 - Deposits and Investments (continued)**

**Investments (continued)**

Investments' fair value measurement are as follows at August 31, 2024:

|                              | <b>Fair Value Measurements Using</b> |                           |                           |                           |
|------------------------------|--------------------------------------|---------------------------|---------------------------|---------------------------|
|                              | <b>Fair Value</b>                    | <b>Level 1<br/>Inputs</b> | <b>Level 2<br/>Inputs</b> | <b>Level 3<br/>Inputs</b> |
| <b>Debt Securities:</b>      |                                      |                           |                           |                           |
| Certificates of Deposit      | \$ 3,500,000                         | \$ 3,500,000              | \$ -                      | \$ -                      |
| <b>Total Debt Securities</b> | <b>\$ 3,500,000</b>                  | <b>\$ 3,500,000</b>       | <b>\$ -</b>               | <b>\$ -</b>               |

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The District monitors interest rate risk utilizing weighted average maturity analysis. In accordance with its investment policy, the District reduces its exposure to declines in fair values by limiting the weighted average maturity of internally created pooled fund groups to no more than 180 days. The weighted average maturity for the general fund, debt service fund, and capital projects fund are 338, 85, and 16, respectively.

|   | <b>Carrying Value</b> | <b>Investment Maturity in Years</b> |                     |
|---|-----------------------|-------------------------------------|---------------------|
|   |                       | <b>Less than 1</b>                  | <b>1-5</b>          |
| Certificates of Deposit                   | \$ 3,500,000          | \$ -                                | \$ 3,500,000        |
| <b>Local Government Investment Pools:</b> |                       |                                     |                     |
| Lone Star                                 | 8,704,225             | 8,704,225                           | -                   |
| MBIA Texas Class                          | 53,869                | 53,869                              | -                   |
| TexPool                                   | 999,021               | 999,021                             | -                   |
| TexSTAR                                   | 13,005,387            | 13,005,387                          | -                   |
| TexFit                                    | 10,603,814            | 10,603,814                          | -                   |
| TexasTERM                                 | 999,177               | 999,177                             | -                   |
| Money Market - Charles Schwab             | 457,950               | 457,950                             | -                   |
| <b>Investment Securities:</b>             |                       |                                     |                     |
| Federal Farm Credit Bank                  | 3,949,545             | 2,916,088                           | 1,033,457           |
|   | <b>\$ 42,272,988</b>  | <b>\$ 37,739,531</b>                | <b>\$ 4,533,457</b> |

**Credit Risk**

State law and the District's investment policy limits investments in all categories to top ratings issued by nationally recognized statistical rating organizations. 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 over-concentration of assets in a specific class of investments, specific maturity, or specific issuer.

**Note 2 - Deposits and Investments (continued)**

**Credit Risk (continued)**

As of August 31, 2024, the District's portfolio consisted of the following:

| <b>Investment Type</b>   | <b>Carrying Value</b> | <b>Percentage of Portfolio</b> | <b>Rating</b> | <b>Rating Agency</b> |
|--------------------------|-----------------------|--------------------------------|---------------|----------------------|
| Certificates of deposit  | \$ 3,500,000          | 8.3%                           | N/A           | N/A                  |
| Lone Star                | 8,704,225             | 20.6%                          | AAAm          | Standard and Poor's  |
| MBIA Texas Class         | 53,869                | 0.1%                           | AAAm          | Standard and Poor's  |
| TexPool                  | 999,021               | 2.4%                           | AAAm          | Standard and Poor's  |
| TexSTAR                  | 13,005,387            | 30.7%                          | AAAm          | Standard and Poor's  |
| TexFIT                   | 10,603,814            | 25.1%                          | AAAm          | Standard and Poor's  |
| Texas Range              | 999,177               | 2.4%                           | AAAm          | Standard and Poor's  |
| Money Market             | 457,950               | 1.1%                           | N/A           | N/A                  |
| Federal Farm Credit Bank | 3,949,545             | 9.3%                           | AA+           | Standard and Poor's  |
|                          | <u>\$ 42,272,988</u>  | <u>100%</u>                    |               |                      |

The District reports its local government investment pools at amortized cost as permitted by GASB Statement No. 79 *Certain External Investment Pools and Pool Participants*. In addition, the investment pools do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. The four pools do not impose any liquidity fees or redemption gates.

**Note 3 - Receivables**

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

|                                      | <b>General Fund</b> | <b>Debt Service Fund</b> | <b>Capital Projects Fund</b> | <b>Nonmajor Governmental Funds</b> | <b>Proprietary Funds</b> | <b>Fiduciary Funds</b> | <b>Total</b>        |
|--------------------------------------|---------------------|--------------------------|------------------------------|------------------------------------|--------------------------|------------------------|---------------------|
| Property taxes                       | \$ 624,121          | \$ 201,061               | \$ -                         | \$ -                               | \$ -                     | \$ -                   | \$ 825,182          |
| Due from other governments           | 212,980             | -                        | -                            | 924,445                            | -                        | -                      | 1,137,425           |
| Other                                | 268,662             | -                        | 168,711                      | 1,376                              | 828                      | 20,112                 | 459,689             |
| Gross receivables                    | 1,105,763           | 201,061                  | 168,711                      | 925,821                            | 828                      | 20,112                 | 2,422,296           |
| Less allowance for doubtful accounts | (99,885)            | (30,256)                 | -                            | -                                  | -                        | -                      | (130,141)           |
| <b>Net Total Receivables</b>         | <u>\$ 1,005,878</u> | <u>\$ 170,805</u>        | <u>\$ 168,711</u>            | <u>\$ 925,821</u>                  | <u>\$ 828</u>            | <u>\$ 20,112</u>       | <u>\$ 2,292,155</u> |

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the District reported unearned revenues for advanced collection of fees in the amount of \$808,971.

**Note 4 - Capital Assets**

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

|  | Balance               |                      |                 |                     | Balance               |
|--|-----------------------|----------------------|-----------------|---------------------|-----------------------|
|  | September 1, 2023     | Additions            | Retirements     | Transfers           | August 31, 2024       |
| <b>Capital Assets, not being Depreciated</b>           |                       |                      |                 |                     |                       |
| Land   | \$ 2,882,739          | \$ -                 | \$ -            | \$ -                | \$ 2,882,739          |
| Construction in progress                               | 44,459,182            | 2,716,379            | -               | (44,427,182)        | 2,748,379             |
| <b>Total Capital Assets, not being Depreciated</b>     | <b>47,341,921</b>     | <b>2,716,379</b>     | <b>-</b>        | <b>(44,427,182)</b> | <b>5,631,118</b>      |
| <b>Capital Assets, being Depreciated</b>               |                       |                      |                 |                     |                       |
| Buildings and improvements                             | 189,044,102           | 23,492,640           | -               | 44,427,182          | 256,963,924           |
| Furniture and equipment                                | 15,421,664            | 2,220,119            | (85,543)        | -                   | 17,556,240            |
| Right-to-use assets                                    | 309,010               | -                    | -               | -                   | 309,010               |
| <b>Total Capital Assets, being Depreciated</b>         | <b>204,774,776</b>    | <b>25,712,759</b>    | <b>(85,543)</b> | <b>44,427,182</b>   | <b>274,829,174</b>    |
| <b>Less Accumulated Depreciation/Amortization for:</b> |                       |                      |                 |                     |                       |
| Buildings and improvements                             | (88,656,192)          | (5,751,682)          | -               | -                   | (94,407,874)          |
| Furniture and equipment                                | (10,783,744)          | (1,180,114)          | 85,543          | -                   | (11,878,315)          |
| Right-to-use assets                                    | (43,875)              | (85,501)             | -               | -                   | (129,376)             |
| <b>Total Accumulated Depreciation/Amortization</b>     | <b>(99,483,811)</b>   | <b>(7,017,297)</b>   | <b>85,543</b>   | <b>-</b>            | <b>(106,415,565)</b>  |
| <b>Governmental Capital Assets</b>                     | <b>\$ 152,632,886</b> | <b>\$ 21,411,841</b> | <b>\$ -</b>     | <b>\$ -</b>         | <b>\$ 174,044,727</b> |

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

|  | <b>Depreciation/<br/>Amortization<br/>Expense</b> |
|--|---|
| Instruction                                  | \$ 3,841,631                                      |
| Instructional resources and media services   | 74,963  |
| Curriculum and staff development             | 90,297  |
| Instructional leadership                     | 119,767   |
| School leadership                            | 334,054   |
| Guidance, counseling and evaluation services | 275,843   |
| Health services                              | 72,221  |
| Student transportation                       | 244,965   |
| Food services                                | 316,751   |
| Extracurricular activities                   | 255,923   |
| General administration                       | 272,059   |
| Plant maintenance and operations             | 791,624   |
| Security and monitoring services             | 104,786   |
| Data processing services                     | 156,424   |
| Community services                           | 65,989  |
|  | <u>\$ 7,017,297</u>                               |

The calculation of Net Investments in Capital Assets as presented in Exhibit A-1 is as follows:

|   |                        |
|---|------------------------|
| <b>Capital Assets, Net of Depreciation/Amortization</b> | \$ 174,044,727         |
| <b>Less:</b>  |                        |
| Bonds/leases payable                                    | (187,534,173)          |
| Premiums  | (17,912,165)           |
| Capital related payables                                | (7,128,358)            |
| <b>Plus:</b>  |                        |
| Deferred charges on refunding                           | 3,154,299              |
| Unspent bond proceeds                                   | 23,183,567             |
| <b>Net Investment in Capital Assets Per Exhibit A-1</b> | <u>\$ (12,192,103)</u> |

**Note 4 - Capital Assets (continued)**

Open construction commitments at August 31, 2024 were as follows:

| <u>Project</u>                      | <u>Approved<br/>Construction<br/>Budget</u> | <u>Construction<br/>in Progress</u> | <u>Remaining<br/>Commitment</u> |
|-------------------------------------|---|-------------------------------------|---------------------------------|
| FHS Batting Cages Fire Alarm System | \$ 36,300                                   | \$ 18,150                           | \$ 18,150                       |
| Networking Supplies & Installation  | 756,579                                     | 683,518                             | 73,061                          |
| Natorium HVAC Replacement           | 3,150,321                                   | 2,046,711                           | 1,103,610                       |
|                                     | <u>\$ 3,943,200</u>                         | <u>\$ 2,748,379</u>                 | <u>\$ 1,194,821</u>             |

**Note 5 - Interfund Receivables, Payables, and Transfers**

Interfund balances consist of short-term lending/borrowing arrangements that result primarily from payroll and other regularly occurring charges that are paid by the general fund and then charged back to the appropriate other fund. Additionally, some lending/borrowing may occur between two or more nonmajor governmental funds.

The composition of interfund balances as of August 31, 2024, is as follows:

|                             | <u>Interfund<br/>Receivable</u> | <u>Interfund<br/>Payable</u> | <u>Net</u>  |
|-----------------------------|---------------------------------|------------------------------|-------------|
| <b>Governmental Funds</b>   |                                 |                              |             |
| General Fund                | \$ 865,143                      | \$ -                         | \$ 865,143  |
| Nonmajor Governmental Funds | -                               | 865,143                      | (865,143)   |
| <b>Total</b>                | <u>\$ 865,143</u>               | <u>\$ 865,143</u>            | <u>\$ -</u> |

Interfund transfers are defined as “flows of assets without equivalent flow of assets in return and without a requirement for repayment.” The following is a summary of the District’s transfers for the fiscal year ended August 31, 2024:

| <u>Transfer Out</u>      | <u>Transfer In</u>         | <u>Amount</u> |
|--------------------------|----------------------------|---------------|
| General Fund             | Nonmajor Governmental Fund | \$ 50,410     |
| Capital Projects Fund    | General Fund               | 60,000        |
| General Fund             | Capital Projects Fund      | 3,351,055     |
| Nonmajor Enterprise Fund | General Fund               | 25,293        |

Interfund transfers generally fall into two categories: (1) transfers to cover debt service payments to comply with debt covenants, (2) transfers to cover operating expenditures/deficits in accordance with District policy or legal requirements and (3) transfers to the capital projects fund to be assigned for future capital expenditures.

**Note 6 - Compensated Absences and Other Retirement/Sick Leave Benefits**

A local retirement program that was in effect for five years prior to the 2005-2006 fiscal year was rescinded during the 2006 fiscal year by the Board of Trustees. The remaining liability under this plan will be retired in accordance with the terms of the original resolution. In that regard, no more than 1.0 percent of budgeted salaries for the subsequent year plus \$100,000 may be used for retirement of the remaining liability.

The District’s sick-leave benefits provide for up to the amount of contract days of local sick leave for full retirement or 100 days of local sick leave for reduced service retirement that may be accrued while employed by the District. The rate of accrual depends on the position and length of workday.

The following summarizes the District’s liability and the changes for the year:

|   |                          |
|---|--------------------------|
| <b>Balance, September 1, 2023</b>             | \$ 709,412               |
| Additions: New entrants and salary increments | 137,009                  |
| Deductions: Payments to participants          | <u>(169,646)</u>         |
| <b>Balance, August 31, 2024</b>               | <u><u>\$ 676,775</u></u> |

Eligible sick pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have met the District’s retirement and State’s retirement eligibility requirements.

**Note 7 - Long-Term Liabilities**

The District has entered into a continuing disclosure undertaking to provide annual reports and material event notices to the State Information Depository of Texas through the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the District’s financial condition and operations. The District is subject to a legal debt margin in which the net indebtedness shall not exceed 10 percent of all assessed real and personal property in the District. At August 31, 2024, the legal debt limit was \$422,079,436 and the legal debt margin was .

There are a number of limitations and restrictions contained in the general obligation debt indentures. Management has indicated that the District is in compliance with all significant limitations and restrictions as of August 31, 2024.

**General Obligation Bonds**

General obligation bonds are direct obligations and pledge the full faith and credit of the District. These are issued as current interest bonds, and term bonds.

In March 2024, the District issued Maintenance Tax Notes, Series 2024, in the amount of \$4,000,000 with a premium of \$141,280 and interest rate of 4.395%. The Proceeds from the sale of the Notes will be used for (i) paying maintenance expenses, including repairing and replacing HVAC units throughout the District and various other priority maintenance items throughout the District, including but not limited to HVAC, plumbing, and roofing, and (ii) paying the costs of issuance of the Notes.



