



HUFFMAN

INDEPENDENT SCHOOL DISTRICT

**Annual Financial and Compliance Report
For Fiscal Year Ended
June 30, 2025**



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HUFFMAN INDEPENDENT SCHOOL DISTRICT ANNUAL FINANCIAL & COMPLIANCE REPORT

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CERTIFICATE OF BOARD

Huffman Independent School District
Name of School District


Harris
County

101-925
County-District

We, the undersigned, certify that the attached annual financial & compliance reports of the above named school district were reviewed and X approved _____ disapproved for the year ended June 30, 2025, at a meeting of the Board of Trustees of such school district on the 17th day of November, 2025.



Signature of Board Secretary



Signature of Board President

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FINANCIAL SECTION

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MAYS & ASSOCIATES PLLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Huffman Independent School District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2025, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and TRS pension and OPEB schedules on pages 9-15 and 59-69 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.


Mays & Associates, PLLC

Baytown, Texas
November 17, 2025

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HUFFMAN INDEPENDENT SCHOOL DISTRICT MANAGEMENT’S DISCUSSION AND ANALYSIS

As management of the Huffman Independent School District (the District), we offer readers of the District’s financial statements this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2025. Please read it in conjunction with the District’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District’s total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$5,336,093 (*net position*).
- The District’s governmental funds reported combined ending fund balances of \$51,541,367, a decrease of \$4,648,916 in comparison with the prior year. The decrease in governmental fund balances was due primarily to continued facilities acquisition and construction expenditures related to the 2024 bonds.
- The unassigned fund balance for the general fund was \$7,247,489 or 18% of total general fund expenditures.
- The District’s bonded debt decreased by \$4,940,000, which was due to continued payments on the various bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Government-Wide Statements

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

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

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

HUFFMAN INDEPENDENT SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

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

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

Other Information

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

**HUFFMAN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a District’s financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$5,336,093 at the close of the most recent fiscal year.

A portion of the District’s net position reflects its investment in capital assets (e.g., land, buildings and improvements, furniture and equipment, and construction in progress), less any outstanding related debt used to acquire those assets. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

COMPARATIVE SCHEDULE OF NET POSITION			
	Governmental Activities		Change
	2025	2024	2025-2024
Current and other assets	\$ 58,885,683	\$ 66,950,501	\$ (8,064,818)
Capital assets and non current assets	86,195,367	82,282,994	3,912,373
Total assets	145,081,050	149,233,495	(4,152,445)
Total deferred outflows of resources	10,083,608	12,128,811	(2,045,203)
Other liabilities	13,514,016	15,651,839	(2,137,823)
Long-term liabilities	128,252,183	130,159,634	(1,907,451)
Total liabilities	141,766,199	145,811,473	(4,045,274)
Total deferred inflows of resources	8,062,366	10,653,206	(2,590,840)
Net position:			
Net investment in capital assets	19,705,003	16,443,215	3,261,788
Restricted	2,970,418	3,654,002	(683,584)
Unrestricted	(17,339,328)	(15,199,590)	(2,139,738)
Total net position	\$ 5,336,093	\$ 4,897,627	\$ 438,466

Unrestricted net position, which can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, amount to \$(17,339,328) at June 30, 2025. Unrestricted net position reflects a deficit balance. The District’s liability is reported in governmental activities; however, the actual liability does not require the use of current resources at the fund level, which results in a timing difference since the pension and TRS-Care plans are funded on a pay-as-you-go basis. The District has made all contractually required contributions as noted in the required supplementary information and has sufficient fund balance to meet the District’s ongoing obligations to students and creditors.

Additionally, net position is restricted for the following purposes:

	Governmental Activities	
	2025	2024
Federal and state programs	\$ 552,716	\$ 609,411
Debt Services	2,380,156	3,017,952
Other purposes	37,546	26,639
	\$ 2,970,418	\$ 3,654,002

**HUFFMAN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Governmental Activities

COMPARATIVE SCHEDULE OF CHANGES IN STATEMENT OF ACTIVITIES					
	Governmental Activities				Change 2025-2024
	2025	%	2024	%	
Revenues					
Program revenues:					
Charges for services	\$ 1,770,252	3%	\$ 1,961,941	4%	\$ (191,689)
Operating grants & contributions	6,741,463	12%	9,053,213	17%	(2,311,750)
General revenues:					
Property taxes	19,753,890	36%	16,833,746	32%	2,920,144
State aid - formula grants	23,038,978	42%	22,619,599	43%	419,379
Grants and contributions not restricted	939,204	2%	1,494,504	3%	(555,300)
Investment earnings	2,374,022	4%	969,962	2%	1,404,060
Other	79,857	0%	99,968	0%	(20,111)
Total revenues	<u>54,697,666</u>	<u>100%</u>	<u>53,032,933</u>	<u>100%</u>	<u>1,664,733</u>
Expenses:					
Instruction and related services	26,961,643	50%	29,132,465	52%	(2,170,822)
Instructional and school leadership	2,511,366	5%	2,602,659	5%	(91,293)
Support services - student	9,641,531	18%	10,432,718	19%	(791,187)
Administrative support services	2,609,626	5%	2,434,702	4%	174,924
Support services - non-student based	8,284,964	15%	8,253,889	15%	31,075
Debt service	4,049,324	7%	3,257,430	6%	791,894
Intergovernment charges	200,746	0%	191,269	0%	9,477
Total expenses	<u>54,259,200</u>	<u>100%</u>	<u>56,305,132</u>	<u>100%</u>	<u>(2,045,932)</u>
Increase (decrease) in net position	438,466		(3,272,199)		3,710,665
Net position, beginning	4,897,627		8,169,826		(3,272,199)
Prior period adjustment	-		-		-
Net position, ending	<u>\$ 5,336,093</u>		<u>\$ 4,897,627</u>		<u>\$ 438,466</u>

The Net Position increased by \$438,466 primarily due to higher property tax revenues and investment earnings, along with reduced expenses. These positive factors were partially offset by declining operating grant revenues during the year.

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

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

At June 30, 2025, the District reported a net pension liability of \$13,960,482 for its proportionate share of TRS's net pension liability and a net OPEB liability of \$8,991,073 for its proportionate share of the District's Other Post-Employment benefits other than pensions. At June 30, 2024, the District's net pension liability and OPEB liability was \$15,713,551 and \$6,564,128, respectively.

**HUFFMAN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS**

The primary revenues of the District are generated from the following three sources: property taxes, state-aid formula grants, and operating grants and contributions. When combined, these represented 91% or \$49,534,331 of total revenues. The remaining 9% or \$5,163,335 was generated from charges for services, investment earnings, and miscellaneous revenues.

The primary functional expenses of the District are due to the following sources: instruction and related services, student support services, and non-student support services. When combined these represented 83% or \$44,888.138 of total expenses. The remaining functional expenses represent less than 17% or \$9,371,062 of total expenditures.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

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

Governmental Funds

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

At June 30, 2025, the District’s governmental funds reported combined fund balances of \$51,541,367, a decrease of \$4,648,916 in comparison with the prior year. Approximately 77% or \$39,690,406 of combined fund balance constitutes *capital acquisition and contractual obligations*.

	Governmental Fund Balances				
	General Fund	Debt Service Fund	Capital Projects	NonMajor Funds	Totals
Total Fund Expenditure	\$ 40,019,513	\$ 8,884,142	\$ 7,935,593	\$ 6,850,270	\$ 63,689,518
Nonspendable	\$ 2,988	\$ -	\$ -	\$ -	2,988
Restricted	-	3,364,949	39,690,406	590,262	43,645,617
Committed	-	-	-	645,273	645,273
Unassigned	7,247,489	-	-	-	7,247,489
Total fund balances	\$ 7,250,477	\$ 3,364,949	\$ 39,690,406	\$ 1,235,535	\$ 51,541,367

The general fund is the chief operating fund of the District. As a measure of the general fund’s liquidity, it may be useful to separately compare both unassigned fund balance and total fund balance to total general fund expenditures. As of June 30, 2025, the majority of this fund relates to the unassigned fund, \$7,247,489, which is 18% of general fund expenditures. Unassigned fund balance increased by \$1,935,996 from the prior year primarily due to results of operation.

The debt service fund has a total fund balance of \$3,364,949, all of which is reserved for the payment of debt service. The net decrease in the debt service fund balance during the current year was \$668,678. This decrease results from expenditures exceeding debt service revenues.

The capital projects fund has a fund balance of \$39,690,406. This decrease is mainly due to the facilities acquisition and construction costs of \$6,738,489 during the year.

**HUFFMAN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS**

General Fund Budgetary Highlights

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

	BUDGET		Actuals
	Original	Final	
Total revenues	\$ 36,808,855	\$ 38,248,421	\$ 38,909,497
Total expenditures	39,776,408	41,116,396	40,019,513
Other financing sources (uses)	-	3,049,000	3,049,000
Net change in fund balance	\$ (2,967,553)	\$ 181,025	\$ 1,938,984

The District initially adopted a deficit budget; however, an amendment resulted in a projected surplus of \$181,025. Actual revenues exceeded estimates by \$661,076, mainly due to increase in property tax and state funding revenues. On the expenditure side, actual costs were \$1,096,883 less than expected. Despite these adjustments, the overall general fund balance increased by approximately \$1.9 million within the fiscal year when factoring the issuance of loan proceeds.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

The District’s investment in capital assets for its governmental type activities as of June 30, 2025, includes land, buildings and improvements, furniture and equipment, construction in progress and capital leases. The investment in capital assets (capital outlays) increased during the current year by \$3,912,373. This increase was the result of current year additions offset by current year depreciation.

The following table summarizes the investment in capital assets as of June 30, 2025 and 2024.

	2025	2024
Land	\$ 5,847,601	\$ 5,847,601
Buildings and improvements	127,083,813	126,889,501
Furniture and equipment	13,602,444	13,214,431
Assets purchase under capital leases	219,558	219,558
Construction in progress	7,096,756	1,540,596
	153,850,172	147,711,687
Accumulated depreciation	(67,654,805)	(65,428,693)
Net capital assets	\$ 86,195,367	\$ 82,282,994

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

Long-Term Liabilities

As of June 30, 2025, the District had total long-term debt liabilities of \$102,950,000. The District’s bonded debt decreased by \$4,940,000 from the prior year due to regularly scheduled debt payments. The District’s general obligation bonds are rated “Aaa” (underlying unenhanced rating of “A2”) by Moody’s Investors Service. The bonds are guaranteed through the Texas Permanent School Fund Guarantee Program or by a municipal bond insurance policy.

**HUFFMAN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS**

Changes in long-term debt for the year ended June 30, 2025 are as follows:

	Outstanding 7/1/2024	Additions	Reductions	Outstanding 6/30/2025
General obligation bonds	\$ 107,890,000	\$ -	\$ (4,940,000)	\$ 102,950,000
Deferred bond components	4,104,714	-	(285,992)	3,818,722
Tax anticipation note	4,049,000	-	(4,049,000)	-
Maintenance tax note	-	3,049,000	-	3,049,000
Capital lease	159,212	-	(51,838)	107,374
Compensated absences	717,693	1,212,361	(302,526)	1,627,528
	<u>\$ 116,920,619</u>	<u>\$ 4,261,361</u>	<u>\$ (9,629,356)</u>	<u>\$ 111,552,624</u>

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

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

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

- Current enrollment (2025-2026) totals 3,708 students, which is a 1.7% change from last year’s enrollment of 3,646.
- The District’s 2025-2026 refined average daily attendance (RADA) was budgeted to 3,376.352 which is equal to the final RADA for the 2024-2025 school year.
- District staff totals 546 employees, which includes 246.5 teachers and 97 instructional aides and clerical staff.
- The District maintains 4 campuses for instruction.
- The unemployment rate for the metropolitan area was currently 4.3% as of June 30, 2025 which is lower than last year’s unemployment rate of 4.7%.
- Property values of the District increased by approximately 7.05% in the 2025-2026 fiscal year from the 2024-2025 fiscal year.
- The maintenance and operations tax rate for fiscal year 2025-2026 is \$0.6969 while the interest and sinking tax rate is \$0.3668 for a total rate of \$1.0637. The preceding year rates were \$0.6769, \$0.3968, and \$1.0737, respectively.

