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**HUNTSVILLE INDEPENDENT  
SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT**

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

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*CPAs and Professional Consultants*



# HUNTSVILLE INDEPENDENT SCHOOL DISTRICT

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**CERTIFICATE OF BOARD**

**Huntsville Independent School District**

Name of School District

**Walker**

County

**236-902**

Co. - Dist. No.

We, the undersigned, certify that the annual financial reports for the above named school district were reviewed and (check one) \_\_\_\_\_approved \_\_\_\_\_disapproved for the year ended August 31, 2024, at a meeting of the Board of Trustees of such school district on the 23<sup>rd</sup> day of January 2025.

\_\_\_\_\_  
Signature of Board Vice President

\_\_\_\_\_  
Signature of Board President



## **FINANCIAL SECTION**





## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Huntsville Independent School District

### Report on the Audit of the Financial Statements

#### *Opinions*

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

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

#### *Basis for Opinions*

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

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

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

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

***Auditor’s Responsibilities for the Audit of the Financial Statements***

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

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

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

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

***Required Supplementary Information***

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

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The combining nonmajor fund financial statements, required Texas Education Agency (TEA) schedules, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

To the Board of Trustees  
Huntsville Independent School District

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

**Other Information**

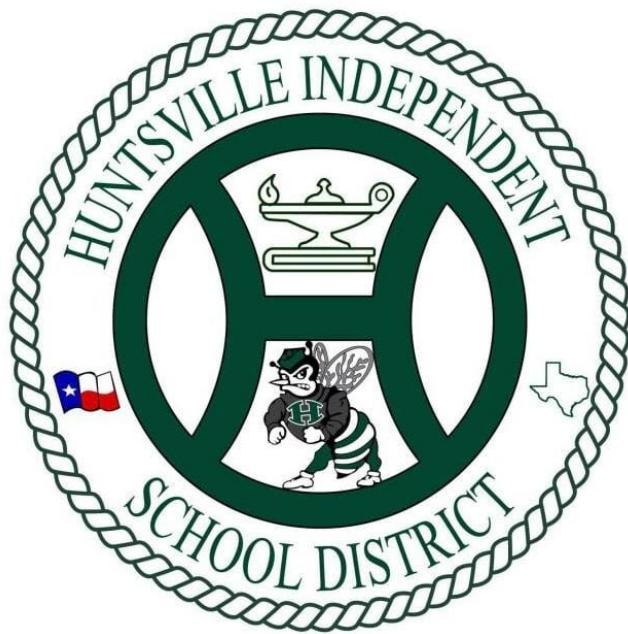
Management is responsible for the other information included in the annual report. The other information comprises the Schedule L-1 but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by Government Auditing Standards**

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



Houston, Texas  
January 23, 2025



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

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

**Financial Highlights**

- The District's total combined net position was \$75.6 million at August 31, 2024.
- During the year, the District's net position increased by \$19.4 million before the adjustment to net position of \$5.1 million.
- Total revenues were \$8.5 million more than the prior year.
- The General Fund reported a fund balance this year of \$44.8 million, an increase of \$4.2 million.

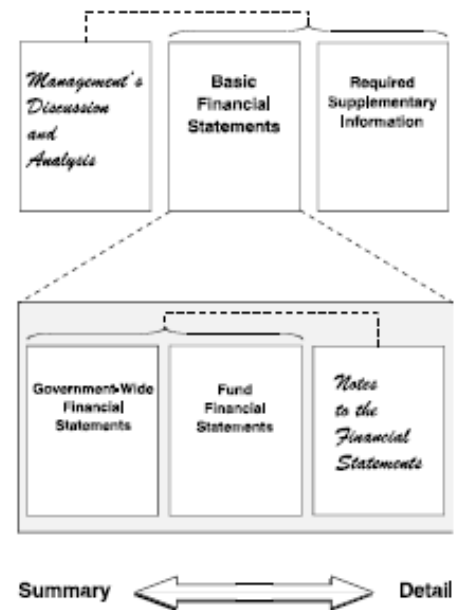
**Overview of the Financial Statements**

This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short-term* as well as what remains for future spending.
- *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 that explain some of the information in the financial statements and 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. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

**Figure A-1, Required Components of the District's Annual Financial Report**



**Government-wide Statements**

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position—the difference between the District's assets and liabilities—is one way to measure the District's financial health or *position*.

## HUNTSVILLE INDEPENDENT SCHOOL DISTRICT

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

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's tax base.

The government-wide financial statements of the District include the *Governmental activities*. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services and general administration. Property taxes and grants finance most of these activities.

#### Fund Financial Statements

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

- Some funds are required by State law and when applicable 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 the following kinds of funds:

- *Governmental funds*—Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Proprietary funds*—The District reports the activity for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. The District's internal service funds (a category of proprietary fund) report activities that provide services for the District's other programs and activities. Because the activities benefit solely the governmental activities of the District, they have been included with the governmental activities in the government-wide financial statements.
- *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 a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