**Note 7 - Long-Term Liabilities (continued)**

**General Obligation Bonds (continued)**

Bonds payable for the year ended August 31, 2024 were as follows:

| <u>Issue</u>                                    | <u>Original Issuance Amount</u> | <u>Interest Rate (%)</u> | <u>Maturity Date</u> | <u>Debt Outstanding</u> |
|---|---------------------------------|--------------------------|----------------------|-------------------------|
| <b>Governmental Activities</b>                  |                                 |                          |                      |                         |
| <b>General Obligation Bonds</b>                 |                                 |                          |                      |                         |
| Unlimited Tax Refunding Bonds Series 2016       | \$ 80,840,000                   | 2.00% to 5.00%           | 2/15/2037            | \$ 70,610,000           |
| Unlimited Tax School Building Bonds Series 2021 | 120,445,000                     | 2.50% to 4.50%           | 2/15/2051            | 112,765,000             |
| <b>Total General Obligation Bonds</b>           |                                 |                          |                      | <u>183,375,000</u>      |
| <b>Maintenance Tax Notes</b>                    |                                 |                          |                      |                         |
| Maintenance Tax Note, Series 2024               | 4,000,000                       | 5.00%                    | 2/15/2031            | 4,000,000               |
| <b>Total Governmental Activities</b>            |                                 |                          |                      | <u>\$ 187,375,000</u>   |

Debt service requirements to maturity are as follows:

| <u>Year Ending August 31,</u> | <u>General Obligations Bonds</u> |                      | <u>Maintenance Tax Notes</u> |                   | <u>Total</u>          |
|-------------------------------|----------------------------------|----------------------|------------------------------|-------------------|-----------------------|
|                               | <u>Principal</u>                 | <u>Interest</u>      | <u>Principal</u>             | <u>Interest</u>   |                       |
| 2025                          | \$ 6,810,000                     | \$ 5,806,500         | \$ -                         | \$ 200,000        | \$ 12,816,500         |
| 2026                          | 7,130,000                        | 5,485,550            | 585,000                      | 185,375           | 13,385,925            |
| 2027                          | 7,440,000                        | 5,172,550            | 615,000                      | 155,375           | 13,382,925            |
| 2028                          | 7,770,000                        | 4,844,725            | 650,000                      | 123,750           | 13,388,475            |
| 2029                          | 8,115,000                        | 4,503,400            | 680,000                      | 90,500            | 13,388,900            |
| 2030 - 2034                   | 45,890,000                       | 17,186,100           | 1,470,000                    | 74,500            | 64,620,600            |
| 2035 - 2039                   | 40,465,000                       | 8,573,700            | -                            | -                 | 49,038,700            |
| 2040 - 2044                   | 23,165,000                       | 4,835,750            | -                            | -                 | 28,000,750            |
| 2045 - 2049                   | 25,615,000                       | 2,398,750            | -                            | -                 | 28,013,750            |
| 2050 - 2054                   | 10,975,000                       | 220,550              | -                            | -                 | 11,195,550            |
|                               | <u>\$ 183,375,000</u>            | <u>\$ 59,027,575</u> | <u>\$ 4,000,000</u>          | <u>\$ 829,500</u> | <u>\$ 247,232,075</u> |

**Changes in Long-Term Liabilities**

The following is a summary of changes in the District's total governmental long-term liabilities for the year ended August 31, 2024:

|                                      | <u>Balance August 31, 2023</u> | <u>Additions</u>    | <u>Retirements</u>    | <u>Balance August 31, 2024</u> | <u>Due Within One Year</u> |
|--------------------------------------|--------------------------------|---------------------|-----------------------|--------------------------------|----------------------------|
| <b>Governmental Activities:</b>      |                                |                     |                       |                                |                            |
| <b>Bonds Payable:</b>                |                                |                     |                       |                                |                            |
| General obligation bonds             | \$ 189,905,000                 | \$ -                | \$ (6,530,000)        | \$ 183,375,000                 | \$ 6,810,000               |
| Maintenance tax notes                | -                              | 4,000,000           | -                     | 4,000,000                      | -                          |
| Premiums/discounts                   | 18,538,194                     | 141,280             | (767,309)             | 17,912,165                     | -                          |
| <b>Total Bonds Payable, Net</b>      | <u>\$ 208,443,194</u>          | <u>\$ 4,141,280</u> | <u>\$ (7,297,309)</u> | <u>\$ 205,287,165</u>          | <u>\$ 6,810,000</u>        |
| <b>Other liabilities:</b>            |                                |                     |                       |                                |                            |
| Leases                               | 242,897                        | -                   | (83,724)              | 159,173                        | 86,140                     |
| Compensated absences                 | 709,412                        | 137,009             | (169,646)             | 676,775                        | 186,150                    |
| Net pension liability                | 18,092,680                     | 3,455,113           | -                     | 21,547,793                     | -                          |
| Net OPEB liability                   | 9,887,657                      | -                   | (705,646)             | 9,182,011                      | -                          |
| <b>Total Governmental Activities</b> | <u>\$ 237,375,840</u>          | <u>\$ 7,733,402</u> | <u>\$ (8,256,325)</u> | <u>\$ 236,852,917</u>          | <u>\$ 7,082,290</u>        |

**Note 7 - Long-Term Liabilities (continued)**

**Leases**

The District is under contract for noncancellable lease agreements that convey control of the right-to-use of equipment. The liabilities outstanding as of August 31, 2024, are as follows:

| Description | Term       |          | Interest Rate | Lease Liability   |                   | Right to Use Asset |                   |                   |
|-------------|------------|----------|---------------|-------------------|-------------------|--------------------|-------------------|-------------------|
|             | Start Date | End Date |               | Original          | Outstanding       | Original           | Accumulated       | Net Amount        |
|             |            |          |               | Amount            | Balance           | Amount             | Amortization      |                   |
| Equipment   | 01/10/23   | 01/10/26 | 3.12%         | \$ 76,228         | \$ 34,760         | \$ 76,228          | \$ 42,349         | \$ 33,879         |
| Equipment   | 07/01/23   | 07/01/28 | 2.23%         | 131,262           | 78,120            | 131,262            | 30,627            | 100,635           |
| Equipment   | 01/10/23   | 01/10/26 | 3.12%         | 101,520           | 46,293            | 101,520            | 56,400            | 45,120            |
|             |            |          |               | <u>\$ 309,010</u> | <u>\$ 159,173</u> | <u>\$ 309,010</u>  | <u>\$ 129,376</u> | <u>\$ 179,634</u> |

The future principal and interest lease payments as of August 31, 2024, are as follows:

| Year Ending     | Principal         | Interest         | Totals            |
|-----------------|-------------------|------------------|-------------------|
| August 31, 2025 | \$ 86,140         | \$ 3,425         | \$ 89,565         |
| 2026            | 46,822            | 1,317            | 48,139            |
| 2027            | 26,211            | 5,980            | 32,191            |
|                 | <u>\$ 159,173</u> | <u>\$ 10,722</u> | <u>\$ 169,895</u> |

**Note 8 - Revenues from Local, Intermediate, and Out-of-State Sources**

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

|                          | General Fund         | Debt Service Fund    | Capital Projects Fund | Nonmajor Governmental Funds | Nonmajor Proprietary Funds | Total                |
|--------------------------|----------------------|----------------------|-----------------------|-----------------------------|----------------------------|----------------------|
| Property Taxes           | \$ 31,539,610        | \$ 11,275,412        | \$ -                  | \$ -                        | \$ -                       | \$ 42,815,022        |
| Investment Income        | 1,734,994            | 385,677              | 1,709,877             | 83,300                      | -                          | 3,913,848            |
| Rent (short-term leases) | 392,849              | -                    | -                     | -                           | -                          | 392,849              |
| Co-curricular activities | 800,755              | -                    | -                     | -                           | 8,745                      | 809,500              |
| Food Sales               | -                    | -                    | -                     | 2,478,036                   | 205,086                    | 2,683,122            |
| Other                    | 856,355              | -                    | 2,169,298             | 1,789,167                   | -                          | 4,814,820            |
|                          | <u>\$ 35,324,563</u> | <u>\$ 11,661,089</u> | <u>\$ 3,879,175</u>   | <u>\$ 4,350,503</u>         | <u>\$ 213,831</u>          | <u>\$ 55,429,161</u> |

**Note 9 - Pension Plan and Other Post-Employment Benefits**

**Plan Description**

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

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

**Pension Plan Fiduciary Net Position**

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the internet at [https://www.trs.texas.gov/pages/about\\_publications.aspx](https://www.trs.texas.gov/pages/about_publications.aspx), selecting About TRS then Publications then Financial Reports or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698.

**Benefits Provided**

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2019 through 2025.

**Note 9 - Pension Plan and Other Post-Employment Benefits (continued)**

**Contributions (continued)**

|                                  | <b>Contribution Rates</b>                       |   |
|----------------------------------|---|---|
|                                  | <b>Plan Year Ended August 31,</b>               |   |
|                                  | <b>September 1, 2023<br/>to August 31, 2024</b> | <b>September 1, 2022<br/>to August 31, 2023</b> |
| Member                           | 8.25%   | 8.00%   |
| Non-employer contributing agency | 8.25%   | 8.00%   |
| Employers                        | 8.25%   | 8.00%   |

|                                  | <b>Current Fiscal Year<br/>Contributions</b> |
|----------------------------------|--|
| Employer (District)              | \$ 1,723,440                                 |
| Employee (Member)                | 3,690,986                                    |
| Non-employer Contributing Entity |  |
| On-behalf Contributions (State)  | 2,627,623                                    |

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

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate, times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year, reduced by the amounts described below which are paid by the employers. Employers (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 part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, there are two additional surcharges 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.

**Note 9 - Pension Plan and Other Post-Employment Benefits (continued)**

**Actuarial Assumptions**

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

| <b>Component</b>  | <b>Result</b>   |
|---|---|
| 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 Rate                                     | 7.00%   |
| Municipal Bond Rate as of August 2020                       | 4.13% - The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" |
| Last year ending August 31 in Projection Period (100 years) | 2122  |
| Inflation   | 2.30%   |
| Salary Increases  | 2.95% to 8.95% including inflation  |
| Benefit changes during the year                             | None  |
| Ad hoc post-employment benefit changes                      | None  |

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.

**Discount Rate**

A single discount rate of 7.00% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.50% of payroll in fiscal year 2024 increasing to 9.56% in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payment 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.

**Note 9 - Pension Plan and Other Post-Employment Benefits (continued)**

**Discount Rate (continued)**

Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2023, are summarized below:

| Asset Class                                | Target Allocation <sup>2</sup> | Long-Term Expected Geometric Real Rate of Return <sup>3</sup> | Expected Contribution to Long-Term Portfolio Returns |
|--|--------------------------------|---|--|
| <b>Global Equity</b>                       |                                |   |  |
| USA  | 18.00%                         | 4.00%   | 1.00%  |
| Non-U.S. Developed                         | 13.00%                         | 4.50%   | 0.90%  |
| Emerging Markets                           | 9.00%                          | 4.80%   | 0.70%  |
| Private Equity <sup>1</sup>                | 14.00%                         | 7.00%   | 1.50%  |
| <b>Stable Value</b>                        |                                |   |  |
| Government Bonds                           | 16.00%                         | 2.50%   | 0.50%  |
| Absolute Return <sup>1</sup>               | 0.00%                          | 3.60%   | 0.00%  |
| Stable Value Hedge Funds                   | 5.00%                          | 4.10%   | 0.20%  |
| <b>Real Return</b>                         |                                |   |  |
| Real Estate                                | 15.00%                         | 4.90%   | 1.10%  |
| Energy, Natural Resources & Infrastructure | 6.00%                          | 4.80%   | 0.40%  |
| Commodities                                | 0.00%                          | 4.40%   | 0.00%  |
| <b>Risk Parity</b>                         | 8.00%                          | 4.50%   | 0.40%  |
| <b>Asset Allocation Leverage</b>           |                                |   |  |
| Cash                                       | 2.00%                          | 3.70%   | 0.00%  |
| Asset Allocation Leverage                  | -6.00%                         | 4.40%   | -0.10%   |
| Inflation Expectation                      |                                |   | 2.30%  |
| Volatility Drag <sup>4</sup>               |                                |   | -0.90%   |
| <b>Expected Return</b>                     | 100.00%                        |   | 8.00%  |

<sup>1</sup> Absolute Return includes Credit Sensitive Investments.

<sup>2</sup> Target allocations are based on the fiscal year 2023 policy model.

<sup>3</sup> Capital Market Assumptions come from Aon Hewitt as of August 31, 2023.

<sup>4</sup> The volatility drag results from the conversion between arithmetic and geometric mean returns.

**Discount Rate Sensitivity Analysis**

The following table presents the District's proportional share of the Net Pension Liability of the plan using the discount rate of 7.00%, and what the Net Pension Liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

|  | Discount Rate          |                         |                        |
|--|------------------------|-------------------------|------------------------|
|  | 1% Decrease<br>(6.00%) | Current Rate<br>(7.00%) | 1% Increase<br>(8.00%) |
| District's proportional share of the net pension liability | \$ 32,215,144          | \$ 21,547,793           | \$ 12,677,885          |

**Note 9 - Pension Plan and Other Post-Employment Benefits (continued)**

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

At August 31, 2024, the District reported a liability of \$21,547,793 for its proportionate share of the TRS’s net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

|  |                      |
|--|----------------------|
| District's proportionate share of the collective net pension liability | \$ 21,547,793        |
| State's proportionate share that is associated with the District       | <u>32,051,989</u>    |
|  | <u>\$ 53,599,782</u> |

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

At August 31, 2023, the District’s proportion of the collective net pension liability was 0.0314% which was an increase of 0.0009% from its proportion measured as of August 31, 2022.

**Changes Since the Prior Actuarial Valuation**

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

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

For the year ended August 31, 2024, the District recognized pension expense of \$3,893,931. The District also recognized on-behalf pension expense and revenue of \$4,839,573 for support provided by the State.