All of these factors were considered in preparing the District’s general fund and interest and sinking budgets for the 2025-2026 fiscal year.

The Huffman Independent School District general fund adopted budget for 2025-2026 is as follows:

<u>General Fund Budget:</u>	<u>Original</u>
Budgeted Revenues & Other Sources	\$44,247,003
Budgeted Expenditures & Other Uses	46,799,091
	<u>(\$2,552,088)</u>

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

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

HUFFMAN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 50,382,107
1220 Property Taxes - Delinquent	1,900,673
1230 Allowance for Uncollectible Taxes	(307,300)
1240 Due from Other Governments	6,893,783
1290 Other Receivables, Net	13,432
1410 Prepayments	2,988
Capital Assets:	
1510 Land	5,847,601
1520 Buildings, Net	67,244,912
1530 Furniture and Equipment, Net	5,874,364
1550 Right-to-Use Leased Assets, Net	131,734
1580 Construction in Progress	7,096,756
1000 Total Assets	145,081,050
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Charge for Refunding	695,326
1705 Deferred Outflow Related to TRS Pension	3,985,477
1706 Deferred Outflow Related to TRS OPEB	5,402,805
1700 Total Deferred Outflows of Resources	10,083,608
LIABILITIES	
2110 Accounts Payable	2,421,587
2140 Accrued Interest	1,511,077
2160 Accrued Wages Payable	2,951,085
2200 Accrued Expenses	115,869
2300 Unearned Revenue	262,402
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	6,251,996
Due in More than One Year:	
2502 Bonds, Notes, Loans, Leases, etc.	105,300,628
2540 Net Pension Liability (District's Share)	13,960,482
2545 Net OPEB Liability (District's Share)	8,991,073
2000 Total Liabilities	141,766,199
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	322,168
2606 Deferred Inflow Related to TRS OPEB	7,740,198
2600 Total Deferred Inflows of Resources	8,062,366
NET POSITION	
3200 Net Investment in Capital Assets and Right-to-Use Lease Assets	19,705,003
Restricted:	
3820 Restricted for Federal and State Programs	552,716
3850 Restricted for Debt Service	2,380,156
3890 Restricted for Other Purposes	37,546
3900 Unrestricted	(17,339,328)
3000 Total Net Position	\$ 5,336,093

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

HUFFMAN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Net (Expense)
Revenue and
Changes in Net
Position

6
Primary Gov.

Governmental

Activities

Data Control Codes	1	Program Revenues		6	
		3	4		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities	
Primary Government:					
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 25,287,300	\$ 27,251	\$ 1,688,640	\$ (23,571,409)
12	Instructional Resources and Media Services	360,815	-	4,926	(355,889)
13	Curriculum and Instructional Staff Development	1,313,528	-	426,484	(887,044)
21	Instructional Leadership	531,493	-	8,037	(523,456)
23	School Leadership	1,979,873	-	35,094	(1,944,779)
31	Guidance, Counseling, and Evaluation Services	1,459,183	-	382,108	(1,077,075)
32	Social Work Services	358,527	-	205,759	(152,768)
33	Health Services	367,417	-	16,343	(351,074)
34	Student (Pupil) Transportation	1,693,039	-	36,941	(1,656,098)
35	Food Services	3,081,275	343,570	2,480,521	(257,184)
36	Extracurricular Activities	2,682,090	1,393,701	19,971	(1,268,418)
41	General Administration	2,609,626	-	24,886	(2,584,740)
51	Facilities Maintenance and Operations	6,205,192	5,730	52,163	(6,147,299)
52	Security and Monitoring Services	1,100,675	-	275,037	(825,638)
53	Data Processing Services	967,796	-	114,514	(853,282)
61	Community Services	11,301	-	10,318	(983)
72	Debt Service - Interest on Long-Term Debt	3,988,274	-	922,721	(3,065,553)
73	Debt Service - Bond Issuance Cost and Fees	61,050	-	-	(61,050)
93	Payments Related to Shared Services Arrangements	37,000	-	37,000	-
95	Payments to Juvenile Justice Alternative Ed. Prg.	21,600	-	-	(21,600)
99	Other Intergovernmental Charges	142,146	-	-	(142,146)
	[TP] TOTAL PRIMARY GOVERNMENT:	\$ 54,259,200	\$ 1,770,252	\$ 6,741,463	(45,747,485)

Data Control Codes	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	12,461,540
DT	Property Taxes, Levied for Debt Service	7,292,350
SF	State Aid - Formula Grants	23,038,978
GC	Grants and Contributions not Restricted	939,204
IE	Investment Earnings	2,374,022
MI	Miscellaneous Local and Intermediate Revenue	79,857
TR	Total General Revenues	46,185,951
CN	Change in Net Position	438,466
NB	Net Position - Beginning	4,897,627
NE	Net Position - Ending	\$ 5,336,093

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

HUFFMAN INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects Fund
ASSETS			
1110 Cash and Cash Equivalents	\$ 5,086,718	\$ 3,226,330	\$ 40,935,292
1220 Property Taxes - Delinquent	1,288,989	611,684	-
1230 Allowance for Uncollectible Taxes	(221,900)	(85,400)	-
1240 Due from Other Governments	6,711,923	140,215	-
1260 Due from Other Funds	334,493	-	-
1290 Other Receivables	550	-	-
1410 Prepayments	2,988	-	-
1000 Total Assets	<u>\$ 13,203,761</u>	<u>\$ 3,892,829</u>	<u>\$ 40,935,292</u>
LIABILITIES			
2110 Accounts Payable	\$ 1,231,709	\$ -	\$ 1,129,017
2160 Accrued Wages Payable	2,724,292	-	-
2170 Due to Other Funds	671,388	-	-
2200 Accrued Expenditures	-	-	115,869
2300 Unearned Revenue	258,806	1,596	-
2000 Total Liabilities	<u>4,886,195</u>	<u>1,596</u>	<u>1,244,886</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	1,067,089	526,284	-
2600 Total Deferred Inflows of Resources	<u>1,067,089</u>	<u>526,284</u>	<u>-</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3430 Prepaid Items	2,988	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	39,690,406
3480 Retirement of Long-Term Debt	-	3,364,949	-
3490 Other Restricted Fund Balance	-	-	-
Committed Fund Balance:			
3545 Other Committed Fund Balance	-	-	-
3600 Unassigned Fund Balance	7,247,489	-	-
3000 Total Fund Balances	<u>7,250,477</u>	<u>3,364,949</u>	<u>39,690,406</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 13,203,761</u>	<u>\$ 3,892,829</u>	<u>\$ 40,935,292</u>

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,133,767	\$ 50,382,107
-	1,900,673
-	(307,300)
41,645	6,893,783
671,388	1,005,881
12,882	13,432
-	2,988
<u>\$ 1,859,682</u>	<u>\$ 59,891,564</u>
\$ 60,861	\$ 2,421,587
226,793	2,951,085
334,493	1,005,881
-	115,869
2,000	262,402
<u>624,147</u>	<u>6,756,824</u>
-	1,593,373
<u>-</u>	<u>1,593,373</u>
-	2,988
552,716	552,716
-	39,690,406
-	3,364,949
37,546	37,546
645,273	645,273
-	7,247,489
<u>1,235,535</u>	<u>51,541,367</u>
<u>\$ 1,859,682</u>	<u>\$ 59,891,564</u>

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HUFFMAN INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2025

EXHIBIT C-1R

Total Fund Balances - Governmental Funds	\$	51,541,367
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. The cost of these assets is \$153,850,172 and the accumulated depreciation is \$67,654,805. The effect of including capital assets (net of depreciation) in the governmental activities is an increase to net position. (See Note II. D.)		86,195,367
2 Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period, and, therefore, are not reported as liabilities in the governmental funds. The effect of these long-term liabilities is a decrease to net position. (See Note II. E.)		(111,552,624)
3 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of \$13,960,482, a deferred inflow of resources related to TRS in the amount of \$322,168, and a deferred outflow of resources related to TRS in the amount of \$3,985,477. The effect of these pension related items is a decrease to net position.		(10,297,173)
4 The District implemented GASB 75 reporting requirements for the OPEB benefit plan through TRS. The District's share of the TRS plan resulted in a net OPEB liability of \$8,991,073, a deferred inflow of \$7,740,198 and a deferred outflow of \$5,402,805. The effect of these OPEB related items is a decrease to net position.		(11,328,466)
5 Recognizing deferred revenue (property taxes) as revenue in the government-wide statements to convert from modified accrual basis of accounting to the accrual basis of accounting. The net effect is an increase to net position.		1,593,373
6 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include eliminating interfund transactions, interest accrual, and recognizing the bond components (deferred charge on refunding) associated with bonds. The net effect of these reclassifications and recognitions is to decrease net position.		(815,751)
29 Net Position of Governmental Activities	\$	<u>5,336,093</u>

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

HUFFMAN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects Fund
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 12,904,764	\$ 7,292,743	\$ 2,085,705
5800 State Program Revenues	25,190,386	922,721	-
5900 Federal Program Revenues	814,347	-	-
5020 Total Revenues	<u>38,909,497</u>	<u>8,215,464</u>	<u>2,085,705</u>
EXPENDITURES:			
Current:			
0011 Instruction	21,619,072	-	958,384
0012 Instructional Resources and Media Services	341,740	-	-
0013 Curriculum and Instructional Staff Development	827,400	-	-
0021 Instructional Leadership	496,089	-	-
0023 School Leadership	1,879,557	-	-
0031 Guidance, Counseling, and Evaluation Services	1,020,164	-	-
0032 Social Work Services	138,659	-	-
0033 Health Services	336,383	-	-
0034 Student (Pupil) Transportation	1,767,870	-	198,522
0035 Food Services	999	-	-
0036 Extracurricular Activities	1,136,889	-	-
0041 General Administration	2,431,255	-	-
0051 Facilities Maintenance and Operations	5,903,678	-	12,698
0052 Security and Monitoring Services	747,148	-	27,500
0053 Data Processing Services	912,110	-	-
0061 Community Services	-	-	-
Debt Service:			
0071 Principal on Long-Term Liabilities	51,838	4,940,000	-
0072 Interest on Long-Term Liabilities	194,866	3,932,092	-
0073 Bond Issuance Cost and Fees	49,000	12,050	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	1,050	-	6,738,489
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-
0095 Payments to Juvenile Justice Alternative Ed. Prg.	21,600	-	-
0099 Other Intergovernmental Charges	142,146	-	-
6030 Total Expenditures	<u>40,019,513</u>	<u>8,884,142</u>	<u>7,935,593</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,110,016)	(668,678)	(5,849,888)
OTHER FINANCING SOURCES (USES):			
7914 Non-Current Loans	3,049,000	-	-
1200 Net Change in Fund Balances	1,938,984	(668,678)	(5,849,888)
0100 Fund Balance - July 1 (Beginning)	5,311,493	4,033,627	45,540,294
3000 Fund Balance - June 30 (Ending)	<u>\$ 7,250,477</u>	<u>\$ 3,364,949</u>	<u>\$ 39,690,406</u>

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

	Nonmajor Governmental Funds	Total Governmental Funds
\$	1,784,080	\$ 24,067,292
	952,053	27,065,160
	4,044,803	4,859,150
	6,780,936	55,991,602
	1,222,722	23,800,178
	-	341,740
	408,818	1,236,218
	1,485	497,574
	1,950	1,881,507
	361,340	1,381,504
	200,992	339,651
	11,385	347,768
	16,015	1,982,407
	2,849,235	2,850,234
	1,344,818	2,481,707
	635	2,431,890
	19,183	5,935,559
	258,102	1,032,750
	106,272	1,018,382
	10,318	10,318
	-	4,991,838
	-	4,126,958
	-	61,050
	-	6,739,539
	37,000	37,000
	-	21,600
	-	142,146
	6,850,270	63,689,518
	(69,334)	(7,697,916)
	-	3,049,000
	(69,334)	(4,648,916)
	1,304,869	56,190,283
\$	1,235,535	\$ 51,541,367

HUFFMAN INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2025

EXHIBIT C-3

Total Net Change in Fund Balances - Governmental Funds	\$	(4,648,916)
Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of removing current year capital outlays is to increase net position. (See Note II. D.)		8,493,515
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.		(4,531,060)
The governmental funds report bond proceeds as an other financing source, while repayment of bond principal is reported as an expenditure. Also, governmental funds report bond premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect is to increase net position. (See Note II. E.)		1,318,995
Changes in the District's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to the Teacher Retirement System of Texas for the current year are not reported in governmental funds but are reported in the government-wide financial statements. The net effect of these changes is a decrease to net position.		(1,044,391)
Changes in the District's proportionate share of the net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to the Texas Public School Retired Employees Group Insurance Program (TRS-Care) for the current year are not reported in governmental funds but are reported in the government-wide financial statements. The net effect of these changes is a increase to net position.		994,679
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.		(144,356)
Change in Net Position of Governmental Activities	\$	438,466

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

HUFFMAN INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2025

	Total Custodial Funds
ASSETS	
Cash and Cash Equivalents	\$ 38,038
Total Assets	<u>38,038</u>
LIABILITIES	
Accounts Payable	<u>5,744</u>
Total Liabilities	<u>5,744</u>
NET POSITION	
Restricted for Student Groups	32,278
Restricted for Other Purposes	<u>16</u>
Total Net Position	<u><u>\$ 32,294</u></u>

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

HUFFMAN INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2025

	Total Custodial Funds
ADDITIONS:	
Enterprising Services Revenue	\$ 166,741
Total Additions	<u>166,741</u>
DEDUCTIONS:	
Supplies and Materials	169,908
Total Deductions	<u>169,908</u>
Change in Fiduciary Net Position	(3,167)
Total Net Position - July 1 (Beginning)	<u>35,461</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 32,294</u></u>

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

B. Basis of Presentation

1. Government-Wide Financial Statements

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

The statement of activities provides a comparison between direct expenses and program revenues for each program or function of the District’s governmental activities. *Direct expenses* are specifically associated with a program or function and are clearly attributable to that function. *Indirect costs* are allocated proportionally, based on the ratio of function’s expense to total expense. *Program revenues* are categorized as 1) Charges for services, goods, or privileges purchased by students, applicants, or users who directly benefit from a specific function and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Revenues that are not classified as program revenues, such as taxes, are reported as *general revenues*.

2. Fund Financial Statements

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

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

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

C. Fund Accounting

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

1. Governmental Funds

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

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

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

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

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

2. Fiduciary Funds

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

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

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

D. Measurement Focus and Basis of Accounting

1. Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. All assets and deferred outflows of resources, and liabilities and deferred inflows of resources associated with the operation of the District are included in the statement of net position. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recorded as revenues in the year of levy.

2. Fund Financial Statements

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

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

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

HUFFMAN INDEPENDENT SCHOOL DISTRICT NOTES TO THE FINANCIAL STATEMENTS

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

3. Basis of Accounting

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

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

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

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

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

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

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

- **Unearned Revenues**

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

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

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

- **Expenses/Expenditures**

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

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

1. Cash and Cash Equivalents

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

2. Deposits and Investments

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

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

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

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

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

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

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

3. Property Taxes

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

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

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

4. Inter-fund Receivables, Payables, and Transfers

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

5. Prepayments (i.e., Deferred Expenditures/Expenses)

Certain payments to vendors reflect costs applicable to the next fiscal period and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are accounted for using the consumption method and are recognized as expenditures/expenses proportionately over the periods in which the services are provided.

6. Capital Assets

Capital assets, which include land, buildings and improvements, and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as those with an initial individual cost of more than \$5,000 or \$400,000, in aggregate, with an estimated useful life in excess of five years. Such assets are recorded at historical cost, or if unavailable, at estimated historical cost. Donated assets are recorded at their acquisition value or estimated fair value on the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed, but interest incurred during construction is not capitalized. When assets are retired or disposed of, their related costs or other recorded amounts are removed from the records.

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

Capital Asset:	Years
Buildings and improvements	9-60
Furniture, fixtures and equipment	5-15
Vehicles and buses	5-10

7. Deferred Outflows/Inflows of Resources

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

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

- Deferred outflow of resources for refunding – Reported in the government-wide statement of net position, this deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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- Deferred outflow of resources for pension – Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of differences between expected and actual actuarial experiences. The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The other pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.
- Deferred outflow of resources for OPEB – Reported in the government-wide financial statement of net position, this deferred outflow results from OPEB plan contributions made after the measurement date of the net OPEB liability and the results of differences between expected and actual investment earnings and changes in proportionate share. The deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year. The other OPEB related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEB through the OPEB plan.

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

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

8. Long-Term Obligations

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

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

**HUFFMAN INDEPENDENT SCHOOL DISTRICT
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9. Compensated Absences

The District provides compensated absences in the form of state personal leave and local leave. State law grants five days of personal leave per year, available at the start of the year, which accumulates without limit and is transferable to other Texas school districts. The District also grants up to five days of local leave per year; employees with ten or more years of service are paid for up to 60 unused local days upon separation.

Liabilities for compensated absences are accrued as earned, measured at current pay rates, and include amounts probable of payment. In governmental funds, only amounts expected to be liquidated with expendable available resources are recognized as expenditures. The full liability is reported in the government-wide Statement of Net Position, with the current portion presented separately.

The District has adopted GASB 101, however compensated absences are not due and payable in the current period, therefore are not reported as liabilities in the governmental fund financial statements. The effect of this long-term liability is recognized within the long-term portion of the Statement of Net Position.

10. Pensions

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

11. Other Post-Employment Benefits

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

12. Fund Balance

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

The classifications used in the governmental fund financial statements are as follows:

- ***Nonspendable*** – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. (Inventories and Prepaid Items are considered *Nonspendable* as these items are not expected to be converted to cash or are not expected to be converted to cash within the next year.)

**HUFFMAN INDEPENDENT SCHOOL DISTRICT
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- **Restricted** – includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed** – includes amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., the Board of Trustees). To be reported as committed, amounts cannot be used for any other purposes unless the District takes the same highest level of action to remove or change the constraint. The District establishes (and modifies or rescinds) fund balance commitments by passage of a resolution or ordinance. A fund balance commitment is further indicated in the budget document as a commitment of the fund. The District has committed 100 percent of Fund 461 Campus Activity Funds' fund balance.
- **Assigned** – includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the Superintendent or Chief Financial Officer through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the *general fund*.
- **Unassigned** – includes the residual fund balance for amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the *general fund*. The *Unassigned* classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of *Assigned* fund balance amounts.

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

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

13. Net Position

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

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

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

**HUFFMAN INDEPENDENT SCHOOL DISTRICT
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14. Budgetary Data

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

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

- a) Prior to June 30, the District prepares an operating budget for the next succeeding fiscal year beginning July 1. The budget includes proposed expenditures and the means of financing them.
- b) A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten day’s public notice of the meeting must be given.
- c) Prior to July 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after the fiscal year end.
- d) Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.
- e) Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at June 30, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year’s budget.

15. Use of Estimates

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

The amount of state foundation and available school revenue a school district earns for a year, can and does vary until the time when final values for each of the factors in the formula become available. Availability can be as late as midway into the next fiscal year. It is probable that the foundation revenue estimate as of June 30 will change and those changes could be material. For the year ended June 30, 2025, the District received approximately 48% of revenues from the State of Texas.

16. Data Control Codes

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

17. Implementation of New Accounting Standards

GASB issued Statement No. 101, “*Compensated Absences*”, which is effective for fiscal year ending June 30, 2025. The Statement requires governments to recognize a liability for compensated absences for leave that has not been used and leave that has been used but not paid. The liability is measured at the amount of the cash payment or noncash settlement to be made for the use of leave. The Statement did not have a material impact on the financial statements.

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GASB issued Statement No. 102, “*Certain Risk Disclosures*”, requires governments to disclose information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal year ending June 30, 2025, and the District implemented the Statement. The Statement did not have a material impact on the financial statements.

II. DETAILED NOTES ON ALL FUNDS

A. Cash, Deposits and Investments

A summary of the District’s cash and investments by fund at June 30, 2025 is shown below:

	Cash and Deposits	Investment Pools	Total Cash & Cash Equivalents	Investments	Total Cash & Investments
Governmental Funds:					
General fund	\$ 1,985,070	\$ 3,101,648	\$ 5,086,718	\$ -	\$ 5,086,718
Debt service fund	1,423,841	1,802,489	3,226,330	-	3,226,330
Capital projects fund	18,963	40,916,329	40,935,292	-	40,935,292
Non-major governmental funds	<u>1,106,233</u>	<u>27,534</u>	<u>1,133,767</u>	-	<u>1,133,767</u>
Total governmental funds	<u>4,534,107</u>	<u>45,848,000</u>	<u>50,382,107</u>	-	<u>50,382,107</u>
Fiduciary funds	<u>38,038</u>	-	<u>38,038</u>	-	<u>38,038</u>
Total	<u>\$ 4,572,145</u>	<u>\$ 45,848,000</u>	<u>\$ 50,420,145</u>	<u>\$ -</u>	<u>\$ 50,420,145</u>

At June 30, 2025, the net carrying amount of the District’s cash and deposits was \$4,572,145 and the bank balance was \$4,689,457. At June 30, 2025, the District’s combined deposits were fully insured by FDIC insurance or collateralized with securities held by the Bank’s agent in the District’s name.

The Public Funds Investment Act (“the Act”) and Board policy governs the District’s investment policies. The Act contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date of the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposits. Statutes authorize the District to invest in: (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) securities lending programs, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools and (9) guaranteed investment contracts.

The District’s cash equivalents and investments at June 30, 2025 are as shown below:

Investment Type:	Rating	Value at June 30, 2025	Fair Value Measurements Using:			Percent of Portfolio	WAM (Days/Years)
			(Level 1)	(Level 2)	(Level 3)		
Cash in Bank		\$ 4,572,145				9%	
<i>Cash equivalents measured at amortized costs:</i>							
TexPool	AAA	50				0%	< 365 days
LoneStar	AAA/AAA	<u>45,847,950</u>				91%	< 365 days
Cash and cash equivalents - subtotal		<u>50,420,145</u>					
Total cash & investments		<u>\$ 50,420,145</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	100%	

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TexPool (Texas Local Government Investment Pool) and Lone Star (Lone Star Investment Pool) are local government investment “pools” organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code.