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

|  | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|--|---|--|
| Differences between expected and actual experience   | \$ 767,755                                | \$ (260,920)                             |
| Changes of assumption  | 2,037,999                                 | (498,745)                                |
| Net difference between projected and actual earnings<br>on pension plan investments                              | 3,135,727                                 | -  |
| Changes in proportion and differences between District<br>contributions and proportionate share of contributions | 770,718                                   | (488,335)                                |
| District contributions subsequent to the measurement date<br>of the net pension liability                        | <u>1,723,440</u>                          | <u>-</u>                                 |
| <b>Total</b>   | <u>\$ 8,435,639</u>                       | <u>\$ (1,248,000)</u>                    |

**Note 9 - Pension Plan and Other Post-Employment Benefits (continued)**

**Changes Since the Prior Actuarial Valuation (continued)**

Deferred outflows of resources resulting from District contributions subsequent to the measurement date in the amount of \$1,723,440 will be recognized as a reduction of the net pension liability in the year ended August 31, 2024. 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:

| <u>Fiscal Year</u> | <u>Pension Expense</u> | <u>Balance of Deferred Outflows (Inflows)</u> |
|--------------------|------------------------|---|
| 2025               | \$ 1,161,743           | \$ 4,302,456                                  |
| 2026               | 630,970                | 3,671,486                                     |
| 2027               | 2,694,517              | 976,969                                       |
| 2028               | 849,020                | 127,949                                       |
| 2029               | 127,949                | -   |
|                    | <u>\$ 5,464,199</u>    |   |

The District will continue to make the required pension contributions based on the statutorily determined rates established by the Teacher Retirement System of Texas (TRS). TRS will apply the District’s contributions to the Net Pension Liability on an annual basis. The contributions are paid by the funds that pay the employees’ salaries. These funding sources include the General Fund and Special Revenue funds.

**Note 10 - Defined Other Post-Employment Benefit Plans**

**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 Teacher Retirement System’s fiduciary net position is available in a separately issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at [https://www.trs.texas.gov/pages/about\\_publications.aspx](https://www.trs.texas.gov/pages/about_publications.aspx), or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

**Benefits Provided**

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



**Note 10 - Defined Other Post-Employment Benefit Plans**

**Benefits Provided (continued)**

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.

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

**Contributions**

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

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

|                                  | <b>Contribution Rates</b>         |                           |
|----------------------------------|-----------------------------------|---------------------------|
|                                  | <b>Plan Year Ended August 31,</b> |                           |
|                                  | <b>September 1, 2023</b>          | <b>September 1, 2022</b>  |
|                                  | <b>to August 31, 2024</b>         | <b>to August 31, 2023</b> |
| Member                           | 0.65%                             | 0.65%                     |
| Non-employer contributing agency | 1.25%                             | 1.25%                     |
| Employers                        | 0.75%                             | 0.75%                     |
| Federal/private funding          | 1.25%                             | 1.25%                     |
|                                  | <b>Current Fiscal Year</b>        |                           |
|                                  | <b>Contributions</b>              |                           |
| Employer (District)              | \$                                | 360,457                   |
| Employee (Member)                |                                   | 290,808                   |
| Non-employer Contributing Entity |                                   |                           |
| On-behalf Contributions (State)  |                                   | 776,661                   |

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

**Note 10 - Defined Other Post-Employment Benefit Plans**

**Contributions (continued)**

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.

**Actuarial Assumptions**

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

| <b>Component</b>                       | <b>Result</b>  |
|--|--|
| Valuation Date                         | August 31, 2022, rolled forward to August 31, 2023   |
| Actuarial Cost Method                  | Individual Entry Age Normal  |
| Inflation                              | 2.30%  |
| Single Discount Rate                   | 4.13% as of August 31, 2023  |
| Aging Factors                          | Based on plan specific experience  |
| Expenses                               | Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claim costs.  |
| Projected Salary Increases             | 2.95% to 8.95% including inflation   |
| Healthcare 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 was 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.<br>Pre-65 retirees: 30% of pre-65 retirees are assumed to discontinue coverage at age 65.   |
| Ad hoc post-employment benefit changes | None   |

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2021. The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2022 TRS pension actuarial valuation that was rolled forward to August 31, 2023: (a) Rates of Mortality, (b) Rates of Retirement, (c) Rates of Termination, (d) Rates of Disability, (e) General Inflation, and (f) 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.

**Discount Rate**

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

**Note 10 - Defined Other Post-Employment Benefit Plans (continued)**

**Discount Rate (continued)**

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

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

**Discount Rate Sensitivity Analysis**

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

|   | <b>Discount Rate</b> |                     |                    |
|---|----------------------|---------------------|--------------------|
|   | <b>1% Decrease</b>   | <b>Current Rate</b> | <b>1% Increase</b> |
|   | <b>(3.13%)</b>       | <b>(4.13%)</b>      | <b>(5.13%)</b>     |
| District's proportional share of the net OPEB liability | \$ 10,814,497        | \$ 9,182,011        | \$ 7,849,864       |

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

At August 31, 2024, the District reported a liability of \$9,182,011 or its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

|   |                             |
|---|-----------------------------|
| District's proportionate share of the collective net OPEB liability | \$ 9,182,011                |
| State's proportionate share that is associated with the District    | <u>11,079,508</u>           |
| <b>Total</b>  | <u><u>\$ 20,261,519</u></u> |

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

At August 31, 2023, the District's proportion of the collective Net OPEB Liability was 0.0415% which was an decrease of 0.0002% from its proportion measured as of August 31, 2022 of 0.0413%.

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 assumed healthcare cost trend rate:

|   | <b>Healthcare Cost Trend Rate</b> |                     |                    |
|---|-----------------------------------|---------------------|--------------------|
|   | <b>1% Decrease</b>                | <b>Current Rate</b> | <b>1% Increase</b> |
|   | <b>(1.00%)</b>                    | <b>(1.00%)</b>      | <b>(1.00%)</b>     |
| District's proportional share of the net OPEB liability | \$ 7,560,927                      | \$ 9,182,011        | \$ 11,267,542      |

**Note 10 - Defined Other Post-Employment Benefit Plans (continued)**

**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.

**Changes of Benefit Terms Since the Prior Measurement Date**

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

For the year ended August 31, 2024, the District recognized negative OPEB expense of \$1,595,501. The District also recognized negative on-behalf OPEB expense and revenue of \$2,368,565 for support provided by the State.

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

|  | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|--|---|--|
| Differences between expected and actual experience   | \$ 415,416                                | \$ (7,724,923)                           |
| Changes of assumption  | 1,253,278                                 | (5,622,389)                              |
| Net difference between projected and actual earnings<br>on OPEB plan investments                                 | 3,967                                     | -  |
| Changes in proportion and differences between District<br>contributions and proportionate share of contributions | 1,222,836                                 | (847,313)                                |
| District contributions subsequent to the measurement date<br>of the net OPEB liability                           | 360,457                                   | -  |
| <b>Total</b>   | <u>\$ 3,255,954</u>                       | <u>\$ (14,194,625)</u>                   |

The deferred outflows of resources resulting from District contributions subsequent to the measurement will be recognized as a reduction of the net pension liability in the year ended August 31, 2025.

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

| <u>Fiscal Year</u> | <u>OPEB Expense<br/>Amount</u> | <u>Balance of Deferred<br/>Outflows (Inflows)</u> |
|--------------------|--------------------------------|---|
| 2025               | \$ (2,359,758)                 | \$ (8,939,370)                                    |
| 2026               | (1,938,625)                    | (7,000,745)                                       |
| 2027               | (1,368,474)                    | (5,632,271)                                       |
| 2028               | (1,825,500)                    | (3,806,771)                                       |
| 2029               | (1,571,114)                    | (2,235,657)                                       |
| Thereafter         | <u>(2,235,657)</u>             | -   |
|                    | <u>\$ (11,299,128)</u>         |   |

The District will continue to make the required OPEB contributions based on the statutorily determined rates established by the Teacher Retirement System of Texas (TRS). TRS will apply the District’s contributions to the Net OPEB Liability on an annual basis. The contributions are paid by the funds that pay the employees’ salaries. These funding sources include the General Fund and Special Revenue funds.

**Note 10 - Defined Other Post-Employment Benefit Plans (continued)**

**Medicare Part D**

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 August 31, 2024, 2023, and 2022, the subsidy payments received by TRS-Care on-behalf of the District were \$236,427, \$232,645, and \$175,632, respectively. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements of the District.

**Note 11 - Risk Management**

***Property/Liability***

The District is exposed to various risks of loss related to property/liability losses for which the District carries commercial insurance.

***Health Insurance***

The District provides medical insurance coverage for its employees under the TRS-Active Care insurance provided by the Teachers' Retirement System of Texas.

***Workers' Compensation***

The District established a limited risk management program for workers' compensation in 1988 by participating as a self-funded member of the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and Chapter 504, Texas Labor Code. As a self-funded member of the Fund, Friendswood ISD was solely responsible for all claims costs, both reported and unreported. The Fund provided administrative service to its self-funded members including claims administration and customer service. The District discontinued participation in the self-funded workers' compensation plan August 31, 2015. Beginning September 1, 2015, the District contracted with TASB Risk Management Fund for a fully funded workers' compensation program. TASB pays 100% of all employees' medical claims and assumes all risk related to them.

**Note 12 - Shared Service Arrangements / Joint Ventures**

The District participates in two separate Shared Service Arrangements.

The District participates in a Shared Service Arrangement (SSA) for the Galveston-Brazoria Co-op for the for the Deaf and Hard of Hearing that provides a system of direct and support services to eligible hearing-impaired students of the member districts. In addition to Friendswood ISD, the other member districts include Alvin ISD, Clear Creek ISD, Dickinson ISD, Galveston ISD, Hitchcock ISD, Pearland ISD, Santa Fe ISD and Texas City ISD. All services are provided by the fiscal agent, Clear Creek ISD. The member districts provide the funds to the fiscal agent. Although approximately 0.2 percent of the total SSA expenditures are attributable to the District's participation, the District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. In addition, the District neither has a joint ownership interest in fixed assets purchased by the fiscal agent nor does the District have a net equity interest in the fiscal agent.

**Note 12 - Shared Service Arrangements / Joint Ventures (continued)**

|                           |                 |
|---------------------------|-----------------|
| <b>Revenues:</b>          |                 |
| Local revenue             | <u>\$ 6,000</u> |
| <b>Expenditures:</b>      |                 |
| Payroll costs             | \$ 3,465        |
| Contract services         | 1,712           |
| Supplies and materials    | 709             |
| Other operating costs     | 114             |
| <b>Total Expenditures</b> | <u>\$ 6,000</u> |

The District participates in the Visually Impaired Orientation and Mobility Shared Service Arrangement (SSA), which provides services for visually impaired students. Friendswood ISD participates in this SSA along with Dickinson ISD, Galveston ISD, Hitchcock ISD and Texas City ISD. Although approximately 26% of the activity of the SSA is attributable to the District’s participation, the District does not account for the revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Galveston ISD, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would rise to a future additional benefit or burden to Friendswood ISD. The fiscal agent is responsible for all financial activities of the SSA. Revenues attributable to the District’s participation were \$43,719 for the 2024 fiscal year. Expenditures in the same amount were attributable to payroll costs.

The District is the fiscal agent for a Shared Services Arrangement (“SSA”) which provides certain special education and/or related services for students with significant behavioral needs requiring placement off the student’s home campus for students residing in the participating Districts. An Admission, Review, and Dismissal Committee (ARDC) recommendation is required for students to receive specialized services from the SSA. In addition to the District, other member districts include Alvin ISD and Pearland ISD. Clear Creek ISD and Deer Park ISD are considered limited member districts. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. According to guidance provided in the Texas Education Agency’s Financial Accountability and Resource Guide, the District has accounted for the fiscal agent’s activities of the SSA in the special revenue funds listed below and will be accounted for using Model 3 in the SSA section of the resource guide.

In year two of the SSA, the District incurred costs in the amount of \$658,523, of which \$560,959 was reimbursed by the state, and the remaining \$97,564 was on a reserved per pupil basis to the member districts. The amounts of the SSA are summarized below:

|   | <b>Fund 459</b>                           |                    |
|---|---|--------------------|
|   | <u>SSA - Therapeutic Education Center</u> |                    |
|   | <u>Local Funds</u>                        | <u>State Funds</u> |
| Alvin Independent School District       | \$ 14,470                                 | \$ 86,123          |
| Clear Creek Independent School District | 8,018                                     | 50,806             |
| Deer Park Independent School District   | 328                                       | -                  |
| Friendswood Independent School District | 18,706                                    | 100,863            |
| Pearland Independent School District    | 56,042                                    | 323,167            |
|   | <u>\$ 97,564</u>                          | <u>\$ 560,959</u>  |

**Note 13 - Contingent Liabilities**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

**Note 14 - 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. 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. The District has estimated that it does not have an arbitrage liability as of August 31, 2024.