In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

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

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

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

1) Credit Risk

State law and the District’s investment policy limit investments in all categories to top ratings issued by nationally recognized statistical rating organizations. The credit quality ratings for the District’s investments were in compliance with the Act. At year end, the District was not significantly exposed to credit risk. As of June 30, 2025, the District was not exposed to credit risk.

2) Custodial Credit Risk

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

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty’s trust department or agent but not in the District’s name. As of June 30, 2025, the District was not exposed to custodial credit risk.

3) Concentration of Credit Risk

The District’s investment policy notes the investment portfolio to be diversified in terms of investment instruments, maturity scheduling, and financial institutions in order to reduce the risk of loss resulting from overconcentration of assets in a specific class of investments, specific maturity, or specific issuer. As of June 30, 2025, the District was not exposed to concentration of credit risk.

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

4) Interest Rate Risk

The risk that changes in interest rates may adversely affect the value of investments. The District monitors interest rate risk utilizing weighted average maturity and specific identification.

To limit interest and market rate risk from changes in interest rates, the District’s Investment Policy sets a maximum maturity as follows:

- CD’s are limited to a stated maturity of one year.
- Banks’s acceptance are limited to a stated maturity of 270 days or less, from the date of issuance.
- Repurchase agreements are limited to a maximum maturity of three months.
- Municipal obligations of the State of Texas or any other state or political subdivision must have a stated maturity less than two years.
- Obligations of the U.S. government, its agencies, and instrumentalities excluding mortgage backed securities, or guaranteed by governmental entities not to exceed two years to stated maturity in the operating and debt service funds and not to exceed three years in bond funds (2256.009).
- Commercial paper is limited to mature in 365 days or less, from the issuance date.

As of June 30, 2025, the District was not exposed to interest rate risk.

B. Receivables and Unearned Revenue

Receivables as of June 30, 2025, for the District’s individual major funds and nonmajor funds, in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Property taxes delinquent:				
Property taxes	\$ 1,288,989	\$ 611,684	\$ -	\$ 1,900,673
Subtotal - property taxes receivables	1,288,989	611,684	-	1,900,673
Less: allowance for uncollectibles	(221,900)	(85,400)	-	(307,300)
Net property taxes receivables	<u>\$ 1,067,089</u>	<u>\$ 526,284</u>	<u>\$ -</u>	<u>\$ 1,593,373</u>
Due from other governments:				
Due from state	\$ 6,537,556	\$ 140,215	\$ 7,851	\$ 6,685,622
Due from federal	10,902	-	33,794	44,696
Due from other	163,465	-	-	163,465
Net due from other governments	<u>\$ 6,711,923</u>	<u>\$ 140,215</u>	<u>\$ 41,645</u>	<u>\$ 6,893,783</u>
Other receivables:				
Other receivables	\$ 550	\$ -	\$ 12,882	\$ 13,432
Net other receivables	<u>\$ 550</u>	<u>\$ -</u>	<u>\$ 12,882</u>	<u>\$ 13,432</u>

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of June 30, 2025 are summarized above. All federal grants shown above are passed through the TEA and are reported in the financial statements as Due from Other Governments.

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

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

Unearned revenue at June 30, 2025, for the District’s governmental funds is as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable - General fund	\$ 1,067,089	\$ -
Delinquent property taxes receivable - Debt service fund	526,284	-
State funding allotment - General fund	-	258,806
State funding allotment - Debt service fund	-	1,596
Advance funding - Nonmajor government fund	-	2,000
Total deferred revenue	<u>\$ 1,593,373</u>	<u>\$ 262,402</u>

Property Taxes

Property taxes are considered available when collected within the current period. The District levies taxes on October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and become past due, subject to interest and penalty, if not paid by February 1 of the year following the October 1 levy date. On January 1 of each year, a tax lien attaches to property securing payment of all taxes, penalties, and interest ultimately imposed.

The tax rates assessed for the year ended June 30, 2025 to finance general fund operations and voter approved debt service principal and interest payments were \$0.6769 and \$0.3968, respectively, per \$100 of assessed valuation for a total tax rate of \$1.0737. The net assessed/appraised value for school tax purposes was \$1,835,340,319, upon which the current year’s total levy value was \$19,706,049.

Current tax collections for the year ended June 30, 2025 were 95% of the year-end adjusted levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of levy. A significant portion of delinquent taxes outstanding at any fiscal year end is generally not collected in the ensuing fiscal year.

Allowances for uncollectible taxes within the general and debt service funds are based on historical experience in collecting taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. The property taxes receivable allowance is approximately 16% of outstanding property taxes receivable at June 30, 2025.

C. Interfund Receivables, Payables and Transfers

Interfund balances consist of short-term lending/borrowing arrangements between two or more governmental funds. Interfund balances in the fund financial statements at June 30, 2025 consisted of the following:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General fund:		
Nonmajor governmental funds	334,493	671,388
Nonmajor governmental funds:		
General fund	<u>\$ 671,388</u>	<u>\$ 334,493</u>
Total	<u>\$ 1,005,881</u>	<u>\$ 1,005,881</u>

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

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

D. Capital Assets

Capital asset activity for the year ended June 30, 2025 was as follows:

	Beginning Balances	Additions	Deletions	Transfers	Ending Balances
<u>Capital assets not being depreciated:</u>					
Land purchase and improvements	\$ 5,847,601	\$ -	\$ -	\$ -	\$ 5,847,601
Construction in progress	1,540,596	5,578,697	(13,500)	(9,037)	7,096,756
Total capital assets not being depreciated	7,388,197	5,578,697	(13,500)	(9,037)	12,944,357
<u>Capital assets being depreciated:</u>					
Buildings and improvements	126,889,501	1,222,800	(1,037,525)	9,037	127,083,813
Furniture and equipment	13,214,431	1,692,018	(1,304,005)	-	13,602,444
Financed purchase assets	219,558	-	-	-	219,558
Total capital assets being depreciated	140,323,490	2,914,818	(2,341,530)	9,037	140,905,815
<u>Less accumulated depreciation for:</u>					
Buildings and Improvements	(57,411,785)	(3,428,059)	1,000,943	-	(59,838,901)
Furniture and Equipment	(7,972,996)	(1,059,089)	1,304,005	-	(7,728,080)
Financed purchase assets	(43,912)	(43,912)	-	-	(87,824)
Total accumulated depreciation	(65,428,693)	(4,531,060)	2,304,948	-	(67,654,805)
Capital assets, net	\$ 82,282,994	\$ 3,962,455	\$ (50,082)	\$ -	\$ 86,195,367

Depreciation expense was charged to the following functions as follows:

Expenditures:	
Instruction	\$ 2,267,006
Instructional resources and media services	32,551
Curriculum and instructional staff development	117,752
Instructional leadership	47,395
School leadership	179,217
Guidance, counseling and evaluation services	131,590
Social work services	32,352
Health services	33,125
Student (pupil) transportation	188,827
Food services	271,489
Extracurricular activities	236,387
General administration	231,641
Facilities maintenance and operations	565,371
Security and monitoring services	98,371
Data processing services	97,003
Community services	983
Total depreciation expense	\$ 4,531,060

E. Long-Term Liabilities

General Obligation Bonds

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

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

Bonded debt as of June 30, 2025 is as follows:

Description	Interest Rate Payable	Maturity Date	Original Issue	Outstanding
General Obligation Bonds:				
Unlimited tax refunding bonds, series 2012	2.0-4.0%	2/15/26	\$ 9,410,000	\$ 235,000
Unlimited tax refunding bonds, series 2013	2.35-3.25%	2/15/29	\$ 6,885,000	750,000
Unlimited tax refunding bonds, series 2014	3.0-5.0%	2/15/37	\$ 9,184,998	5,995,000
Unlimited tax refunding bonds, series 2015	3.0-4.0%	2/15/38	\$ 7,060,000	5,135,000
Unlimited tax school building bonds, series 2016	2.0-4.0%	2/15/41	\$ 9,240,000	7,590,000
Unlimited tax school building bonds, series 2017A	3.125-5.0%	2/15/42	\$ 24,805,000	23,035,000
Unlimited tax school building bonds, series 2018	3.0-5.0%	2/15/43	\$ 9,600,000	8,585,000
Unlimited tax refunding bonds, series 2019	2.0-5.0%	2/15/34	\$ 8,585,000	8,545,000
Unlimited tax school building bonds, series 2024	4.0-5.25%	2/15/54	\$ 44,930,000	43,080,000
Total Bonds				\$ 102,950,000

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

In April 2025, the District entered into a Tax Anticipation Note, Series 2025 sponsored by Wells Fargo Capital Strategies, LLC totaling \$3,049,000 to provide funds for the payment of working capital expenditures of the District for the fiscal period. The loan is payable in annual installments of principal and interest and bears interest at 5.28% and matures May 8, 2026. The balance outstanding at June 30, 2025 is \$3,049,000.

Long-term liability activity for the year ended June 30, 2025 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due within one year
Bonds payable:					
Unlimited tax refunding bonds, series 2012	\$ 980,000	\$ -	\$ (745,000)	\$ 235,000	\$ 235,000
Unlimited tax refunding bonds, series 2013	930,000	-	(180,000)	750,000	170,000
Unlimited tax refunding bonds, series 2014	6,420,000	-	(425,000)	5,995,000	445,000
Unlimited tax refunding bonds, series 2015	5,405,000	-	(270,000)	5,135,000	290,000
Unlimited tax school building bonds, series 2016	7,990,000	-	(400,000)	7,590,000	415,000
Unlimited tax school building bonds, series 2017A	23,725,000	-	(690,000)	23,035,000	725,000
Unlimited tax school building bonds, series 2018	8,965,000	-	(380,000)	8,585,000	390,000
Unlimited tax refunding bonds, series 2019	8,545,000	-	-	8,545,000	480,000
Unlimited tax school building bonds, series 2024	44,930,000	-	(1,850,000)	43,080,000	-
	107,890,000	-	(4,940,000)	102,950,000	3,150,000
Deferred amounts:					
Premium on issuance of bonds	4,104,714	-	(285,992)	3,818,722	-
Total bonds payable	111,994,714	-	(5,225,992)	106,768,722	3,150,000
Other liabilities:					
Loans Payable- HISD tax anticipation note, series 2024	4,049,000	-	(4,049,000)	-	-
Loans Payable- HISD maintenance tax note, series 2025	-	3,049,000	-	3,049,000	3,049,000
Capital leases payable	159,212	-	(51,838)	107,374	52,996
Net pension liability	15,713,551	-	(1,753,069)	13,960,482	-
Net OPEB liability	6,564,128	2,426,945	-	8,991,073	-
Compensated absences	717,693	1,212,361	(302,526)	1,627,528	-
Total other liabilities	27,203,584	6,688,306	(6,156,433)	27,735,457	3,101,996
Governmental activities long-term	\$ 139,198,298	\$ 6,688,306	\$ (11,382,425)	\$ 134,504,179	\$ 6,251,996

**HUFFMAN INDEPENDENT SCHOOL DISTRICT
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Defeased Debt

The District has defeased certain general obligation and other bonds in prior years by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District’s financial statements.

As of June 30, 2025, there were no bonds outstanding considered defeased.

Debt service requirements at June 30, 2025 were as follows:

Fiscal Year Ending June 30,	General Obligation		Notes Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 3,150,000	\$ 3,922,354	\$ 3,049,000	\$ 173,956	\$ 6,199,000	\$ 4,096,310
2027	3,230,000	3,802,879	-	-	3,230,000	3,802,879
2028	3,350,000	3,672,780	-	-	3,350,000	3,672,780
2029	3,480,000	3,536,729	-	-	3,480,000	3,536,729
2030	3,585,000	3,410,180	-	-	3,585,000	3,410,180
2031-2035	19,010,000	15,480,888	-	-	19,010,000	15,480,888
2036-2040	17,345,000	12,677,065	-	-	17,345,000	12,677,065
2041-2045	14,785,000	9,927,641	-	-	14,785,000	9,927,641
2046-2050	17,720,000	6,100,236	-	-	17,720,000	6,100,236
2051-2054	17,295,000	1,763,200	-	-	17,295,000	1,763,200
Total	\$ 102,950,000	\$ 64,293,952	\$ 3,049,000	\$ 173,956	\$ 105,999,000	\$ 64,467,908

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.

As of June 30, 2025, the District has estimated an arbitrage rebate liability of approximately \$436,000; however, this amount is not considered material to the financial statements and is subject to change as future investment earnings and related calculations are finalized. The District will monitor compliance with applicable arbitrage rebate requirements and will record any final liability when determined and payable.

F. Leases

GASB Statement No. 87, *Leases* (GASB 87), establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the government’s leasing activities.

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

The District is under contract for a noncancellable lease that conveys control of the right-to-use lease assets. The lease liabilities outstanding as of June 30, 2025 is as follows:

	Term		Lease Liability		Lease Asset	
	Start Date	End Date	Original Amount	Outstanding Balance	Value of Lease Asset	Accumulated Amortization
	Capital Leases Payable	7/10/2023	7/10/2026	\$ 219,558	\$ 107,374	\$ 219,558

The future principal and interest lease payments as of June 30, 2025 are as follows:

Fiscal Year Ending June 30,	Lease Total		
	Principal	Interest	Amount
2026	\$ 52,996	\$ 7,350	\$ 60,346
2027	54,378	3,794	58,172
Total	<u>\$ 107,374</u>	<u>\$ 11,144</u>	<u>\$ 118,518</u>

G. Subscription-Based Information Technology Arrangements

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

The District has entered into subscription based IT contracts; however, management determined that the impact of these arrangements is not material to the government-wide financial statements. Accordingly, no related assets or liabilities were recognized.

H. Defined Benefit Pension Plan

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

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

Pension Plan Fiduciary Net Position. Detail information about the Teacher Retirement System’s fiduciary net position is available in a separately issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the internet at <https://www.trs.texas.gov/learning-resources/publications>; by writing to TRS at attention Finance Division, PO BOX 149676, Austin, TX, 78714-0185, or by calling 1-800-223-8778.

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

Components of the net pension liability of the pension plan as of August 31, 2024 are as follows:

Total pension liability	\$ 271,627,434,294
Less: plan fiduciary net position	(210,543,258,495)
Net pension liability	<u>\$ 61,084,175,799</u>
Net position as percentage of total pension liability	77.51%

Benefits Provided. TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3% (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member’s age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member’s age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered under a previous rule.

There are no automatic post-employment benefit changes; including automatic cost-of-living adjustments 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. Accordingly, the 2023 Texas Legislature passed Senate Bill (SB) 10 and House Joint Resolution (HJR) 2 to provide eligible retirees with a one-time stipend and an ad hoc COLAs.

One-Time Stipends – Stipends, regardless of annuity amount, were paid in September 2023 to annuitants who met the qualifying age requirement on or before August 31, 2023:

- A one-time \$7,500 stipend to eligible annuitants who are 75 years of age and older.
- A one-time \$2,400 stipend to eligible annuitants age 70 to 74.

COLA – A COLA was dependent on Texas voters approving a constitutional amendment (Proposition 9) to authorize the COLA. Voters approved the amendment in the November 2023 election and the following COLA was applied to eligible annuitants' payments beginning with their January 2024 payment:

- 2% COLA for eligible retirees who retired between September 1, 2013 through August 31, 2020.
- 4% COLA for eligible retirees who retired between September 1, 2001 through August 31, 2013.
- 6% COLA for eligible retirees who retired on or before August 31, 2001.

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

Contributions. Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the pension plan during the fiscal year.

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

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

	Contribution Rates	
	2024	2025
Member	8.25%	8.25%
Non-employer contributing entity (NECE) (State)	8.25%	8.25%
Employers	8.25%	8.25%
2025 Employer contributions		\$ 1,223,372
2025 Member contributions		\$ 2,356,390
2025 NECE on-behalf contributions		\$ 1,566,083

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

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

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

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

In addition to the employer contributions listed above, there is a surcharge an employer is subject to:

- All public schools, charter schools, and regional educational service centers must contribute 1.9% 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.

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

Actuarial Assumptions. The total pension plan liability in the August 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	August 31, 2023 rolled forward to August 31, 2024
Actuarial cost method	Individual entry age Normal
Asset valuation method	Fair Value
Single discount rate	7.00%
Long-term expected investment rate of return	7.00%
Municipal bond rate as of August 2024*	3.87%
Last year ending August 31 in projection period (100 years)	2123
Inflation	2.30%
Salary increases	2.95% to 8.95% including inflation
Ad hoc post-employment benefit changes	None
* Source: the Bond Buyers 20 Index which represents the estimated yield of a portfolio of 20 general obligation bonds maturing in 20 years based on a survey of municipal bond traders.	

The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2023. For a full description of these assumptions please see the actuarial valuation report dated November 21, 2023.

Discount Rate. The single discount rate of 7.00% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be to 9.54% of payroll in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

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

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.

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

Best estimates of geometric real rates of return for each major asset class included in the systems target asset allocation as of August 31, 2024 are summarized below:

Asset Class	Target Allocation**	Long-Term Expected Geometric Real Rate of Return***	Expected Contribution to Long-Term Portfolio Returns
Global equity:			
U.S.	18.0%	4.4%	1.0%
Non-U.S. developed	13.0%	4.2%	0.8%
Emerging markets	9.0%	5.2%	0.7%
Private equity	14.0%	6.7%	1.2%
Stable value:			
Government bonds	16.0%	1.9%	0.4%
Absolute return*	0.0%	4.0%	0.0%
Stable value hedge funds	5.0%	3.0%	0.2%
Real return:			
Real estate	15.0%	6.6%	1.2%
Energy, natural resources and infrastructure	6.0%	5.6%	0.4%
Commodities	0.0%	2.5%	0.0%
Risk parity	8.0%	4.0%	0.4%
Asset allocation leverage			
Cash	2.0%	1.0%	0.0%
Asset allocation leverage	-6.0%	1.3%	-0.1%
Inflation expectation			2.4%
Volatility drag****			<u>-0.7%</u>
Expected Return	<u>100%</u>		<u>7.9%</u>
* Absolute return includes credit sensitive investments.			
** Target allocations are based on the FY2024 policy model.			
*** Capital market assumptions come from 2024 SAA study SMA survey (as of 12/31/2023)			
**** The volatility drag results from the conversion between arithmetic and geometric mean returns.			

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

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the net pension liability	\$ 22,298,428	\$ 13,960,482	\$ 7,051,902

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2025, the District reported a net pension liability of \$13,960,482 for its proportionate share of the TRS net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 13,960,482
State's proportionate share that is associated with the District	16,975,491
Total	<u>\$ 30,935,973</u>

**HUFFMAN INDEPENDENT SCHOOL DISTRICT
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The net pension liability was measured as of August 31, 2023 and rolled forward to August 31, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on the District’s contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2023 through August 31, 2024.

For the fiscal years ended June 30, 2025 and 2024, the District’s proportion of the collective net pension liability was as follows:

2025	2024	
Measurement Year	Measurement Year	Increase/(Decrease)
8/31/2024	8/31/2023	
0.0228544989%	0.0228759216%	-0.0000214227%

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

- There were no changes in the actuarial assumptions and methods used in the determination of the prior year’s net pension liability.
- The 2023 Texas Legislature passed Senate Bill 10 (SB 10), which provided a stipend payment to certain retirees and variable ad hoc cost-of-living adjustments (COLA) to certain retirees in early fiscal year 2024. Due to its timing, the legislation and payments were not reflected in the August 31, 2023 actuarial valuation. Under the roll forward method, an adjustment was made to reflect the legislation in the rolled forward liabilities for the current measurement year, August 31, 2024. SB 10 and House Joint Resolution 2 (HJR 2) of the 88th Regular Legislative Session appropriated payments of \$1.645 billion for one-time stipends and \$3.355 billion for COLAs. This appropriation is treated as a supplemental contribution and included in other additions. Since the Legislature appropriated funds for this one-time stipend and COLA, there was no impact on the Net Pension Liability of TRS.

For the year ended June 30, 2025, the District recognized pension expense of \$4,093,014 and revenue of \$2,028,855 for support provided by the State in the government-wide financial statements.

At June 30, 2025, the District reported its proportionate share of the TRS' deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 769,483	\$ 108,997
Changes in actuarial assumptions	720,810	96,636
Net difference between projected and actual investment earnings	84,861	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	1,390,555	116,535
District contributions paid to TRS subsequent to the measurement date	1,019,768	-
Total	\$ 3,985,477	\$ 322,168

The District recognized \$3,985,477 as deferred outflows of resources related to pensions resulting from the District’s contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the measurement year ended August 31, 2025.

**HUFFMAN INDEPENDENT SCHOOL DISTRICT
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The other amounts of the District’s balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	Pension Expense Amount
2026	\$ 394,524
2027	1,875,857
2028	514,508
2029	(187,097)
2030	45,749
Thereafter	-
	\$ 2,643,541

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

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

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

OPEB Plan Fiduciary Net Position. Detail information about TRS-Care’s fiduciary net position is available in the separately issued TRS 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/learningresources/publications>; by writing to TRS at P.O. Box 149676, Austin, TX, 78714-0185; or by calling (800) 223-8778.

Components of the net OPEB liability of the TRS-Care plan as of August 31, 2024 are as follows:

Total OPEB Liability	\$ 35,168,178,563
Less: Plan Fiduciary Net Position	(4,816,646,311)
Net OPEB Liability	\$ 30,351,532,252
Net Position as a Percentage of Total OPEB Liability	13.70%

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

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

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

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

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

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

Texas Insurance Code, section 1575.202 establishes the state’s contribution rate which is 1.25% of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public or charter school.

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

	Contribution Rates	
	2024	2025
Member	0.65%	0.65%
Non-employer contributing entity (NECE) (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
2025 Employer contributions		\$ 250,675
2025 Member contributions		\$ 185,657
2025 NECE on-behalf contributions		\$ 337,155

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

Actuarial Assumptions. The actuarial valuation was performed as of August 31, 2023. Updated procedures were used to roll forward the Total OPEB Liability to August 31, 2024. The actuarial valuation was determined using the following actuarial assumptions:

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

The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2023 TRS pension actuarial valuation that was rolled forward to August 31, 2024:

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

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

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

Additional Actuarial Methods and Assumptions:

Valuation date	August 31, 2023, rolled forward to August 31, 2024
Actuarial cost method	Individual entry age normal
Inflation	2.30%
Single discount rate	3.87% as of August 31, 2024
Aging factors	Based on the Society of Actuaries' 2013 Study "Health Care Costs - From Birth to Death".
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Salary increases	2.95% to 8.95%, including inflation*
Ad hoc post-employment benefit changes	None
*Includes inflation at 2.30%	

Discount Rate. A single discount rate of 3.87% was used to measure the total OPEB liability. There was a decrease of 0.26% in the discount rate since the previous year. Since the plan is a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate.