## **REQUIRED SUPPLEMENTARY INFORMATION**

**FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT**

**BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND**

**For the Year Ended August 31, 2024**

*Exhibit G-1*

|   | <u>Budgeted Amounts</u> |                      | <u>Actual<br/>Amounts,<br/>Budgetary Basis</u> | <u>Variance with<br/>Final Budget</u> |
|---|-------------------------|----------------------|--|---------------------------------------|
|   | <u>Original</u>         | <u>Final</u>         |  |                                       |
| <b>Revenues</b>   |                         |                      |  |                                       |
| Local revenues  | \$ 35,788,121           | \$ 35,788,121        | \$ 35,324,563                                  | \$ (463,558)                          |
| State program revenues                                      | 23,103,455              | 23,103,455           | 27,517,895                                     | 4,414,440                             |
| Federal program revenues                                    | 474,938                 | 474,938              | 321,796  | (153,142)                             |
| <b>Total Revenues</b>                                       | <u>59,366,514</u>       | <u>59,366,514</u>    | <u>63,164,254</u>                              | <u>3,797,740</u>                      |
| <b>Expenditures</b>   |                         |                      |  |                                       |
| Current:  |                         |                      |  |                                       |
| Instruction   | 34,446,892              | 34,322,956           | 34,151,086                                     | 171,870                               |
| Instruction resources and media services                    | 755,935                 | 779,247              | 705,717  | 73,530                                |
| Curriculum and instructional staff development              | 845,715                 | 926,305              | 850,081  | 76,224                                |
| Instructional leadership                                    | 1,143,206               | 1,148,085            | 1,127,543                                      | 20,542                                |
| School leadership   | 3,118,471               | 3,163,642            | 3,144,868                                      | 18,774                                |
| Guidance, counseling and evaluation services                | 2,750,529               | 2,625,685            | 2,596,854                                      | 28,831                                |
| Social work services  | -                       | 3,000                | -  | 3,000                                 |
| Health services   | 663,634                 | 690,643              | 679,906  | 10,737                                |
| Student transportation                                      | 2,387,574               | 2,445,814            | 2,306,383                                      | 139,431                               |
| Food services   | 1,850                   | 1,850                | 1,306  | 544                                   |
| Extracurricular activities                                  | 2,362,882               | 2,458,005            | 2,409,300                                      | 48,705                                |
| General administration                                      | 2,615,417               | 2,691,163            | 2,580,117                                      | 111,046                               |
| Facilities maintenance and operations                       | 7,160,423               | 7,925,739            | 7,456,683                                      | 469,056                               |
| Security and monitoring services                            | 984,577                 | 1,091,194            | 986,486  | 104,708                               |
| Data processing services                                    | 1,588,622               | 1,553,104            | 1,472,618                                      | 80,486                                |
| Community services  | 372,862                 | 701,337              | 621,236  | 80,101                                |
| Debt Service:   |                         |                      |  |                                       |
| Principal on long-term debt                                 | 486,325                 | 93,338               | 81,379   | 11,959                                |
| Interest on long-term debt                                  | -                       | 71,810               | 71,810   | -                                     |
| Bond issuance costs and fees                                | -                       | 108,903              | 108,903  | -                                     |
| Capital Outlay:   |                         |                      |  |                                       |
| Facilities, acquisition and construction                    | 3,630,000               | 3,645,766            | 2,014,711                                      | 1,631,055                             |
| Intergovernmental:  |                         |                      |  |                                       |
| Contracted instructional services                           | -                       | -                    | -  | -                                     |
| Payments related to shared services arrangements            | 70,000                  | 78,000               | 62,426   | 15,574                                |
| Payments to Juvenile Justice Alternative Education Programs | 11,000                  | 7,000                | 553  | 6,447                                 |
| Other intergovernmental charges                             | 420,600                 | 429,600              | 378,354  | 51,246                                |
| <b>Total Expenditures</b>                                   | <u>65,816,514</u>       | <u>66,962,186</u>    | <u>63,808,320</u>                              | <u>3,153,866</u>                      |
| Excess (deficiency) of revenues over expenditures           | <u>(6,450,000)</u>      | <u>(7,595,672)</u>   | <u>(644,066)</u>                               | <u>6,951,606</u>                      |
| <b>Other Financing Sources (Uses)</b>                       |                         |                      |  |                                       |
| Capital-related debt issued (regular bonds)                 | 4,000,000               | 4,000,000            | 4,000,000                                      | -                                     |
| Transfers in  | -                       | -                    | 60,000   | 60,000                                |
| Premium on issuance of bonds                                | -                       | -                    | 141,280  | 141,280                               |
| Transfers out   | -                       | (25,117)             | (3,376,172)                                    | (3,351,055)                           |
| <b>Total Other Financing Sources (Uses)</b>                 | <u>4,000,000</u>        | <u>3,974,883</u>     | <u>825,108</u>                                 | <u>(3,149,775)</u>                    |
| Net change in fund balances                                 | (2,450,000)             | (3,620,789)          | 181,042  | 3,801,831                             |
| <b>Fund Balances - Beginning</b>                            | <u>17,363,837</u>       | <u>17,363,837</u>    | <u>17,363,837</u>                              | <u>-</u>                              |
| <b>Fund Balances - Ending</b>                               | <u>\$ 14,913,837</u>    | <u>\$ 13,743,048</u> | <u>\$ 17,544,879</u>                           | <u>\$ 3,801,831</u>                   |

**FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

**A. Budgets and Budgetary Accounting**

The District adopts annual appropriations type budgets for the General Fund, Food Service Special Revenue Fund, and the Debt Service 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 and amended as necessary when the Notices of Grant Awards are received. These grants are subject to Federal, State and locally imposed project 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 and estimated revenues. State law also prohibits amendment of the budget after fiscal year end. Supplemental appropriations were made to the General Fund, Food Service Fund and Debt Service Fund during the fiscal year ended August 31, 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 (principal 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 was prepared for adoption for budgeted governmental fund types by August 31, 2023. The budget was formally 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 or 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.

**FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**TEACHER RETIREMENT SYSTEM OF TEXAS**  
**LAST NINE MEASUREMENT YEARS**

*Exhibit G-2*

|  | <u>2023</u>          | <u>2022</u>          | <u>2021</u>          | <u>2020</u>          | <u>2019</u>          |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| District's proportionate share of the net pension liability                                    | \$ 21,547,793        | \$ 18,092,680        | \$ 7,874,005         | \$ 15,847,340        | \$ 16,574,576        |
| State's proportionate share of the net pension liability associated with the District          | <u>32,051,989</u>    | <u>30,273,834</u>    | <u>13,715,891</u>    | <u>28,671,259</u>    | <u>26,688,300</u>    |
| <b>Total</b>   | <u>\$ 53,599,782</u> | <u>\$ 48,366,514</u> | <u>\$ 21,589,896</u> | <u>\$ 44,518,599</u> | <u>\$ 43,262,876</u> |
| District's covered payroll (for Measurement Year)  | \$ 43,283,356        | \$ 42,362,987        | \$ 41,211,554        | \$ 39,481,273        | \$ 37,003,441        |
| District's proportionate share of the net pension liability as a percentage of covered payroll | 49.78%               | 42.71%               | 19.11%               | 40.14%               | 44.79%               |
| Plan fiduciary net position as a percentage of the total pension liability <sup>1</sup>        | 73.15%               | 75.65%               | 88.79%               | 75.54%               | 75.24%               |
| Plan's net pension liability as a percentage of covered payroll <sup>1</sup>                   | 122.32%              | 112.72%              | 51.08%               | 110.36%              | 114.93%              |
|  | <u>2018</u>          | <u>2017</u>          | <u>2016</u>          | <u>2015</u>          | <u>2014</u>          |
| District's proportionate share of the net pension liability                                    | \$ 17,399,059        | \$ 9,303,323         | \$ 9,980,962         | \$ 9,594,406         | \$ 4,150,735         |
| State's proportionate share of the net pension liability associated with the District          | <u>29,981,051</u>    | <u>17,831,579</u>    | <u>21,689,972</u>    | <u>20,961,599</u>    | <u>17,620,461</u>    |
| <b>Total</b>   | <u>\$ 47,380,110</u> | <u>\$ 27,134,902</u> | <u>\$ 31,670,934</u> | <u>\$ 30,556,005</u> | <u>\$ 21,771,196</u> |
| District's covered payroll (for Measurement Year)  | \$ 36,621,859        | \$ 34,640,606        | \$ 32,808,364        | \$ 31,141,812        | \$ 29,900,254        |
| District's proportionate share of the net pension liability as a percentage of covered payroll | 47.51%               | 26.86%               | 30.42%               | 30.81%               | 13.88%               |
| Plan fiduciary net position as a percentage of the total pension liability <sup>1</sup>        | 73.74%               | 82.17%               | 78.00%               | 78.43%               | 83.25%               |
| Plan's net pension liability as a percentage of covered payroll <sup>1</sup>                   | 126.11%              | 75.93%               | 92.75%               | 91.94%               | 72.89%               |

<sup>1</sup> Per Teacher Retirement System of Texas' comprehensive annual financial report.

Notes:

Ten years of data should be presented in this schedule but data is unavailable prior to 2014.  
The amounts presented for each Plan year which ends the preceding August 31 of the District's fiscal year.  
Net pension liability is calculated using a new methodology and will be presented prospectively in accordance with GASB 68.

**FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS**  
**TEACHER RETIREMENT SYSTEM OF TEXAS**  
**LAST TEN FISCAL YEARS**

*Exhibit G-3*

|   | <u>2024</u>      | <u>2023</u>      | <u>2022</u>      | <u>2021</u>      | <u>2020</u>      |
|---|------------------|------------------|------------------|------------------|------------------|
| Contractually required contributions                                | \$ 1,723,440     | \$ 1,612,366     | \$ 1,421,184     | \$ 1,319,277     | \$ 1,222,580     |
| Contributions in relation to the contractual required contributions | <u>1,723,440</u> | <u>1,612,366</u> | <u>1,421,184</u> | <u>1,319,277</u> | <u>1,222,580</u> |
| Contribution deficiency (excess)                                    | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |
| <br>  |                  |                  |                  |                  |                  |
| District's covered payroll  | \$ 44,740,310    | \$ 43,283,356    | \$ 42,362,987    | \$ 41,211,554    | \$ 39,481,273    |
| Contributions as a percentage of covered payroll                    | 3.85%            | 3.73%            | 3.35%            | 3.20%            | 3.10%            |
| <br>  |                  |                  |                  |                  |                  |
|   | <u>2019</u>      | <u>2018</u>      | <u>2017</u>      | <u>2016</u>      | <u>2015</u>      |
| Contractually required contributions                                | \$ 1,115,693     | \$ 1,064,870     | \$ 953,601       | \$ 874,428       | \$ 790,748       |
| Contributions in relation to the contractual required contributions | <u>1,115,693</u> | <u>1,064,870</u> | <u>953,601</u>   | <u>874,428</u>   | <u>790,748</u>   |
| Contribution deficiency (excess)                                    | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |
| <br>  |                  |                  |                  |                  |                  |
| District's covered payroll  | \$ 37,003,441    | \$ 36,621,859    | \$ 34,640,606    | \$ 32,808,365    | \$ 31,141,812    |
| Contributions as a percentage of covered payroll                    | 3.02%            | 2.91%            | 2.75%            | 2.67%            | 2.54%            |

**Notes to Required Supplementary Information – Pension**

**Changes of Assumptions**

Measurement Year 2018: The discount rate changed from 8.0% as of August 31, 2017, to a blended rate of 6.907% as of August 31, 2018. The long-term assumed rate of return changed from 8.0% as of August 31, 2017, to 7.25% as of August 31, 2018. Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. The total pension liability as of August 31, 2018, was developed using a roll-forward method from the August 31, 2017, valuation.

Measurement Year 2020: The state and employer contribution rate changed from 6.8% to 7.5%. The 1.5% public education employer contribution applied to just employers whose employees were not covered by OASDI in 2019 and it changed in 2020 to apply to all public schools, charter schools and regional education centers irrespective of participation in OASDI.

Measurement Year 2021: The public education employer contribution rate changed from 1.5% in 2020 to 1.6% in 2021.

Measurement Year 2022: The discount rate changed from 7.25% to 7.00%.

Measurement Year 2023: None.

**FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**  
**TEACHER RETIREMENT SYSTEM OF TEXAS**  
**LAST SEVEN MEASUREMENT YEARS**

*Exhibit G-4*

|   | <u>2023</u>          | <u>2022</u>          | <u>2021</u>          | <u>2020</u>          |
|---|----------------------|----------------------|----------------------|----------------------|
| District's proportionate share of the net OPEB liability                                    | \$ 9,182,011         | \$ 9,887,657         | \$ 16,258,930        | \$ 15,794,480        |
| State's proportionate share of the net OPEB liability associated with the District          | 11,079,508           | 12,061,388           | 21,783,342           | 21,223,995           |
| <b>Total</b>  | <u>\$ 20,261,519</u> | <u>\$ 21,949,045</u> | <u>\$ 38,042,272</u> | <u>\$ 37,018,475</u> |
| District's covered payroll (for Measurement Year)   | \$ 43,283,356        | \$ 42,362,987        | \$ 41,211,554        | \$ 39,481,273        |
| District's proportionate share of the net OPEB liability as a percentage of covered payroll | 21.2%                | 23.3%                | 39.5%                | 40.0%                |
| Plan fiduciary net position as a percentage of the total OPEB liability <sup>1</sup>        | 14.94%               | 11.52%               | 6.18%                | 4.99%                |
| Plan's net OPEB liability as a percentage of covered payroll <sup>1</sup>                   | 51.86%               | 59.10%               | 100.13%              | 101.46%              |
|   | <u>2019</u>          | <u>2018</u>          | <u>2017</u>          |                      |
| District's proportionate share of the net OPEB liability                                    | \$ 20,193,231        | \$ 21,398,962        | \$ 16,779,851        |                      |
| State's proportionate share of the net OPEB liability associated with the District          | 26,832,290           | 32,141,434           | 27,978,520           |                      |
| <b>Total</b>  | <u>\$ 47,025,521</u> | <u>\$ 53,540,396</u> | <u>\$ 44,758,371</u> |                      |
| District's covered payroll (for Measurement Year)   | \$ 37,003,441        | \$ 36,621,859        | \$ 34,640,606        |                      |
| District's proportionate share of the net OPEB liability as a percentage of covered payroll | 54.6%                | 58.4%                | 48.4%                |                      |
| Plan fiduciary net position as a percentage of the total OPEB liability <sup>1</sup>        | 2.66%                | 1.57%                | 0.91%                |                      |
| Plan's net OPEB liability as a percentage of covered payroll <sup>1</sup>                   | 135.21%              | 146.64%              | 132.55%              |                      |

<sup>1</sup> Per Teacher Retirement System of Texas' comprehensive annual financial report.

**Notes:**

The amounts presented for each Plan year which ends the preceding August 31 of the District's fiscal year.

Net OPEB liability is calculated using a new methodology and will be presented prospectively in accordance with GASB 75.

Ten years of data should be presented in this schedule but data is unavailable prior to 2017.

**FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS**  
**TEACHER RETIREMENT SYSTEM OF TEXAS**  
**LAST TEN FISCAL YEARS**

*Exhibit G-5*

|   | <u>2024</u>    | <u>2023</u>    | <u>2022</u>    | <u>2021</u>    | <u>2020</u>    |
|---|----------------|----------------|----------------|----------------|----------------|
| Contractually required contributions                                | \$ 360,457     | \$ 359,613     | \$ 339,151     | \$ 328,965     | \$ 315,191     |
| Contributions in relation to the contractual required contributions | <u>360,457</u> | <u>359,613</u> | <u>339,151</u> | <u>328,965</u> | <u>315,191</u> |
| Contribution deficiency (excess)                                    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    |
| <br>  |                |                |                |                |                |
| District's covered payroll  | \$ 44,740,310  | \$ 43,283,356  | \$ 42,362,987  | \$ 41,211,554  | \$ 39,481,273  |
| Contributions as a percentage of covered payroll                    | 0.81%          | 0.83%          | 0.80%          | 0.80%          | 0.80%          |
| <br>  |                |                |                |                |                |
|   | <u>2019</u>    | <u>2018</u>    | <u>2017</u>    | <u>2016</u>    | <u>2015</u>    |
| Contractually required contributions                                | \$ 302,515     | \$ 295,653     | \$ 203,471     | \$ 189,837     | \$ 180,711     |
| Contributions in relation to the contractual required contributions | <u>302,515</u> | <u>295,653</u> | <u>203,471</u> | <u>189,837</u> | <u>180,711</u> |
| Contribution deficiency (excess)                                    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    |
| <br>  |                |                |                |                |                |
| District's covered payroll  | \$ 37,003,441  | \$ 36,621,859  | \$ 34,640,606  | \$ 32,808,365  | \$ 31,141,812  |
| Contributions as a percentage of covered payroll                    | 0.82%          | 0.81%          | 0.59%          | 0.58%          | 0.58%          |

Notes:

Ten years of data should be presented in this schedule but data is unavailable prior to 2014.