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 Bond Buyer’s “20-Bond GO Index” as of August 31, 2024, using the Fixed Income Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the net OPEB liability if the discount rate used was 1% point lower than and 1% point higher than the discount rate that was used (3.87%) in measuring the net OPEB liability:

	1% Decrease in Discount Rate (2.87%)	Current Single Discount Rate (3.87%)	1% Increase in Discount Rate (4.87%)
District's proportionate share of the net OPEB liability	\$ 10,681,815	\$ 8,991,073	\$ 7,624,928

Healthcare Trend Rate Sensitivity Analysis. The following schedule shows the impact of the net OPEB liability if a healthcare trend rate that is 1% less than and 1% greater than the health trend rates assumed.

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
District's proportionate share of the net OPEB liability	\$ 7,321,894	\$ 8,991,073	\$ 11,166,180

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

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At June 30, 2025, the District reported a liability of \$8,991,073 for its proportionate share of the TRS' net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 8,991,073
State's proportionate share that is associated with the District	11,265,693
Total	<u>\$ 20,256,766</u>

The net OPEB liability was measured as of August 31, 2023 and rolled forward to August 31, 2024 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the District's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2023 thru August 31, 2024.

For the fiscal years ended June 30, 2025 and 2024, the District's proportion of the collective net OPEB liability was as follows:

2025	2024	
Measurement Year	Measurement Year	Increase/(Decrease)
8/31/2024	8/31/2023	
0.0296231273%	0.0296505462%	-0.0000274189%

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 4.13% as of August 31, 2023 to 3.87% as of August 31, 2024, accompanied by revised demographic and economic assumptions based on the TRS experience study. This change decreased the total OPEB liability.
- The tables used to model the impact of aging on the underlying claims were revised.
- There were no changes in benefit terms since the prior measurement date.

The amount of OPEB expense recognized by the District in the reporting period was \$2,250,400.

For the year ended June 30, 2025, the District recognized OPEB expense of (\$2,250,400) and revenue of (\$1,464,332) for support provided by the State.

On June 30, 2025, the District reported its proportionate share of the TRS' deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,723,287	\$ 4,487,033
Changes in actuarial assumptions	1,150,751	2,933,683
Net difference between projected and actual investment earnings	8,624	33,801
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	2,311,532	285,681
District contributions paid to TRS subsequent to the measurement date	208,611	-
Total	<u>\$ 5,402,805</u>	<u>\$ 7,740,198</u>

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

The District recognized \$5,402,805 as deferred outflows of resources related to OPEB resulting from the District’s contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the measurement year ended June 30, 2025. The other amounts of the employer’s balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	OPEB Expense Amount
2026	\$ (977,304)
2027	(570,086)
2028	(746,439)
2029	(588,298)
2030	(185,650)
Thereafter	521,773
	<u>\$ (2,546,004)</u>

J. Medicare Part D – On Behalf Payments

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants.

For the fiscal years ended June 30, 2025, 2024, and 2023, the subsidy payments received by TRS-Care on-behalf of the District were \$185,916, \$159,729 and \$149,177, respectively. These payments are recorded as equal revenues and expenditures/expenses in the financial statements.

K. Health Care

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

III. OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; unemployment; injuries to employees; and natural disasters. For the year ended June 30, 2025, the District purchased commercial insurance to cover general liabilities, including workers’ compensation.

Auto, Liability, and/or Property Programs

During the year ended June 30, 2025, the District participated in the following TASB Risk Management Fund (the Fund) programs:

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

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

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

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for its Auto, Liability and Property programs. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended June 30, 2025, the Fund anticipates that Huffman ISD has no additional liability beyond the contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2024, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

B. Litigation and Contingencies

The District is a party to various legal actions none of which the Administration, based on consultation with its legal counsel, believes will have a material effect on the financial condition of the District. Accordingly, no provisions for gains or losses have been recorded in the accompanying government-wide or fund financial statements for contingencies.

The District participates in numerous state and federal grant programs governed by various rules and regulations of the grantor agencies. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. To the extent that the District has not complied with the rules and regulations governing the grants, if any, claims may be disallowed. Any disallowed claims, including amounts already collected, may constitute a liability of the District.

In the opinion of the Administration, no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants exist; therefore, no provision has been recorded in the accompanying government-wide or fund financial statements.

C. Construction and Other Significant Commitments

At June 30, 2025, the District had commitments under construction contracts totaling approximately \$10 million.

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

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

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

D. Shared Service Arrangement (SSA)

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

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

Expenditures of the SSA are summarized below:

Member Districts:	Expenditures
Liberty ISD	\$ 9,071
Livingston ISD	9,071
Hardin-Jefferson ISD	9,071
Hamshire-Fannett ISD	9,071
Huffman ISD	9,071
Tarkington ISD	9,300
Shepherd ISD	9,300
Splendora ISD & New Caney ISD	(458)
	<u>\$ 63,497</u>

E. Related Organizations

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

F. Subsequent Events

In August 2025, the District issued Unlimited Tax School Building Bonds, Series 2025 totaling \$44,825,000. The bonds were issued at a net premium of \$1,590,771 and issuance costs of \$579,691. The bonds bear interest of 5.25% and are due in annual installments ranging from \$515,000 to \$8,340,000 through February 15, 2055. Proceeds from the sale of bonds will be used (i) the construction, acquisition rehabilitation, renovation, expansion and equipment of school buildings in the District and the purchase of new school buses; and (ii) paying costs of issuance related to the Bonds.

In preparing the financial statements, the District has evaluated subsequent events through November 17, 2025, the date the financials were available to be issued. The District is not aware of any additional events that have occurred subsequent to the statement of financial position date that would require adjustment to or disclosure in, the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

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HUFFMAN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 12,439,501	\$ 12,621,027	\$ 12,904,764	\$ 283,737
5800 State Program Revenues	23,894,354	24,725,253	25,190,386	465,133
5900 Federal Program Revenues	475,000	902,141	814,347	(87,794)
5020 Total Revenues	36,808,855	38,248,421	38,909,497	661,076
EXPENDITURES:				
Current:				
0011 Instruction	21,400,677	21,781,788	21,619,072	162,716
0012 Instructional Resources and Media Services	344,990	349,942	341,740	8,202
0013 Curriculum and Instructional Staff Development	961,918	918,721	827,400	91,321
0021 Instructional Leadership	468,723	503,098	496,089	7,009
0023 School Leadership	1,978,128	1,991,659	1,879,557	112,102
0031 Guidance, Counseling, and Evaluation Services	937,062	1,027,639	1,020,164	7,475
0032 Social Work Services	123,529	156,746	138,659	18,087
0033 Health Services	328,637	382,753	336,383	46,370
0034 Student (Pupil) Transportation	1,881,981	1,842,109	1,767,870	74,239
0035 Food Services	-	1,000	999	1
0036 Extracurricular Activities	985,013	1,152,739	1,136,889	15,850
0041 General Administration	1,997,446	2,461,920	2,431,255	30,665
0051 Facilities Maintenance and Operations	6,127,161	6,286,307	5,903,678	382,629
0052 Security and Monitoring Services	843,579	826,848	747,148	79,700
0053 Data Processing Services	909,946	918,773	912,110	6,663
Debt Service:				
0071 Principal on Long-Term Liabilities	-	51,838	51,838	-
0072 Interest on Long-Term Liabilities	300,018	194,866	194,866	-
0073 Bond Issuance Cost and Fees	-	49,000	49,000	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	31,050	1,050	30,000
Intergovernmental:				
0095 Payments to Juvenile Justice Alternative Ed. Prg.	21,600	21,600	21,600	-
0099 Other Intergovernmental Charges	166,000	166,000	142,146	23,854
6030 Total Expenditures	39,776,408	41,116,396	40,019,513	1,096,883
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,967,553)	(2,867,975)	(1,110,016)	1,757,959
OTHER FINANCING SOURCES (USES):				
7914 Non-Current Loans	-	3,049,000	3,049,000	-
1200 Net Change in Fund Balances	(2,967,553)	181,025	1,938,984	1,757,959
0100 Fund Balance - July 1 (Beginning)	5,311,493	5,311,493	5,311,493	-
3000 Fund Balance - June 30 (Ending)	\$ 2,343,940	\$ 5,492,518	\$ 7,250,477	\$ 1,757,959

HUFFMAN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2025

	FY 2025 Plan Year 2024	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022
District's Proportion of the Net Pension Liability (Asset)	0.022854499%	0.022875922%	0.0196681%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 13,960,482	\$ 15,713,551	\$ 11,676,445
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	16,975,491	19,105,029	16,735,669
Total	<u>\$ 30,935,973</u>	<u>\$ 34,818,580</u>	<u>\$ 28,412,114</u>
District's Covered Payroll	\$ 29,790,010	\$ 27,900,217	\$ 24,687,212
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	46.86%	56.32%	47.30%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.51%	73.15%	75.62%

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

FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015
0.017582298%	0.017532531%	0.018729412%	0.018577115%	0.019464386%	0.017919737%	0.0174519%
\$ 4,477,589	\$ 9,390,066	\$ 9,736,134	\$ 10,225,295	\$ 6,223,662	\$ 6,496,502	\$ 6,169,013
7,626,964	16,471,701	15,461,386	16,716,958	9,946,437	12,052,869	11,599,176
<u>\$ 12,104,553</u>	<u>\$ 25,861,767</u>	<u>\$ 25,197,520</u>	<u>\$ 26,942,253</u>	<u>\$ 16,170,099</u>	<u>\$ 18,549,371</u>	<u>\$ 17,768,189</u>
\$ 23,030,878	\$ 22,871,419	\$ 21,554,253	\$ 20,776,282	\$ 20,693,831	\$ 19,225,152	\$ 18,423,676
19.44%	41.06%	45.17%	49.22%	30.01%	33.79%	33.48%
88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%

HUFFMAN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024	2023
Contractually Required Contribution	\$ 1,223,372	\$ 1,286,613	\$ 1,133,882
Contribution in Relation to the Contractually Required Contribution	(1,223,372)	(1,286,613)	(1,133,882)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 28,559,580	\$ 29,810,701	\$ 27,343,515
Contributions as a Percentage of Covered Payroll	4.28%	4.32%	4.15%

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

	2022	2021	2020	2019	2018	2017	2016
\$	871,642	\$ 744,318	\$ 686,572	\$ 655,276	\$ 626,227	\$ 627,630	\$ 539,246
	(871,642)	(744,318)	(686,572)	(655,276)	(626,227)	(627,630)	(539,246)
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$	24,346,927	\$ 22,967,516	\$ 22,532,625	\$ 21,472,992	\$ 20,675,130	\$ 20,610,460	\$ 19,047,179
	3.58%	3.28%	3.05%	3.05%	3.03%	3.05%	2.83%

HUFFMAN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2025

	FY 2025 Plan Year 2024	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.029623127%	0.029650546%	0.026268632%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 8,991,073	\$ 6,564,128	\$ 6,289,763
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	11,265,693	7,920,630	7,672,522
Total	<u>\$ 20,256,766</u>	<u>\$ 14,484,758</u>	<u>\$ 13,962,285</u>
District's Covered Payroll	\$ 29,790,010	\$ 27,900,217	\$ 24,687,212
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	30.18%	23.53%	25.48%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	13.70%	14.94%	11.52%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. For example, the amounts for FY 2025 are for the measurement date of August 31, 2024, etc.