The District implemented GASB 75 during fiscal year 2018.

**Notes to Required Supplementary Information – OPEB**

**Changes of Assumptions**

Measurement Year 2018: The discount rate changed from 3.42% as of August 31, 2017, to 3.69% as of August 31, 2018, updated the health care trend rate assumption, and revised demographic and economic assumptions based on the TRS experience study.

Measurement Year 2019: The discount rate changed from 3.69% as of August 31, 2018, to 2.63% as of August 31, 2019, lowered the participation rates and updated the health care trend rate assumption.

Measurement Year 2020: The discount rate changed from 2.63% as of August 31, 2019, to 2.33% as of August 31, 2020, lowered the participation rate assumption for employees who retire after the age of 65, and lowered the ultimate health care trend rate assumption to reflect the repeal of the excise (Cadillac) tax on high-cost employer health plans.

Measurement Year 2021: The discount rate changed from 2.33% as of August 31, 2020, to 1.95% as of August 31, 2021.

Measurement Year 2022: The discount rate changed from 1.95% as of August 31, 2021 to 3.91% as of August 31, 2022, lowered the participation rates, and updated the healthcare trend rate assumption.

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





## **OTHER SUPPLEMENTARY INFORMATION**

**FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**ALL NONMAJOR GOVERNMENTAL FUNDS**  
**August 31, 2024**

*Exhibit H-1*  
*Page 1 of 5*

| Data<br>Control<br>Codes             |  | 211                | 224               | 225             | 240                 |
|--------------------------------------|--|--------------------|-------------------|-----------------|---------------------|
|                                      |  | ESEA Title I, Part |                   | IDEA-B          |                     |
|                                      |  | A                  | IDEA-B Formula    | Preschool       | Child Nutrition     |
| <b>Assets</b>                        |  |                    |                   |                 |                     |
| 1110                                 | Cash and temporary investments             | \$ -               | \$ -              | \$ -            | \$ 1,346,633        |
|                                      | Receivables:                               |                    |                   |                 |                     |
| 1240                                 | Receivables from other governments         | 59,720             | 323,079           | 3,136           | -                   |
| 1290                                 | Other receivables                          | -                  | -                 | -               | 1,376               |
| 1410                                 | Prepaid items                              | -                  | -                 | -               | -                   |
| <b>1000</b>                          | <b>Total Assets</b>                        | <u>\$ 59,720</u>   | <u>\$ 323,079</u> | <u>\$ 3,136</u> | <u>\$ 1,348,009</u> |
| <b>Liabilities and Fund Balances</b> |  |                    |                   |                 |                     |
| <b>Liabilities:</b>                  |  |                    |                   |                 |                     |
| Current Liabilities:                 |  |                    |                   |                 |                     |
| 2110                                 | Accounts payable                           | \$ -               | \$ -              | \$ -            | \$ 201,987          |
| 2160                                 | Accrued wages payable                      | -                  | -                 | -               | 6,167               |
| 2170                                 | Due to other funds                         | 59,720             | 323,079           | 3,136           | -                   |
| 2300                                 | Unearned revenues                          | -                  | -                 | -               | -                   |
| <b>2000</b>                          | <b>Total Liabilities</b>                   | <u>59,720</u>      | <u>323,079</u>    | <u>3,136</u>    | <u>208,154</u>      |
| <b>Fund Balances:</b>                |  |                    |                   |                 |                     |
| Nonspendable:                        |  |                    |                   |                 |                     |
| 3430                                 | Prepaid items                              | -                  | -                 | -               | -                   |
| Restricted:                          |  |                    |                   |                 |                     |
| 3450                                 | Grant restrictions                         | -                  | -                 | -               | 1,139,855           |
| 3490                                 | Other purposes                             | -                  | -                 | -               | -                   |
| Committed:                           |  |                    |                   |                 |                     |
| 3545                                 | Other purposes                             | -                  | -                 | -               | -                   |
| <b>3000</b>                          | <b>Total Fund Balances</b>                 | <u>-</u>           | <u>-</u>          | <u>-</u>        | <u>1,139,855</u>    |
| <b>4000</b>                          | <b>Total Liabilities and Fund Balances</b> | <u>\$ 59,720</u>   | <u>\$ 323,079</u> | <u>\$ 3,136</u> | <u>\$ 1,348,009</u> |

**FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**ALL NONMAJOR GOVERNMENTAL FUNDS**  
**August 31, 2024**

*Exhibit H-1*  
*Page 2 of 5*

| Data<br>Control<br>Codes |  | 244                      | 255              | 263             | 282               |
|--------------------------|--|--------------------------|------------------|-----------------|-------------------|
|                          |  | Vocational Ed -<br>Basic | Title II, Part A | Title III       | ESSER III         |
|                          | <b>Assets</b>                              |                          |                  |                 |                   |
| 1110                     | Cash and temporary investments             | \$ -                     | \$ -             | \$ -            | \$ -              |
|                          | Receivables:                               |                          |                  |                 |                   |
| 1240                     | Receivables from other governments         | 47,065                   | 3,021            | 9,844           | 177,526           |
| 1290                     | Other receivables                          | -                        | -                | -               | -                 |
| 1410                     | Prepaid items                              | -                        | -                | -               | -                 |
| <b>1000</b>              | <b>Total Assets</b>                        | <u>\$ 47,065</u>         | <u>\$ 3,021</u>  | <u>\$ 9,844</u> | <u>\$ 177,526</u> |
|                          | <b>Liabilities and Fund Balances</b>       |                          |                  |                 |                   |
|                          | <b>Liabilities:</b>                        |                          |                  |                 |                   |
|                          | Current Liabilities:                       |                          |                  |                 |                   |
| 2110                     | Accounts payable                           | \$ -                     | \$ -             | \$ -            | \$ -              |
| 2160                     | Accrued wages payable                      | -                        | -                | -               | -                 |
| 2170                     | Due to other funds                         | 47,065                   | 3,021            | 9,844           | 177,526           |
| 2300                     | Unearned revenues                          | -                        | -                | -               | -                 |
| <b>2000</b>              | <b>Total Liabilities</b>                   | <u>47,065</u>            | <u>3,021</u>     | <u>9,844</u>    | <u>177,526</u>    |
|                          | <b>Fund Balances:</b>                      |                          |                  |                 |                   |
|                          | Nonspendable:                              |                          |                  |                 |                   |
| 3430                     | Prepaid items                              | -                        | -                | -               | -                 |
|                          | Restricted:                                |                          |                  |                 |                   |
| 3450                     | Grant restrictions                         | -                        | -                | -               | -                 |
| 3490                     | Other purposes                             | -                        | -                | -               | -                 |
|                          | Committed:                                 |                          |                  |                 |                   |
| 3545                     | Other purposes                             | -                        | -                | -               | -                 |
| <b>3000</b>              | <b>Total Fund Balances</b>                 | <u>-</u>                 | <u>-</u>         | <u>-</u>        | <u>-</u>          |
| <b>4000</b>              | <b>Total Liabilities and Fund Balances</b> | <u>\$ 47,065</u>         | <u>\$ 3,021</u>  | <u>\$ 9,844</u> | <u>\$ 177,526</u> |

**FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**ALL NONMAJOR GOVERNMENTAL FUNDS**  
**August 31, 2024**

*Exhibit H-1*  
*Page 3 of 5*

| Data Control Codes                   | 289<br>Miscellaneous Federal Programs      | 397<br>Advanced Placement Incentive | 410<br>Instructional Materials Allotment | 427<br>Dyslexia Grant Award Program |                 |
|--------------------------------------|--|-------------------------------------|--|-------------------------------------|-----------------|
| <b>Assets</b>                        |  |                                     |  |                                     |                 |
| 1110                                 | Cash and temporary investments             | \$ -                                | \$ 204                                   | \$ 118,815                          | \$ -            |
|                                      | Receivables:                               |                                     |  |                                     |                 |
| 1240                                 | Receivables from other governments         | 5,600                               | -  | 10,284                              | 6,365           |
| 1290                                 | Other receivables                          | -                                   | -  | -                                   | -               |
| 1410                                 | Prepaid items                              | -                                   | -  | 68,028                              | -               |
| <b>1000</b>                          | <b>Total Assets</b>                        | <u>\$ 5,600</u>                     | <u>\$ 204</u>                            | <u>\$ 197,127</u>                   | <u>\$ 6,365</u> |
| <b>Liabilities and Fund Balances</b> |  |                                     |  |                                     |                 |
| <b>Liabilities:</b>                  |  |                                     |  |                                     |                 |
| Current Liabilities:                 |  |                                     |  |                                     |                 |
| 2110                                 | Accounts payable                           | \$ -                                | \$ -                                     | \$ 129,099                          | \$ -            |
| 2160                                 | Accrued wages payable                      | -                                   | -  | -                                   | -               |
| 2170                                 | Due to other funds                         | 5,600                               | -  | -                                   | 6,365           |
| 2300                                 | Unearned revenues                          | -                                   | -  | 68,028                              | -               |
| <b>2000</b>                          | <b>Total Liabilities</b>                   | <u>5,600</u>                        | <u>-</u>                                 | <u>197,127</u>                      | <u>6,365</u>    |
| <b>Fund Balances:</b>                |  |                                     |  |                                     |                 |
| Nonspendable:                        |  |                                     |  |                                     |                 |
| 3430                                 | Prepaid items                              | -                                   | -  | -                                   | -               |
| Restricted:                          |  |                                     |  |                                     |                 |
| 3450                                 | Grant restrictions                         | -                                   | 204                                      | -                                   | -               |
| 3490                                 | Other purposes                             | -                                   | -  | -                                   | -               |
| Committed:                           |  |                                     |  |                                     |                 |
| 3545                                 | Other purposes                             | -                                   | -  | -                                   | -               |
| <b>3000</b>                          | <b>Total Fund Balances</b>                 | <u>-</u>                            | <u>204</u>                               | <u>-</u>                            | <u>-</u>        |
| <b>4000</b>                          | <b>Total Liabilities and Fund Balances</b> | <u>\$ 5,600</u>                     | <u>\$ 204</u>                            | <u>\$ 197,127</u>                   | <u>\$ 6,365</u> |

**FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**ALL NONMAJOR GOVERNMENTAL FUNDS**  
**August 31, 2024**

*Exhibit H-1*  
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| <u>Data Control Codes</u>            | <u>429</u>             | <u>459</u>         | <u>461</u>             | <u>480</u>        |
|--------------------------------------|------------------------|--------------------|------------------------|-------------------|
|                                      | <u>State Funded</u>    | <u>SSA -</u>       |                        | <u>Education</u>  |
|                                      | <u>Special Revenue</u> | <u>Therapeutic</u> | <u>Campus Activity</u> | <u>Foundation</u> |
|                                      | <u>Fund</u>            | <u>Education</u>   |                        | <u>Grants</u>     |
|                                      |                        | <u>Center</u>      |                        |                   |
| <b>Assets</b>                        |                        |                    |                        |                   |
| 1110                                 | -                      | 328                | 1,878,133              | 158,265           |
|                                      |                        |                    |                        |                   |
| Receivables:                         |                        |                    |                        |                   |
| 1240                                 | 30,296                 | 248,509            | -                      | -                 |
| 1290                                 | -                      | -                  | -                      | -                 |
| 1410                                 | -                      | -                  | 21,109                 | -                 |
| <b>1000</b>                          | <b>30,296</b>          | <b>248,837</b>     | <b>1,899,242</b>       | <b>158,265</b>    |
| <b>Liabilities and Fund Balances</b> |                        |                    |                        |                   |
| <b>Liabilities:</b>                  |                        |                    |                        |                   |
| Current Liabilities:                 |                        |                    |                        |                   |
| 2110                                 | 28,598                 | 20,748             | 79,767                 | 16,600            |
| 2160                                 | -                      | -                  | -                      | -                 |
| 2170                                 | 1,698                  | 228,089            | -                      | -                 |
| 2300                                 | -                      | -                  | 193,294                | 130,038           |
| <b>2000</b>                          | <b>30,296</b>          | <b>248,837</b>     | <b>273,061</b>         | <b>146,638</b>    |
| <b>Fund Balances:</b>                |                        |                    |                        |                   |
| Nonspendable:                        |                        |                    |                        |                   |
| 3430                                 | -                      | -                  | 21,109                 | -                 |
| Restricted:                          |                        |                    |                        |                   |
| 3450                                 | -                      | -                  | -                      | -                 |
| 3490                                 | -                      | -                  | -                      | 11,627            |
| Committed:                           |                        |                    |                        |                   |
| 3545                                 | -                      | -                  | 1,605,072              | -                 |
| <b>3000</b>                          | <b>-</b>               | <b>-</b>           | <b>1,626,181</b>       | <b>11,627</b>     |
| <b>4000</b>                          | <b>30,296</b>          | <b>248,837</b>     | <b>1,899,242</b>       | <b>158,265</b>    |

**FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**ALL NONMAJOR GOVERNMENTAL FUNDS**  
**August 31, 2024**

*Exhibit H-1*  
*Page 5 of 5*

| <u>Data<br/>Control<br/>Codes</u> |  | <u>Total Nonmajor<br/>Governmental<br/>Funds</u> |
|-----------------------------------|--|--|
|                                   | <b>Assets</b>                              |  |
| 1110                              | Cash and temporary investments             | \$ 3,502,378                                     |
|                                   | Receivables:                               |  |
| 1240                              | Receivables from other governments         | 924,445  |
| 1290                              | Other receivables                          | 1,376  |
| 1410                              | Prepaid items                              | 89,137   |
| <b>1000</b>                       | <b>Total Assets</b>                        | <u>\$ 4,517,336</u>                              |
|                                   | <b>Liabilities and Fund Balances</b>       |  |
|                                   | <b>Liabilities:</b>                        |  |
|                                   | Current Liabilities:                       |  |
| 2110                              | Accounts payable                           | \$ 476,799                                       |
| 2160                              | Accrued wages payable                      | 6,167  |
| 2170                              | Due to other funds                         | 865,143  |
| 2300                              | Unearned revenues                          | 391,360  |
| <b>2000</b>                       | <b>Total Liabilities</b>                   | <u>1,739,469</u>                                 |
|                                   | <b>Fund Balances:</b>                      |  |
|                                   | Nonspendable:                              |  |
| 3430                              | Prepaid items                              | 21,109   |
|                                   | Restricted:                                |  |
| 3450                              | Grant restrictions                         | 1,140,059  |
| 3490                              | Other purposes                             | 11,627   |
|                                   | Committed:                                 |  |
| 3545                              | Other purposes                             | 1,605,072  |
| <b>3000</b>                       | <b>Total Fund Balances</b>                 | <u>2,777,867</u>                                 |
| <b>4000</b>                       | <b>Total Liabilities and Fund Balances</b> | <u>\$ 4,517,336</u>                              |

**FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended August 31, 2024**

*Exhibit H-2*  
*Page 1 of 5*

|                                       |   | 211                | 224            | 225           | 240                 |
|---------------------------------------|---|--------------------|----------------|---------------|---------------------|
| Data<br>Control<br>Codes              |   | ESEA Title I, Part |                | IDEA-B        |                     |
|                                       |   | A                  | IDEA-B Formula | Preschool     | Child Nutrition     |
| <b>Revenues</b>                       |   |                    |                |               |                     |
| 5700                                  | Local, intermediate, and out-of-state             | \$ -               | \$ -           | \$ -          | \$ 2,561,336        |
| 5800                                  | State program revenues                            | -                  | -              | -             | 4,598               |
| 5900                                  | Federal program revenues                          | 172,803            | 968,436        | 18,197        | 277,899             |
| <b>5020</b>                           | <b>Total Revenues</b>                             | <b>172,803</b>     | <b>968,436</b> | <b>18,197</b> | <b>2,843,833</b>    |
| <b>Expenditures</b>                   |   |                    |                |               |                     |
| <b>Current:</b>                       |   |                    |                |               |                     |
| 0011                                  | Instruction                                       | 22,029             | 228,197        | 18,197        | -                   |
| 0012                                  | Instruction resources and media services          | -                  | -              | -             | -                   |
| 0013                                  | Curriculum and instructional staff development    | 150,774            | 4,210          | -             | -                   |
| 0021                                  | Instructional leadership                          | -                  | -              | -             | -                   |
| 0023                                  | School leadership                                 | -                  | -              | -             | -                   |
| 0031                                  | Guidance, counseling and evaluation services      | -                  | 736,029        | -             | -                   |
| 0032                                  | Social work services                              | -                  | -              | -             | -                   |
| 0033                                  | Health services                                   | -                  | -              | -             | -                   |
| 0035                                  | Food service                                      | -                  | -              | -             | 2,981,978           |
| 0036                                  | Extracurricular activities                        | -                  | -              | -             | -                   |
| 0041                                  | General administration                            | -                  | -              | -             | -                   |
| 0051                                  | Plant maintenance and operations                  | -                  | -              | -             | -                   |
| 0052                                  | Security and monitoring services                  | -                  | -              | -             | -                   |
| 0053                                  | Data processing services                          | -                  | -              | -             | -                   |
| <b>Debt service:</b>                  |   |                    |                |               |                     |
| 0071                                  | Principal on long-term debt                       | -                  | -              | -             | -                   |
| 0072                                  | Interest on long-term debt                        | -                  | -              | -             | -                   |
| <b>Capital outlay:</b>                |   |                    |                |               |                     |
| 0081                                  | Facilities acquisition and construction           | -                  | -              | -             | -                   |
| <b>6030</b>                           | <b>Total Expenditures</b>                         | <b>172,803</b>     | <b>968,436</b> | <b>18,197</b> | <b>2,981,978</b>    |
| 1100                                  | Excess (deficiency) of revenues over expenditures | -                  | -              | -             | (138,145)           |
| <b>Other Financing Sources (Uses)</b> |   |                    |                |               |                     |
| 7915                                  | Transfers in                                      | -                  | -              | -             | 2,356               |
| <b>7080</b>                           | <b>Total Other Financing Sources (Uses)</b>       | <b>-</b>           | <b>-</b>       | <b>-</b>      | <b>2,356</b>        |
| 1200                                  | Net change in fund balances                       | -                  | -              | -             | (135,789)           |
| <b>0100</b>                           | <b>Fund Balance - September 1 (Beginning)</b>     | <b>-</b>           | <b>-</b>       | <b>-</b>      | <b>1,275,644</b>    |
| <b>3000</b>                           | <b>Fund Balance - August 31 (Ending)</b>          | <b>\$ -</b>        | <b>\$ -</b>    | <b>\$ -</b>   | <b>\$ 1,139,855</b> |

**FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended August 31, 2024**

*Exhibit H-2*  
*Page 2 of 5*

| Data<br>Control<br>Codes              |   | 244                      | 255              | 263           | 282            |
|---------------------------------------|---|--------------------------|------------------|---------------|----------------|
|                                       |   | Vocational Ed -<br>Basic | Title II, Part A | Title III     | ESSER III      |
| <b>Revenues</b>                       |   |                          |                  |               |                |
| 5700                                  | Local, intermediate, and out-of-state             | \$ -                     | \$ -             | \$ -          | \$ -           |
| 5800                                  | State program revenues                            | -                        | -                | -             | -              |
| 5900                                  | Federal program revenues                          | 47,065                   | 112,154          | 17,059        | 529,684        |
| <b>5020</b>                           | <b>Total Revenues</b>                             | <u>47,065</u>            | <u>112,154</u>   | <u>17,059</u> | <u>529,684</u> |
| <b>Expenditures</b>                   |   |                          |                  |               |                |
| <b>Current:</b>                       |   |                          |                  |               |                |
| 0011                                  | Instruction                                       | 47,065                   | 1,618            | 17,059        | 41,746         |
| 0012                                  | Instruction resources and media services          | -                        | 399              | -             | -              |
| 0013                                  | Curriculum and instructional staff development    | -                        | 81,737           | -             | 467,538        |
| 0021                                  | Instructional leadership                          | -                        | 17,055           | -             | -              |
| 0023                                  | School leadership                                 | -                        | 845              | -             | -              |
| 0031                                  | Guidance, counseling and evaluation services      | -                        | -                | -             | -              |
| 0032                                  | Social work services                              | -                        | -                | -             | -              |
| 0033                                  | Health services                                   | -                        | -                | -             | -              |
| 0035                                  | Food service                                      | -                        | -                | -             | -              |
| 0036                                  | Extracurricular activities                        | -                        | -                | -             | -              |
| 0041                                  | General administration                            | -                        | 10,500           | -             | -              |
| 0051                                  | Plant maintenance and operations                  | -                        | -                | -             | -              |
| 0052                                  | Security and monitoring services                  | -                        | -                | -             | -              |
| 0053                                  | Data processing services                          | -                        | -                | -             | 20,400         |
| <b>Debt service:</b>                  |   |                          |                  |               |                |
| 0071                                  | Principal on long-term debt                       | -                        | -                | -             | -              |
| 0072                                  | Interest on long-term debt                        | -                        | -                | -             | -              |
| <b>Capital outlay:</b>                |   |                          |                  |               |                |
| 0081                                  | Facilities acquisition and construction           | -                        | -                | -             | -              |
| <b>6030</b>                           | <b>Total Expenditures</b>                         | <u>47,065</u>            | <u>112,154</u>   | <u>17,059</u> | <u>529,684</u> |
| 1100                                  | Excess (deficiency) of revenues over expenditures | -                        | -                | -             | -              |
| <b>Other Financing Sources (Uses)</b> |   |                          |                  |               |                |
| 7915                                  | Transfers in                                      | -                        | -                | -             | -              |
| <b>7080</b>                           | <b>Total Other Financing Sources (Uses)</b>       | <u>-</u>                 | <u>-</u>         | <u>-</u>      | <u>-</u>       |
| 1200                                  | Net change in fund balances                       | -                        | -                | -             | -              |
| <b>0100</b>                           | <b>Fund Balance - September 1 (Beginning)</b>     | <u>-</u>                 | <u>-</u>         | <u>-</u>      | <u>-</u>       |
| <b>3000</b>                           | <b>Fund Balance - August 31 (Ending)</b>          | <u>\$ -</u>              | <u>\$ -</u>      | <u>\$ -</u>   | <u>\$ -</u>    |



**FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended August 31, 2024**

| Data Control Codes                    | 289<br>Miscellaneous Federal Programs             | 397<br>Advanced Placement Incentive | 410<br>Instructional Materials Allotment | 427<br>Dyslexia Grant Award Program |
|---------------------------------------|---|-------------------------------------|--|-------------------------------------|
| <b>Revenues</b>                       |   |                                     |  |                                     |
| 5700                                  | Local, intermediate, and out-of-state             | \$ -                                | \$ -                                     | \$ -                                |
| 5800                                  | State program revenues                            | -                                   | 204                                      | 717,177                             |
| 5900                                  | Federal program revenues                          | 35,187                              | -  | -                                   |
| <b>5020</b>                           | <b>Total Revenues</b>                             | <b>35,187</b>                       | <b>204</b>                               | <b>717,177</b>                      |
| <b>Expenditures</b>                   |   |                                     |  |                                     |
| <b>Current:</b>                       |   |                                     |  |                                     |
| 0011                                  | Instruction                                       | 11,987                              | -  | 695,204                             |
| 0012                                  | Instruction resources and media services          | -                                   | -  | 1,960                               |
| 0013                                  | Curriculum and instructional staff development    | -                                   | -  | 18,154                              |
| 0021                                  | Instructional leadership                          | -                                   | -  | -                                   |
| 0023                                  | School leadership                                 | -                                   | -  | -                                   |
| 0031                                  | Guidance, counseling and evaluation services      | 1,200                               | -  | -                                   |
| 0032                                  | Social work services                              | 22,000                              | -  | -                                   |
| 0033                                  | Health services                                   | -                                   | -  | -                                   |
| 0035                                  | Food service                                      | -                                   | -  | -                                   |
| 0036                                  | Extracurricular activities                        | -                                   | -  | -                                   |
| 0041                                  | General administration                            | -                                   | -  | -                                   |
| 0051                                  | Plant maintenance and operations                  | -                                   | -  | -                                   |
| 0052                                  | Security and monitoring services                  | -                                   | -  | -                                   |
| 0053                                  | Data processing services                          | -                                   | -  | 1,859                               |
| <b>Debt service:</b>                  |   |                                     |  |                                     |
| 0071                                  | Principal on long-term debt                       | -                                   | -  | -                                   |
| 0072                                  | Interest on long-term debt                        | -                                   | -  | -                                   |
| <b>Capital outlay:</b>                |   |                                     |  |                                     |
| 0081                                  | Facilities acquisition and construction           | -                                   | -  | -                                   |
| <b>6030</b>                           | <b>Total Expenditures</b>                         | <b>35,187</b>                       | <b>-</b>                                 | <b>717,177</b>                      |
| 1100                                  | Excess (deficiency) of revenues over expenditures | -                                   | 204                                      | -                                   |
| <b>Other Financing Sources (Uses)</b> |   |                                     |  |                                     |
| 7915                                  | Transfers in                                      | -                                   | -  | -                                   |
| <b>7080</b>                           | <b>Total Other Financing Sources (Uses)</b>       | <b>-</b>                            | <b>-</b>                                 | <b>-</b>                            |
| 1200                                  | Net change in fund balances                       | -                                   | 204                                      | -                                   |
| <b>0100</b>                           | <b>Fund Balance - September 1 (Beginning)</b>     | <b>-</b>                            | <b>-</b>                                 | <b>-</b>                            |
| <b>3000</b>                           | <b>Fund Balance - August 31 (Ending)</b>          | <b>\$ -</b>                         | <b>\$ 204</b>                            | <b>\$ -</b>                         |

**FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended August 31, 2024**

*Exhibit H-2*  
*Page 4 of 5*

| <u>Data Control Codes</u>                              | <u>429</u>    | <u>459</u><br>SSA -<br><u>Therapeutic</u><br><u>Education</u><br><u>Center</u> | <u>461</u><br><u>Campus Activity</u> | <u>480</u><br><u>Education</u><br><u>Foundation</u><br><u>Grants</u> |
|--|---------------|--|--------------------------------------|--|
| <b>Revenues</b>  |               |  |                                      |  |
| 5700 Local, intermediate, and out-of-state             | \$ -          | \$ 97,564  | \$ 1,127,459                         | \$ 564,144   |
| 5800 State program revenues                            | 50,242        | 560,959  | -                                    | -  |
| 5900 Federal program revenues                          | -             | -  | -                                    | -  |
| <b>5020 Total Revenues</b>                             | <u>50,242</u> | <u>658,523</u>   | <u>1,127,459</u>                     | <u>564,144</u>   |
| <b>Expenditures</b>                                    |               |  |                                      |  |
| <b>Current:</b>  |               |  |                                      |  |
| 0011 Instruction                                       | 350           | 554,039  | 621,987                              | 509,473  |
| 0012 Instruction resources and media services          | -             | -  | 41,971                               | 37,779   |
| 0013 Curriculum and instructional staff development    | -             | 1,711  | 8,503                                | 6,476  |
| 0021 Instructional leadership                          | -             | -  | -                                    | -  |
| 0023 School leadership                                 | -             | 100,769  | 80,821                               | -  |
| 0031 Guidance, counseling and evaluation services      | -             | -  | 4,445                                | 318  |
| 0032 Social work services                              | -             | -  | -                                    | -  |
| 0033 Health services                                   | -             | 355  | 24                                   | -  |
| 0035 Food service                                      | -             | -  | -                                    | -  |
| 0036 Extracurricular activities                        | -             | -  | 429,292                              | -  |
| 0041 General administration                            | -             | -  | 10                                   | -  |
| 0051 Plant maintenance and operations                  | -             | -  | 20,721                               | 10,098   |
| 0052 Security and monitoring services                  | 49,892        | 1,649  | 140                                  | -  |
| 0053 Data processing services                          | -             | -  | 35,219                               | -  |
| <b>Debt service:</b>                                   |               |  |                                      |  |
| 0071 Principal on long-term debt                       | -             | -  | 2,345                                | -  |
| 0072 Interest on long-term debt                        | -             | -  | 141                                  | -  |
| <b>Capital outlay:</b>                                 |               |  |                                      |  |
| 0081 Facilities acquisition and construction           | -             | -  | 49,763                               | -  |
| <b>6030 Total Expenditures</b>                         | <u>50,242</u> | <u>658,523</u>   | <u>1,295,382</u>                     | <u>564,144</u>   |
| 1100 Excess (deficiency) of revenues over expenditures | -             | -  | (167,923)                            | -  |
| <b>Other Financing Sources (Uses)</b>                  |               |  |                                      |  |
| 7915 Transfers in                                      | -             | -  | 48,054                               | -  |
| <b>7080 Total Other Financing Sources (Uses)</b>       | <u>-</u>      | <u>-</u>   | <u>48,054</u>                        | <u>-</u>   |
| 1200 Net change in fund balances                       | -             | -  | (119,869)                            | -  |
| <b>0100 Fund Balance - September 1 (Beginning)</b>     | <u>-</u>      | <u>-</u>   | <u>1,746,050</u>                     | <u>11,627</u>  |
| <b>3000 Fund Balance - August 31 (Ending)</b>          | <u>\$ -</u>   | <u>\$ -</u>  | <u>\$ 1,626,181</u>                  | <u>\$ 11,627</u>   |

**FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended August 31, 2024**

| <u>Data Control Codes</u>             |   | <u>Total Nonmajor Governmental Funds</u> |
|---------------------------------------|---|--|
| <b>Revenues</b>                       |   |  |
| 5700                                  | Local, intermediate, and out-of-state             | \$ 4,350,503                             |
| 5800                                  | State program revenues                            | 1,345,293                                |
| 5900                                  | Federal program revenues                          | <u>2,178,484</u>                         |
| <b>5020</b>                           | <b>Total Revenues</b>                             | <u>7,874,280</u>                         |
| <b>Expenditures</b>                   |   |  |
| <b>Current:</b>                       |   |  |
| 0011                                  | Instruction                                       | 2,771,924                                |
| 0012                                  | Instruction resources and media services          | 82,109                                   |
| 0013                                  | Curriculum and instructional staff development    | 748,243                                  |
| 0021                                  | Instructional leadership                          | 17,055                                   |
| 0023                                  | School leadership                                 | 182,435                                  |
| 0031                                  | Guidance, counseling and evaluation services      | 741,992                                  |
| 0032                                  | Social work services                              | 22,000                                   |
| 0033                                  | Health services                                   | 379                                      |
| 0035                                  | Food service                                      | 2,981,978                                |
| 0036                                  | Extracurricular activities                        | 429,292                                  |
| 0041                                  | General administration                            | 10,510                                   |
| 0051                                  | Plant maintenance and operations                  | 30,819                                   |
| 0052                                  | Security and monitoring services                  | 51,681                                   |
| 0053                                  | Data processing services                          | 57,478                                   |
| <b>Debt service:</b>                  |   |  |
| 0071                                  | Principal on long-term debt                       | 2,345                                    |
| 0072                                  | Interest on long-term debt                        | 141                                      |
| <b>Capital outlay:</b>                |   |  |
| 0081                                  | Facilities acquisition and construction           | <u>49,763</u>                            |
| <b>6030</b>                           | <b>Total Expenditures</b>                         | <u>8,180,144</u>                         |
| 1100                                  | Excess (deficiency) of revenues over expenditures | <u>(305,864)</u>                         |
| <b>Other Financing Sources (Uses)</b> |   |  |
| 7915                                  | Transfers in                                      | <u>50,410</u>                            |
| <b>7080</b>                           | <b>Total Other Financing Sources (Uses)</b>       | <u>50,410</u>                            |
| 1200                                  | Net change in fund balances                       | (255,454)                                |
| <b>0100</b>                           | <b>Fund Balance - September 1 (Beginning)</b>     | <u>3,021,694</u>                         |
| <b>3000</b>                           | <b>Fund Balance - August 31 (Ending)</b>          | <u>\$ 2,777,867</u>                      |

**FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**August 31, 2024**

*Exhibit H-3*

|   | <u>Fuel<br/>Fund</u> | <u>Vending<br/>Fund</u> | <u>Total</u>     |
|---|----------------------|-------------------------|------------------|
| <b>Assets</b>                             |                      |                         |                  |
| Cash and cash equivalents                 | \$ 21,433            | \$ 15,028               | \$ 36,461        |
| Other receivables                         | 828                  | -                       | 828              |
| <b>Total Assets</b>                       | <u>\$ 22,261</u>     | <u>\$ 15,028</u>        | <u>\$ 37,289</u> |
| <b>Liabilities and Net Position</b>       |                      |                         |                  |
| <b>Liabilities</b>                        |                      |                         |                  |
| Accounts payable                          | \$ -                 | \$ 13,019               | \$ 13,019        |
| <b>Total Liabilities</b>                  | <u>-</u>             | <u>13,019</u>           | <u>13,019</u>    |
| <b>Net Position</b>                       |                      |                         |                  |
| Unrestricted net position                 | <u>22,261</u>        | <u>2,009</u>            | <u>24,270</u>    |
| <b>Total Net Position</b>                 | <u>22,261</u>        | <u>2,009</u>            | <u>24,270</u>    |
| <b>Total Liabilities and Net Position</b> | <u>\$ 22,261</u>     | <u>\$ 15,028</u>        | <u>\$ 37,289</u> |

**FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET POSITION - NONMAJOR ENTERPRISE FUNDS**  
**For the Year Ended August 31, 2024**

*Exhibit H-4*

|   | <u>Fuel<br/>Fund</u> | <u>Vending<br/>Fund</u> | <u>Total</u>     |
|---|----------------------|-------------------------|------------------|
| <b>Operating Revenues</b>                   |                      |                         |                  |
| Charges for Services                        | \$ 8,745             | \$ 205,086              | \$ 213,831       |
| <b>Total Operating Revenues</b>             | <u>8,745</u>         | <u>205,086</u>          | <u>213,831</u>   |
| <b>Operating Expenses</b>                   |                      |                         |                  |
| Purchased and contracted services           | -                    | 171,519                 | 171,519          |
| Supplies and materials                      | 613                  | 5,344                   | 5,957            |
| Claims expense and other operating expenses | -                    | 2,929                   | 2,929            |
| <b>Total Operating Expenses</b>             | <u>613</u>           | <u>179,792</u>          | <u>180,405</u>   |
| Income (Loss) before Transfers              | 8,132                | 25,294                  | 33,426           |
| Transfers out                               | <u>-</u>             | <u>(25,293)</u>         | <u>(25,293)</u>  |
| Change in Net Position                      | 8,132                | 1                       | 8,133            |
| <b>Total Net Position - Beginning</b>       | <u>14,129</u>        | <u>2,008</u>            | <u>16,137</u>    |
| <b>Total Net Position - Ending</b>          | <u>\$ 22,261</u>     | <u>\$ 2,009</u>         | <u>\$ 24,270</u> |

**FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**For the Year Ended August 31, 2024**

Exhibit H-5

|   | <b>Fuel<br/>Fund</b> | <b>Vending<br/>Fund</b> | <b>Total</b>     |
|---|----------------------|-------------------------|------------------|
| <b>Cash Flows from Operating Activities:</b>  |                      |                         |                  |
| Cash received from user charges   | \$ 8,737             | \$ 208,815              | \$ 217,552       |
| Cash payments to suppliers for goods and services                                       | (613)                | (179,792)               | (180,405)        |
| <b>Net Cash Provided by (Used for) Operating Activities</b>                             | <u>8,124</u>         | <u>29,023</u>           | <u>37,147</u>    |
| <b>Cash Flows from Non-Capital Financing Activities:</b>                                |                      |                         |                  |
| Advances to other funds   | -                    | (25,293)                | (25,293)         |
| <b>Net Cash Provided by (Used for) Non-Capital Financing Activities</b>                 | <u>-</u>             | <u>(25,293)</u>         | <u>(25,293)</u>  |
| Net Increase (Decrease) in Cash and Cash Equivalents                                    | 8,124                | 3,730                   | 11,854           |
| <b>Cash and Cash Equivalents at Beginning of Year</b>                                   | <u>13,309</u>        | <u>11,298</u>           | <u>24,607</u>    |
| <b>Cash and Cash Equivalents at End of Year</b>   | <u>\$ 21,433</u>     | <u>\$ 15,028</u>        | <u>\$ 36,461</u> |
| <b>Reconciliation to Balance Sheet</b>  |                      |                         |                  |
| Cash and Cash Equivalents Per Cash Flow   | <u>\$ 21,433</u>     | <u>\$ 15,028</u>        | <u>\$ 36,461</u> |
| Cash and Cash Equivalents per Balance Sheet   | <u>\$ 21,433</u>     | <u>\$ 15,028</u>        | <u>\$ 36,461</u> |
| <b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b> |                      |                         |                  |
| Operating Income (Loss)   | \$ 8,132             | \$ 25,294               | \$ 33,426        |
| Change in Assets and Liabilities  |                      |                         |                  |
| Decrease (increase) in receivables  | (8)                  | -                       | (8)              |
| Increase (decrease) in Accounts payable   | -                    | 3,729                   | 3,729            |
| <b>Net Cash Provided by (Used for) Operating Activities</b>                             | <u>\$ 8,124</u>      | <u>\$ 29,023</u>        | <u>\$ 37,147</u> |

**FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**August 31, 2024**

Exhibit H-6

|                           | Private Purpose Trust Funds    |                                |   | Custodial Funds           |                           | Total<br>Custodial<br>Funds |
|---------------------------|--------------------------------|--------------------------------|---|---------------------------|---------------------------|-----------------------------|
|                           | Winston<br>Scholarship<br>Fund | Willard<br>Scholarship<br>Fund | Total Private<br>Purpose Trust<br>Funds | Student<br>Activity Funds | Tax Assessor<br>Collector |                             |
| <b>Assets</b>             |                                |                                |   |                           |                           |                             |
| Cash and cash equivalents | \$ 5,296                       | \$ 1,393                       | \$ 6,689                                | \$ 304,786                | \$ 131,291                | \$ 436,077                  |
| Due from others           | -                              | -                              | -                                       | -                         | 15,622                    | 15,622                      |
| Other receivables         | -                              | -                              | -                                       | -                         | 20,112                    | 20,112                      |
| <b>Total Assets</b>       | <u>\$ 5,296</u>                | <u>\$ 1,393</u>                | <u>\$ 6,689</u>                         | <u>\$ 304,786</u>         | <u>\$ 167,025</u>         | <u>\$ 471,811</u>           |
| <b>Liabilities</b>        |                                |                                |   |                           |                           |                             |
| Accounts payable          | \$ -                           | \$ -                           | \$ -                                    | \$ 7,078                  | \$ 23,228                 | \$ 30,306                   |
| Due to others             | -                              | -                              | -                                       | -                         | 143,797                   | 143,797                     |
| <b>Total Liabilities</b>  | <u>\$ -</u>                    | <u>\$ -</u>                    | <u>\$ -</u>                             | <u>\$ 7,078</u>           | <u>\$ 167,025</u>         | <u>\$ 174,103</u>           |
| <b>Net Position</b>       |                                |                                |   |                           |                           |                             |
| Restricted                | \$ 5,296                       | \$ 1,393                       | \$ 6,689                                | \$ 297,708                | \$ -                      | \$ 297,708                  |
| <b>Total Net Position</b> | <u>\$ 5,296</u>                | <u>\$ 1,393</u>                | <u>\$ 6,689</u>                         | <u>\$ 297,708</u>         | <u>\$ -</u>               | <u>\$ 297,708</u>           |

**FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**For the Year Ended August 31, 2024**

Exhibit H-7

|  | Private Purpose Trust Funds    |                                |   | Custodial Funds           |                           |                             |
|--|--------------------------------|--------------------------------|---|---------------------------|---------------------------|-----------------------------|
|  | Winston<br>Scholarship<br>Fund | Willard<br>Scholarship<br>Fund | Total Private<br>Purpose Trust<br>Funds | Student<br>Activity Funds | Tax Assessor<br>Collector | Total<br>Custodial<br>Funds |
| <b>Additions</b>                                   |                                |                                |   |                           |                           |                             |
| Investment earnings                                | \$ -                           | \$ -                           | \$ -                                    | \$ -                      | \$ 93,950                 | \$ 93,950                   |
| Revenues from student activities                   | -                              | -                              | -                                       | 380,055                   | -                         | 380,055                     |
| Property taxes collected for<br>other governments  | -                              | -                              | -                                       | -                         | 49,261,967                | 49,261,967                  |
| <b>Total Additions</b>                             | <u>-</u>                       | <u>-</u>                       | <u>-</u>                                | <u>380,055</u>            | <u>49,355,917</u>         | <u>49,735,972</u>           |
| <b>Deductions</b>                                  |                                |                                |   |                           |                           |                             |
| Payments for student activities                    | -                              | -                              | -                                       | 388,344                   | -                         | 388,344                     |
| Property taxes distributed to<br>other governments | -                              | -                              | -                                       | -                         | 49,355,917                | 49,355,917                  |
| <b>Total Deductions</b>                            | <u>-</u>                       | <u>-</u>                       | <u>-</u>                                | <u>388,344</u>            | <u>49,355,917</u>         | <u>49,744,261</u>           |
| Change in net position                             | -                              | -                              | -                                       | (8,289)                   | -                         | (8,289)                     |
| <b>Net Position Beginning of Year</b>              | <u>5,296</u>                   | <u>1,393</u>                   | <u>6,689</u>                            | <u>305,997</u>            | <u>-</u>                  | <u>305,997</u>              |
| <b>Net Position End of Year</b>                    | <u>\$ 5,296</u>                | <u>\$ 1,393</u>                | <u>\$ 6,689</u>                         | <u>\$ 297,708</u>         | <u>\$ -</u>               | <u>\$ 297,708</u>           |



## **REQUIRED TEA SCHEDULES**





**FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**CHILD NUTRITION PROGRAM FUND**  
**For the Year Ended August 31, 2024**