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

FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
0.024603985%	0.024795878%	0.025525022%	0.025192755%	0.0244308%
\$ 9,490,856	\$ 9,426,033	\$ 12,071,095	\$ 12,578,973	\$ 10,624,038
12,715,632	12,666,329	16,039,786	17,919,470	16,113,540
<u>\$ 22,206,488</u>	<u>\$ 22,092,362</u>	<u>\$ 28,110,881</u>	<u>\$ 30,498,443</u>	<u>\$ 26,737,578</u>
\$ 23,017,237	\$ 22,871,419	\$ 21,554,253	\$ 20,776,282	\$ 20,693,831
41.23%	41.21%	56.00%	60.54%	51.33%
6.18%	4.99%	2.66%	1.57%	0.91%

HUFFMAN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024	2023
Contractually Required Contribution	\$ 250,675	\$ 271,195	\$ 250,965
Contribution in Relation to the Contractually Required Contribution	(250,675)	(271,195)	(250,965)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 28,559,580	\$ 29,810,701	\$ 27,343,515
Contributions as a Percentage of Covered Payroll	0.88%	0.91%	0.92%

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

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

	2022	2021	2020	2019	2018
\$	208,310	\$ 191,183	\$ 186,337	\$ 180,318	\$ 167,717
	(208,310)	(191,183)	(186,337)	(180,318)	(167,717)
\$	-	\$ -	\$ -	\$ -	\$ -
\$	24,346,927	\$ 22,953,875	\$ 22,532,625	\$ 21,472,992	\$ 20,675,130
	0.86%	0.83%	0.83%	0.84%	0.81%

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

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

Budgetary Information

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

Expenditures may not legally exceed budgeted appropriations at the function or activity level. Expenditure requests which would require an increase in total budgeted appropriations, must be approved by the Trustees through formal budget amendment. State law prohibits trustees from making budget appropriations in excess of funds available or estimated revenues. State law also prohibits amendment of the budget after fiscal year end. Supplemental appropriations were made to the General Fund during the year ended June 30, 2025.

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

The official school budget for fiscal year 2025 was prepared for adoption for budgeted governmental fund types by June 30, 2024. The budget was adopted by the Board of Trustees at a duly advertised public meeting prior to the expenditure of funds. The final amended budget is filed with the Texas Education Agency (TEA) through inclusion in the annual financial and compliance report.

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

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

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

Changes in Benefits

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

Changes of Assumptions

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

- There were no changes in the actuarial assumptions and methods used in the determination of the prior year's net pension liability.
- The 2023 Texas Legislature passed Senate Bill 10 (SB 10), which provided a stipend payment to certain retirees and variable ad hoc cost-of-living adjustments (COLA) to certain retirees in early fiscal year 2024. Due to its timing, the legislation and payments were not reflected in the August 31, 2023 actuarial valuation. Under the roll forward method, an adjustment was made to reflect the legislation in the rolled forward liabilities for the current measurement year, August 31, 2024. SB 10 and House Joint Resolution 2 (HJR 2) of the 88th Regular Legislative Session appropriated payments of \$1.645 billion for one-time stipends and \$3.355 billion for COLAs. This appropriation is treated as a supplemental contribution and included in other additions. Since the Legislature appropriated funds for this one-time stipend and COLA, there was no impact on the Net Pension Liability of TRS.

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

Changes in Benefits

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

Changes of Assumptions

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

- The single discount rate changed from 4.13% as of August 31, 2023 to 3.87% as of August 31, 2024, accompanied by revised demographic and economic assumptions based on the TRS experience study.
- The tables used to model the impact of aging on the underlying claims were revised.

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COMBINING SCHEDULES

HUFFMAN INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2025

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	226 IDEA - Part B Discretionary
ASSETS				
1110 Cash and Cash Equivalents	\$ 74,642	\$ -	\$ -	\$ -
1240 Due from Other Governments	-	-	-	1,315
1260 Due from Other Funds	4,851	81,398	739	-
1290 Other Receivables	-	-	-	-
1000 Total Assets	<u>\$ 79,493</u>	<u>\$ 81,398</u>	<u>\$ 739</u>	<u>\$ 1,315</u>
LIABILITIES				
2110 Accounts Payable	\$ -	\$ 9,277	\$ -	\$ -
2160 Accrued Wages Payable	69,778	40,812	-	-
2170 Due to Other Funds	9,715	31,309	739	1,315
2300 Unearned Revenue	-	-	-	-
2000 Total Liabilities	<u>79,493</u>	<u>81,398</u>	<u>739</u>	<u>1,315</u>
FUND BALANCES				
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	-	-
3490 Other Restricted Fund Balance	-	-	-	-
Committed Fund Balance:				
3545 Other Committed Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 79,493</u>	<u>\$ 81,398</u>	<u>\$ 739</u>	<u>\$ 1,315</u>

240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	279 ESSER III TCLAS ARP Act	280 ESSER III Homelss Children	289 Other Federal Special Revenue Funds	397 Advanced Placement Incentives
\$ 326,124	\$ 510	\$ 1,427	\$ 11,722	\$ -	\$ -	\$ 3,192	\$ -
14,170	10,018	-	4,309	-	-	3,982	-
569,682	-	14,718	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 909,976</u>	<u>\$ 10,528</u>	<u>\$ 16,145</u>	<u>\$ 16,031</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,174</u>	<u>\$ -</u>
\$ 1,981	\$ 7,028	\$ -	\$ 6,585	\$ -	\$ -	\$ -	\$ -
96,385	-	13,890	-	-	-	2,886	-
260,641	3,500	2,255	9,446	-	-	4,288	-
-	-	-	-	-	-	-	-
<u>359,007</u>	<u>10,528</u>	<u>16,145</u>	<u>16,031</u>	<u>-</u>	<u>-</u>	<u>7,174</u>	<u>-</u>
550,969	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>550,969</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 909,976</u>	<u>\$ 10,528</u>	<u>\$ 16,145</u>	<u>\$ 16,031</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,174</u>	<u>\$ -</u>

HUFFMAN INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2025

Data Control Codes	410 State Instructional Materials	429 Other State Special Revenue Funds	459 Other SSA Special Revenue Funds	461 Campus Activity Funds	
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ 5,005	\$ -	\$ 665,675
1240	Due from Other Governments	-	7,851	-	-
1260	Due from Other Funds	-	-	-	-
1290	Other Receivables	-	-	1,882	-
1000	Total Assets	<u>\$ -</u>	<u>\$ 12,856</u>	<u>\$ 1,882</u>	<u>\$ 665,675</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ 20,402
2160	Accrued Wages Payable	-	3,042	-	-
2170	Due to Other Funds	-	8,067	1,882	-
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	<u>-</u>	<u>11,109</u>	<u>1,882</u>	<u>20,402</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	1,747	-	-
3490	Other Restricted Fund Balance	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	645,273
3000	Total Fund Balances	<u>-</u>	<u>1,747</u>	<u>-</u>	<u>645,273</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 12,856</u>	<u>\$ 1,882</u>	<u>\$ 665,675</u>

499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
\$ 45,470	\$ 1,133,767
-	41,645
-	671,388
11,000	12,882
<u>\$ 56,470</u>	<u>\$ 1,859,682</u>
\$ 15,588	\$ 60,861
-	226,793
1,336	334,493
2,000	2,000
<u>18,924</u>	<u>624,147</u>
-	552,716
37,546	37,546
-	645,273
<u>37,546</u>	<u>1,235,535</u>
<u>\$ 56,470</u>	<u>\$ 1,859,682</u>

HUFFMAN INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	226 IDEA - Part B Discretionary
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	642,561	666,642	13,960	1,315
5020 Total Revenues	642,561	666,642	13,960	1,315
EXPENDITURES:				
Current:				
0011 Instruction	365,151	268,577	13,960	-
0013 Curriculum and Instructional Staff Development	141,694	-	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	361,065	-	-
0032 Social Work Services	127,031	-	-	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	1,315
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	8,685	-	-	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	-	37,000	-	-
6030 Total Expenditures	642,561	666,642	13,960	1,315
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	279 ESSER III TCLAS ARP Act	280 ESSER III Homelss Children	289 Other Federal Special Revenue Funds	397 Advanced Placement Incentives
\$ 347,332	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
77,336	-	-	-	-	-	-	-
2,402,085	44,391	124,783	42,242	16,547	30,178	60,099	-
2,826,753	44,391	124,783	42,242	16,547	30,178	60,099	-
-	42,914	10,762	36,023	7,686	-	11,796	-
-	1,477	114,021	4,586	8,861	-	-	146
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	17,658	48,303	-
-	-	-	-	-	-	-	-
-	-	-	-	-	12,520	-	-
2,849,235	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
19,183	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	1,633	-	-	-	-
-	-	-	-	-	-	-	-
2,868,418	44,391	124,783	42,242	16,547	30,178	60,099	146
(41,665)	-	-	-	-	-	-	(146)
592,634	-	-	-	-	-	-	146
\$ 550,969	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

HUFFMAN INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes	410 State Instructional Materials	429 Other State Special Revenue Funds	459 Other SSA Special Revenue Funds	461 Campus Activity Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ 52,194	\$ 1,246,011
5800 State Program Revenues	361,033	513,684	-	-
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	361,033	513,684	52,194	1,246,011
EXPENDITURES:				
Current:				
0011 Instruction	358,838	19,877	-	-
0013 Curriculum and Instructional Staff Development	2,195	131,213	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	150	-	-
0031 Guidance, Counseling, and Evaluation Services	-	-	-	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	11,385	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	67,053	1,269,582
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	244,787	-	-
0053 Data Processing Services	-	106,272	-	-
0061 Community Services	-	-	-	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-	-
6030 Total Expenditures	361,033	513,684	67,053	1,269,582
1200 Net Change in Fund Balance	-	-	(14,859)	(23,571)
0100 Fund Balance - July 1 (Beginning)	-	1,747	14,859	668,844
3000 Fund Balance - June 30 (Ending)	\$ -	\$ 1,747	\$ -	\$ 645,273

	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
\$	138,543	\$ 1,784,080
	-	952,053
	-	4,044,803
	138,543	6,780,936
	87,138	1,222,722
	4,625	408,818
	1,485	1,485
	1,800	1,950
	275	361,340
	8,000	200,992
	-	11,385
	2,180	16,015
	-	2,849,235
	8,183	1,344,818
	635	635
	-	19,183
	13,315	258,102
	-	106,272
	-	10,318
	-	37,000
	127,636	6,850,270
	10,907	(69,334)
	26,639	1,304,869
\$	37,546	\$ 1,235,535

HUFFMAN INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 JUNE 30, 2025

	865 Custodial Fund Student Activity Acct	890 Fun Festival Fund	Total Custodial Funds
ASSETS			
Cash and Cash Equivalents	\$ 38,022	\$ 16	\$ 38,038
Total Assets	<u>38,022</u>	<u>16</u>	<u>38,038</u>
LIABILITIES			
Accounts Payable	5,744	-	5,744
Total Liabilities	<u>5,744</u>	<u>-</u>	<u>5,744</u>
NET POSITION			
Restricted for Student Groups	32,278	-	32,278
Restricted for Other Purposes	-	16	16
Total Net Position	<u>\$ 32,278</u>	<u>\$ 16</u>	<u>\$ 32,294</u>