Exhibit J-2

|   | <u>Budget</u>       |                   | <u>Actual Amounts<br/>GAAP Basis</u> | <u>Variance with<br/>Final Budget</u> |
|---|---------------------|-------------------|--------------------------------------|---------------------------------------|
|   | <u>Original</u>     | <u>Final</u>      |                                      |                                       |
| <b>Revenues</b>                                   |                     |                   |                                      |                                       |
| Local, Intermediate, and Out-of-State             | \$ 2,564,595        | \$ 2,564,595      | \$ 2,561,336                         | \$ (3,259)                            |
| State Program Revenues                            | 4,250               | 4,250             | 4,598                                | 348                                   |
| Federal Program Revenues                          | 366,573             | 366,573           | 277,899                              | (88,674)                              |
| <b>Total Revenues</b>                             | <u>2,935,418</u>    | <u>2,935,418</u>  | <u>2,843,833</u>                     | <u>(91,585)</u>                       |
| <b>Expenditures</b>                               |                     |                   |                                      |                                       |
| Food Services                                     | <u>2,738,097</u>    | <u>3,381,786</u>  | <u>2,981,978</u>                     | <u>399,808</u>                        |
| <b>Total Expenditures</b>                         | <u>2,738,097</u>    | <u>3,381,786</u>  | <u>2,981,978</u>                     | <u>399,808</u>                        |
| Excess (Deficiency) Revenues Over<br>Expenditures | <u>197,321</u>      | <u>(446,368)</u>  | <u>(138,145)</u>                     | <u>308,223</u>                        |
| <b>Other Financing Sources (Uses)</b>             |                     |                   |                                      |                                       |
| Transfers in                                      | -                   | -                 | 2,356                                | 2,356                                 |
| <b>Total Other Financing Sources (Uses)</b>       | <u>-</u>            | <u>-</u>          | <u>2,356</u>                         | <u>2,356</u>                          |
| Increase (Decrease) in Fund Balance               | 197,321             | (446,368)         | (135,789)                            | 310,579                               |
| <b>Fund Balance - September 1 (Beginning)</b>     | <u>1,275,644</u>    | <u>1,275,644</u>  | <u>1,275,644</u>                     | <u>-</u>                              |
| <b>Fund Balance - August 31 (Ending)</b>          | <u>\$ 1,472,965</u> | <u>\$ 829,276</u> | <u>\$ 1,139,855</u>                  | <u>\$ 310,579</u>                     |

**FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**DEBT SERVICE FUND**  
*For the Year Ended August 31, 2024*

*Exhibit J-3*

|   | <u>Budget</u>       |                     | <u>Actual<br/>Amounts GAAP<br/>Basis</u> | <u>Variance with<br/>Final Budget</u> |
|---|---------------------|---------------------|--|---------------------------------------|
|   | <u>Original</u>     | <u>Final</u>        |  |                                       |
| <b>Revenues</b>                               |                     |                     |  |                                       |
| Local, Intermediate, and Out-of-State         | \$ 12,032,512       | \$ 12,032,512       | \$ 11,661,089                            | \$ (371,423)                          |
| State Program Revenues                        | 491,944             | 491,944             | 1,885,864                                | 1,393,920                             |
| <b>Total Revenues</b>                         | <u>12,524,456</u>   | <u>12,524,456</u>   | <u>13,546,953</u>                        | <u>1,022,497</u>                      |
| <b>Expenditures</b>                           |                     |                     |  |                                       |
| Debt Service:                                 |                     |                     |  |                                       |
| Principal                                     | 6,530,000           | 6,530,000           | 6,530,000                                | -                                     |
| Interest and Fiscal Agent Fees                | 6,089,050           | 6,089,050           | 6,087,200                                | 1,850                                 |
| Debt service costs and fees                   | 5,150               | 5,150               | 5,150                                    | -                                     |
| <b>Total Expenditures</b>                     | <u>12,624,200</u>   | <u>12,624,200</u>   | <u>12,622,350</u>                        | <u>1,850</u>                          |
| Increase (Decrease) in Fund Balance           | (99,744)            | (99,744)            | 924,603                                  | 1,024,347                             |
| <b>Fund Balance - September 1 (Beginning)</b> | <u>4,540,938</u>    | <u>4,540,938</u>    | <u>4,540,938</u>                         | <u>-</u>                              |
| <b>Fund Balance - August 31 (Ending)</b>      | <u>\$ 4,441,194</u> | <u>\$ 4,441,194</u> | <u>\$ 5,465,541</u>                      | <u>\$ 1,024,347</u>                   |

**FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT**  
**COMPENSATORY EDUCATION PROGRAM AND BILINGUAL EDUCATION PROGRAM COMPLIANCE RESPONSES**  
*For the Year Ended August 31, 2024*

*Exhibit J-4*

| <b>Data Codes</b>                              | <b>Section A: Compensatory Education Programs</b>   | <b>Responses</b> |
|--|---|------------------|
| AP1  | Did your LEA expend any state compensatory education program state allotment funds during the district’s fiscal year?                         | Yes              |
| AP2  | Does the LEA have written policies and procedures for its state compensatory education program?   | Yes              |
| AP3  | List the total state allotment funds received for state compensatory education programs during the district’s fiscal year.                    | \$ 1,165,626     |
| AP4  | List the actual direct program expenditures for state compensatory education programs during the LEA’s fiscal year. (PICs 24, 26, 28, 29, 30) | \$ 621,182       |
| <b>Section B: Bilingual Education Programs</b> |   |                  |
| AP5  | Did your LEA expend any bilingual education program state allotment funds during the LEA’s fiscal year?                                       | Yes              |
| AP6  | Does the LEA have written policies and procedures for its bilingual education program?  | Yes              |
| AP7  | List the total state allotment funds received for bilingual education programs during the LEA’s fiscal year.                                  | \$ 124,261       |
| AP8  | List the actual direct program expenditures for bilingual education programs during the LEA’s fiscal year. (PIC 25)                           | \$ 112,587       |

**FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT**  
**REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS**  
**For the Year Ended August 31, 2024**

*Schedule L-1*

|     |   |        |
|-----|---|--------|
| SF1 | Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?  | Yes    |
| SF2 | Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?  | No     |
| SF3 | Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?   |        |
|     | (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered <b>to not have made</b> timely payments.) Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date |        |
|     | Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.   | Yes    |
| SF4 | Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.  | No     |
| SF5 | Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?  | No     |
| SF6 | Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?  | No     |
| SF7 | Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?  | Yes    |
| SF8 | Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?  | Yes    |
| SF9 | Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.  | \$ -0- |

NOTE: This schedule is to be included as part of the annual financial audit report (AFR) submission on the required due date and published as a part of the school district's AFR. This schedule should be submitted in the data feed file and submitted as an Adobe Acrobat portable document file (pdf).





## **FEDERAL AWARDS SECTION**



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

To the Board of Trustees  
Friendswood Independent School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Friendswood Independent School District (the “District”), as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise District’s basic financial statements, and have issued our report thereon dated December 9, 2024.

**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 have not been identified.

**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*.

Board of Trustees  
Friendswood Independent School District

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas  
December 9, 2024

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Trustees  
Friendswood Independent School District

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

***Opinion on Each Major Program***

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

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

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

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

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

***Responsibilities of Management for Compliance***

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

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

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

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

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

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

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

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

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

Board of Trustees  
Friendswood Independent School District

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

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

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas  
December 9, 2024





**FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*For the Year Ended August 31, 2024*

**I. Summary of Auditors' Results**

**Financial Statements**

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|  |               |
|--|---------------|
| Type of auditors' report issued:   | Unmodified    |
| Internal control over financial reporting:   |               |
| Material weakness(es) identified?  | No            |
| Significant deficiencies identified that are not considered to be material weaknesses? | None reported |
| Noncompliance material to financial statements noted?                                  | No            |

**Federal Awards**

---

|   |               |
|---|---------------|
| Internal control over major programs:   |               |
| Material weakness(es) identified?   | No            |
| Significant deficiencies identified that are not considered to be material weaknesses?              | None reported |
| Type of auditors' report issued on compliance with major programs                                   | Unmodified    |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) ? | No            |

**Identification of major programs:**

| <u>Name of Federal Program or Cluster</u>                              | <u>Assistance Listing Number ( ALN)</u> |
|--|---|
| <b>US Department of Education</b><br><i>Special Education Cluster</i>  | 84.027A; 84.173A                        |
| Dollar Threshold Considered Between Type A and Type B Federal Programs | \$750,000                               |
| Auditee qualified as low risk auditee?                                 | Yes                                     |

**FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT**  
***SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)***  
***For the Year Ended August 31, 2024***

**II. Financial Statement Findings**

None reported

**III. Federal Awards Findings and Questioned Costs**

None reported

**FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended August 31, 2024**

*Exhibit K-1*

| (2A)<br>Pass Through<br>Entity Identifying<br>Number      | (1)<br>Federal Grantor/<br>Pass-Through Grantor/<br>Program Title                 | District<br>Fund<br>Number | (2)<br>Assistance<br>Listing<br>Number | (3)<br>Federal<br>Expenditures |
|---|---|----------------------------|--|--------------------------------|
| <b>U.S. Department of Education</b>                       |   |                            |  |                                |
| <b>Passed Through Texas Education Agency:</b>             |   |                            |  |                                |
| 246600010849116600  | <i>IDEA - Part B, Formula</i>   | 224                        | 84.027A                                | \$ 1,007,112                   |
| 246610010849116610  | <i>IDEA - Part B, Preschool</i>   | 225                        | 84.173A                                | 18,816                         |
| <b>Passed Through Region 10 Education Support Center:</b> |   |                            |  |                                |
| 236600497110001   | <i>Capacity Contracted Services</i>   | 289                        | 84.027A                                | 10,518                         |
|   | <i>Total Special Education Cluster (ALN # 84.027, 84.173)</i>                     |                            |  | <u>1,036,446</u>               |
| <b>Passed Through Texas Education Agency:</b>             |   |                            |  |                                |
| 24610101084911  | <i>ESEA Title I Part A</i>  | 211                        | 84.010A                                | 179,703                        |
|   | <i>Total ALN 84.010</i>   |                            |  | <u>179,703</u>                 |
| 24420006084911  | <i>Carl D. Perkins - Basic Formula</i>  | 244                        | 84.048A                                | 48,946                         |
| 24671001084911  | <i>Title III - Part A, ELA</i>  | 263                        | 84.365A                                | 17,740                         |
| 24694501084911  | <i>ESEA Title II, Part A, Supporting Effective Instruction</i>                    | 255                        | 84.367A                                | 116,636                        |
| 24680101084911  | <i>Title IV, Part A, Subpart 1</i>  | 289                        | 84.424A                                | 24,127                         |
| 21528001084911  | <i>COVID-19 ARP ESSER III</i>   | 282                        | 84.425U                                | 741,879                        |
| S369A190045   | <i>LEP Summer School (2023-24)</i>  | 289                        | 84.369                                 | 1,469                          |
| <b>Total U.S. Department of Education</b>                 |   |                            |  | <b><u>2,166,946</u></b>        |
| <b>U.S. Department of Agriculture</b>                     |   |                            |  |                                |
| <b>Passed Through Texas Department of Agriculture:</b>    |   |                            |  |                                |
| NT4XL1YGLGC5  | <i>National School Lunch Program - USDA Commodities<br/>(Non-cash assistance)</i> | 240                        | 10.555                                 | 70,424                         |
| <b>Passed Through Texas Education Agency:</b>             |   |                            |  |                                |
| Cash Assistance:  |   |                            |  |                                |
| 71302301  | <i>National School Lunch Program</i>  | 240                        | 10.555                                 | 220,870                        |
| 71402301  | <i>School Breakfast Program</i>   | 240                        | 10.553                                 | 19,798                         |
|   | <i>Total Child Nutrition Cluster (ALN # 10.553, 10.555)</i>                       |                            |  | <u>311,092</u>                 |
| <b>Passed Through State Department of Agriculture:</b>    |   |                            |  |                                |
| NT4XL1YGLGC5  | <i>State Administrative Expense (SAE) Funds</i>                                   | 240                        | 10.560                                 | 911                            |
| <b>Total U.S. Department of Agriculture</b>               |   |                            |  | <b><u>312,003</u></b>          |
| <b>Total Expenditures of Federal Awards</b>               |   |                            |  | <b><u>\$ 2,478,949</u></b>     |

**Note 1 - Summary of Significant Accounting Policies**

The District accounts for all awards under federal programs in the General and Special Revenue Funds in accordance with the Texas Education Agency's *Financial Accountability System Resource Guide*. These programs are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

Expenditures reported on the Schedule of Expenditures of Federal Awards are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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. All federal grants are subject to review by the grantor agencies. Any expenditures identified by the grantor agencies as disallowed could require reimbursement to the grantor agency from the District's general fund.

**Note 2 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the District under programs of the federal government for the year ended August 31, 2024. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Uniform Guidance. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

**Note 3 - Reconciliation to Basic Financial Statements**

The following is a reconciliation of expenditures of federal awards program per the Schedule of Expenditures of Federal Awards ("SEFA") and expenditures reported on the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds:

|   |                            |
|---|----------------------------|
| <b>Total Expenditures of Federal Awards - Exhibit K-1</b> | \$ 2,478,949               |
| Medicaid SHARS  | <u>21,331</u>              |
| <b>Total Federal Revenue - Exhibit C-2</b>                | <u><u>\$ 2,500,280</u></u> |

**Note 4 – General Fund Expenditures**

Federal awards reported in the general fund are summarized as follows:

**Federal Revenue Accounted for in General Fund:**

|  |                                 |
|--|---------------------------------|
| Medicaid SHARS   | \$ 21,331                       |
| Indirect Costs:  |                                 |
| National School Lunch Program  | 31,299                          |
| School Breakfast Program   | 2,805                           |
| ESEA Title I Part A  | 6,900                           |
| IDEA - Part B, Formula   | 38,676                          |
| IDEA - Part B, Preschool   | 619                             |
| Carl D. Perkins - Basic Formula  | 1,881                           |
| ESEA Title II, Part A, Supporting Effective Instruction                  | 4,482                           |
| Title III - Part A, ELA  | 681                             |
| Title IV, Part A, Subpart 1  | 927                             |
| ARP ESSER III  | <u>212,195</u>                  |
| Total Indirect Costs   | <u>300,465</u>                  |
| <b>Total Federal Revenue Accounted for in General Fund - Exhibit C-2</b> | <b><u><u>\$ 321,796</u></u></b> |

**FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT**

***SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS***

***For the Year Ended August 31, 2024***

Federal regulations, Title 2 U.S. Code of Federal Regulations Section 200.511 states, "The auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings." The summary schedule of prior audit findings must report the status of the following:

All audit findings included in the prior audit's schedule of findings and questioned costs and

All audit findings reported in the prior audit's summary schedule of prior audit findings except audit findings listed as corrected.

**Prior Audit Findings**

None Noted

**FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT**

***CORRECTIVE ACTION PLAN***

***For the Year Ended August 31, 2024***

Federal regulations, Title 2 U.S. Code of Federal Regulations §200.511 states, "At the completion of the audit, the auditee must prepare, in a document separate from the auditor's findings described in §200.516 Audit findings, a corrective action plan to address each audit finding included in the current year auditor's reports."

**Corrective Action Plan**

Not Applicable