HUFFMAN INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2025

	865 Custodial Fund Student Activity Acct	890 Fun Festival Fund	Total Custodial Funds
ADDITIONS:			
Enterprising Services Revenue	\$ 166,741	\$ -	\$ 166,741
Total Additions	<u>166,741</u>	<u>-</u>	<u>166,741</u>
DEDUCTIONS:			
Supplies and Materials	169,908	-	169,908
Total Deductions	<u>169,908</u>	<u>-</u>	<u>169,908</u>
 Change in Net Position	 (3,167)	 -	 (3,167)
 Net Position - July 1 (Beginning)	 <u>35,445</u>	 <u>16</u>	 <u>35,461</u>
 Net Position - June 30 (Ending)	 <u>\$ 32,278</u>	 <u>\$ 16</u>	 <u>\$ 32,294</u>

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COMPLIANCE SCHEDULES

HUFFMAN INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FOR THE YEAR ENDED JUNE 30, 2025

Last 10 Years Ended	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2016 and prior years	Various	Various	\$ Various
2017	1.040000	0.360000	883,703,286
2018	1.040000	0.360000	1,124,070,785
2019	1.040000	0.360000	1,158,655,714
2020	0.970000	0.430000	1,262,395,214
2021	0.994700	0.347400	1,370,987,259
2022	0.992000	0.330000	1,509,585,098
2023	0.854600	0.294700	1,727,987,471
2024	0.669200	0.277000	1,726,257,411
2025 (School year under audit)	0.676900	0.396800	1,835,340,319
1000 TOTALS			
8000 Total Taxes Refunded Under Section 26.1115, Tax Code			

(10) Beginning Balance 7/1/2024	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2025	(99) Taxes Refunded Under Section 26.1115c
\$ 177,617	\$	\$ 8,995	\$ 2,840	\$ (5,154)	\$ 160,628	
27,890		3,141	1,087	(387)	23,275	
38,068		3,435	1,189	(470)	32,974	
41,628		5,305	1,836	(622)	33,865	
66,930		5,573	2,471	(3,116)	55,770	
86,802		11,423	3,989	(319)	71,071	
141,319		29,024	9,655	1,546	104,186	
326,937		113,290	39,067	2,622	177,202	
893,148		266,565	110,335	(271,442)	244,806	
	19,706,049	11,794,939	6,914,214	-	996,896	
<u>\$ 1,800,339</u>	<u>\$ 19,706,049</u>	<u>\$ 12,241,690</u>	<u>\$ 7,086,683</u>	<u>\$ (277,342)</u>	<u>\$ 1,900,673</u>	

\$ 15,037

HUFFMAN INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 416,500	\$ 416,500	\$ 347,332	\$ (69,168)
5800 State Program Revenues	60,000	60,000	77,336	17,336
5900 Federal Program Revenues	2,958,113	2,958,113	2,402,085	(556,028)
5020 Total Revenues	<u>3,434,613</u>	<u>3,434,613</u>	<u>2,826,753</u>	<u>(607,860)</u>
EXPENDITURES:				
Current:				
0035 Food Services	3,409,613	3,409,613	2,849,235	560,378
0051 Facilities Maintenance and Operations	25,000	25,000	19,183	5,817
6030 Total Expenditures	<u>3,434,613</u>	<u>3,434,613</u>	<u>2,868,418</u>	<u>566,195</u>
1200 Net Change in Fund Balances	-	-	(41,665)	(41,665)
0100 Fund Balance - July 1 (Beginning)	<u>592,634</u>	<u>592,634</u>	<u>592,634</u>	<u>-</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ 592,634</u>	<u>\$ 592,634</u>	<u>\$ 550,969</u>	<u>\$ (41,665)</u>

HUFFMAN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 7,900,097	\$ 7,900,097	\$ 7,292,743	\$ (607,354)
5800 State Program Revenues	827,912	827,912	922,721	94,809
5020 Total Revenues	8,728,009	8,728,009	8,215,464	(512,545)
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Liabilities	4,940,000	4,940,000	4,940,000	-
0072 Interest on Long-Term Liabilities	3,932,092	3,932,093	3,932,092	1
0073 Bond Issuance Cost and Fees	8,350	20,249	12,050	8,199
6030 Total Expenditures	8,880,442	8,892,342	8,884,142	8,200
1200 Net Change in Fund Balances	(152,433)	(164,333)	(668,678)	(504,345)
0100 Fund Balance - July 1 (Beginning)	4,033,627	4,033,627	4,033,627	-
3000 Fund Balance - June 30 (Ending)	\$ 3,881,194	\$ 3,869,294	\$ 3,364,949	\$ (504,345)

HUFFMAN INDEPENDENT SCHOOL DISTRICT
 USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAMS
 FOR THE YEAR ENDED JUNE 30, 2025

Section A: Compensatory Education Programs

AP1	Did your district expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the district have written policies and procedures for its state compensatory education program?	Yes
AP3	Total state allotment funds received for state compensatory education programs during the district's fiscal year.	2187185
AP4	Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24,26,28,29,30)	1217793

Section B: Bilingual Education Programs

AP5	Did your district expend any bilingual education program state allotment funds during the district's fiscal year?	Yes
AP6	Does the district have written policies and procedures for its bilingual education program?	Yes
AP7	Total state allotment funds received for bilingual education programs during the district's fiscal year.	210386
AP8	Actual direct program expenditures for bilingual education programs during the district's fiscal year. (PIC 25)	116683

OTHER COMPLIANCE SECTION

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MAYS & ASSOCIATES PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Huffman Independent School District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 17, 2025

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mays & Associates
Mays & Associates, PLLC

Baytown, Texas
November 17, 2025

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

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ yes X no

Significant deficiencies identified?

_____ yes X none reported

Noncompliance material to financial statements noted:

_____ yes X no

II. FINANCIAL STATEMENT FINDINGS

None noted

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

FINANCIAL STATEMENT FINDINGS

None noted



HUFFMAN

INDEPENDENT SCHOOL DISTRICT

**Single Audit Report
For Fiscal Year Ended
June 30, 2025**



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**HUFFMAN INDEPENDENT SCHOOL DISTRICT
SINGLE AUDIT REPORTS**

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CERTIFICATE OF BOARD

Huffman Independent School District
Name of School District

Harris
County

101-925
County-District

We, the undersigned, certify that the attached single audit report of the above named school district were reviewed and X approved ___ disapproved for the year ended June 30, 2025, at a meeting of the Board of Trustees of such school district on the 22nd day of January, 2026.



Signature of Board Secretary



Signature of Board President



MAYS & ASSOCIATES PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Huffman Independent School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2025. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

To the Board of Trustees
HUFFMAN INDEPENDENT SCHOOL DISTRICT

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

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

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

Report on Internal Control over Compliance

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated November 17, 2025, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Board of Trustees
HUFFMAN INDEPENDENT SCHOOL DISTRICT

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

Mays & Associates
Mays & Associates, PLLC

Baytown, Texas
January 22, 2025

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

II. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None Noted.

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

None Noted.



Huffman Independent School District

24302 FM 2100 ~ P.O. Box 2390
Huffman, TX 77336
Phone (281)324-1871 ~ Fax (281)324-4319



CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2025

Note Noted.

HUFFMAN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF HOMELAND SECURITY			
<u>Passed Through Texas Department of Emergency Management</u>			
Disaster Grants - FEMA Hurricane Reimbursements	97.036	4332DRTXP0007393	\$ 337,430
Total Passed Through Texas Department of Emergency Management			<u>337,430</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>337,430</u>
 U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010 A	25610101101925	644,578
2024-2026 Title I 1003 ESF- Focused Support Group	84.010 A	25610139101925	<u>30,934</u>
Total Assistance Listing Number 84.010			<u>675,512</u>
*IDEA - Part B, Formula	84.027 A	256600011019256600	686,914
*IDEA - Part B, Discretionary	84.027 A	66002506	<u>1,315</u>
Total Assistance Listing Number 84.027			<u>688,229</u>
*IDEA - Part B, Preschool	84.173 A	256610011019256610	<u>14,660</u>
Total Special Education Cluster (IDEA)			<u>702,889</u>
Career and Technical - Basic Grant	84.048 A	25420006101925	46,665
Title III, Part A - Immigrant	84.365 A	25671001101925	41,208
Title III, Part A - English Language Acquisition	84.365 A	25671003101925	<u>2,711</u>
Total Assistance Listing Number 84.365			<u>43,919</u>
ESEA, Title II, Part A, Teacher Principal Training	84.367 A	25694501101925	131,191
COVID 19 - Learning Supports - (TCLAS) ESSER III	84.425 U	21528042101925	36,447
COVID 19 - ARP Education for Homeless Children	84.425 W	21533002101925	<u>30,178</u>
Total Assistance Listing Number 84.425			<u>66,625</u>
LEP Summer School	84.369 A	69552402	1,363
Title IV, Part A, Subpart 1	84.424 A	24680101101925	13,882
	84.424 A	25680101101925	<u>46,969</u>
Total Assistance Listing Number 84.424			<u>60,851</u>
Total Passed Through Texas Education Agency			<u>1,729,015</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>1,729,015</u>
 U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Texas Health and Human Services Commission</u>			
Medicaid Administrative Claiming Program - MAC	93.778	HHS000537900133	5,839
Total Medicaid Cluster			<u>5,839</u>
Total Passed Through Texas Health and Human Services Commission			<u>5,839</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>5,839</u>

HUFFMAN INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2025

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the Texas Department of Agriculture</u>			
*School Breakfast Program	10.553	71402501	612,210
*National School Lunch Program - Cash Assistance	10.555	71302501	1,811,585
*National School Lunch Prog. - Non-Cash Assistance	10.555	101925	<u>210,802</u>
Total Assistance Listing Number 10.555			<u>2,022,387</u>
Total Child Nutrition Cluster			<u>2,634,597</u>
Total Passed Through the Texas Department of Agriculture			<u>2,634,597</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>2,634,597</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 4,706,881</u></u>
*Clustered Programs			

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

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

1. The District utilizes the fund types specified in Texas Education Agency’s (TEA) *Financial Accountability System Resource Guide*. Special Revenue Funds are used to account for resources restricted or committed to specific purposes by a grantor. Federal and state financial assistance is generally accounted for in a Special Revenue Fund.

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2025. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

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

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

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

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

4. The District participates in numerous state and federal grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies. Accordingly, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required, and the collectability of any related receivable at June 30, 2025 may be impaired.

In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

5. Reconciliation of Federal Program Revenues:

Total Expenditures of Federal Awards (Exhibit K-1)	\$ 4,706,881
Plus: E-Rate reimbursements	44,809
Plus: Reserve Officers' Training Corps. (ROTC)	83,101
Plus: School Health and Related Services (SHARS)	<u>24,359</u>
Total Federal Program Revenues (Exhibit C-3)	<u><u>\$ 4,859,150</u></u>

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

SCHOOLS FIRST QUESTIONNAIRE

Exhibit L-1

ARP INDEPENDENT SCHOOL DISTRICT

Fiscal Year 2025

SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end?	No
SF3	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If payments were not made or warrant hold not cleared within 30 days of when due, then payments are NOT timely.)	Yes
SF4	Was the school district issued a warrant hold? (Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, answer is still YES.)	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds and/or substantial doubt about the district's ability to continue as a going concern?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?	Yes
SF8	Did the school district's administration and school board members discuss any changes and/or impact to local, state, and federal funding at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year end.	0