#### Financial Analysis of the District as a Whole

**Net position.** The District's net position was \$75.6 million at August 31, 2024. (See Table A-1).

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

**Table A-1**  
**Huntsville Independent School District's Net Position**  
*(In millions of dollars)*

	Governmental Activities		Change
	2024	2023	
Current and other assets	\$ 123,765,124	\$ 161,062,182	\$ (37,297,058)
Capital assets, net	171,632,332	131,532,295	40,100,037
Other long-term assets	6,662,332	-	6,662,332
<b>Total Assets</b>	<b>302,059,788</b>	<b>292,594,477</b>	<b>9,465,311</b>
<b>Deferred Outflows of Resources</b>	16,326,050	19,069,901	(2,743,851)
Current Liabilities	49,184,988	55,924,092	(6,739,104)
Noncurrent liabilities	164,225,459	171,050,074	(6,824,615)
<b>Total Liabilities</b>	<b>213,410,447</b>	<b>226,974,166</b>	<b>(13,563,719)</b>
<b>Deferred Inflows of Resources</b>	22,753,638	23,397,763	(644,125)
<b>Net Position</b>			
Net Investment in Capital Assets	57,995,176	58,599,377	(604,201)
Restricted	7,043,175	7,407,762	(364,587)
Unrestricted	10,462,920	(4,714,690)	15,177,610
<b>Total Net Position</b>	<b>\$ 75,501,271</b>	<b>\$ 61,292,449</b>	<b>14,208,822</b>

Approximately \$3.0 million of the District's restricted net position represents net proceeds from federal nutritional grants. These funds, when spent, are restricted for the food service program. Approximately \$4.0 million of restricted net position is restricted for debt service. The \$11.0 million of unrestricted net position represents resources available to fund the programs of the District in future years.

**Changes in Net Position.**

The District's total revenues were \$142.8 million. A significant portion, 52 percent comes from state aid-formula grants. 30 percent of the District's revenue comes from taxes, and 15 percent comes from federal and state grants, while only three (3) percent relates to charges for services and other revenue.

The total cost of all programs and services was \$123.4 million; 78 percent of these costs are for instructional and facilities maintenance and operations.

State Aid – Formula increased compared to the prior year due to tax rate compression.

Expenses increased in the current year compared to the prior year primarily due increased costs in facilities maintenance and repairs and construction.

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

**Governmental Activities**

Property tax revenues decreased by 15 percent due to tax rate compression. This decrease was offset by the State aid formula in the form of foundation school program funding. The cost of all *governmental* activities this year was \$123.4 million.

**Table A-2**  
**Changes in Huntsville Independent School District's Net Position**

	<b>Governmental Activities</b>		
	<b>2024</b>	<b>2023</b>	<b>Change</b>
<b>Revenues</b>			
<b>Program Revenues:</b>			
Charges for Services	\$ 663,088	\$ 563,648	\$ 99,440
Operating Grants and Contributions	19,723,713	15,599,217	4,124,496
Capital Grants	-	2,045,339	(2,045,339)
<b>General Revenues:</b>			
Property Taxes	34,044,154	41,312,965	(7,268,811)
Property Taxes, levied for debt service	6,864,901	6,621,295	243,606
State Aid - Formula Grants	72,526,077	60,679,221	11,846,856
Grants and contributions	1,266,489	-	1,266,489
Investment earnings	6,943,697	8,256,362	(1,312,665)
Miscellaneous	749,763	604,091	145,672
<b>Total Revenues</b>	<b>142,781,882</b>	<b>135,682,138</b>	<b>7,099,744</b>
<b>Expenses</b>			
Instruction	81,803,088	78,741,151	3,061,937
Instructional resources and media services	648,447	631,562	16,885
Curriculum and staff development	2,712,548	2,949,550	(237,002)
Curriculum and staff development	1,691,663	1,565,046	126,617
Instructional leadership	4,408,680	4,106,600	302,080
School leadership	2,196,884	1,922,518	274,366
Health services	651,054	691,604	(40,550)
Student transportation	4,065,539	3,859,449	206,090
Food service	3,552,671	3,573,248	(20,577)
Extracurricular activities	3,166,900	2,905,025	261,875
General administration	2,808,866	2,533,432	275,434
Facilities maintenance and operations	7,383,778	7,322,114	61,664
Security and monitoring services	1,441,725	967,861	473,864
Data processing services	1,894,478	1,972,264	(77,786)
Community services	154,361	164,333	(9,972)
Interest on long-term debt	3,716,825	3,647,565	69,260
Bond issuance costs and fees	6,464	296,919	(290,455)
Facilities planning	32,799	-	32,799
Other governmental charges	1,037,925	891,217	146,708
<b>Total Expenses</b>	<b>123,374,695</b>	<b>118,741,458</b>	<b>4,633,237</b>
Increase (Decrease) in Net Position	19,407,187	16,940,680	2,466,507
<b>Beginning Net Position, Restated</b>	<b>56,152,234</b>	<b>44,351,769</b>	<b>11,800,465</b>
<b>Net Position - Ending</b>	<b>\$ 75,559,421</b>	<b>\$ 61,292,449</b>	<b>\$ 14,266,972</b>



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

**Financial Analysis of the District's Funds**

**General Fund Budgetary Highlights**

Over the course of the year, the District revised its budget monthly. With these adjustments, actual expenditures were \$5.6 million below final budget amounts. The most significant positive variance resulted from instructional services. This was due to students enrolled in TOPS courses not receiving completion credits, which lowered the amount due to the third party vendor.

On the other hand, resources available were lower than budget expectations by \$1.4 million. This was primarily a result of decreased State funding because of lower TOPS course completion than budgeted.

**Online Education**

**Texas Online Preparatory School**

In 2013, the District was approved by the Texas Education Agency (TEA) to open the Texas Online Preparatory School (TOPS) program. The District has partnered with K12 Virtual Schools, LLC (K12) through an education services agreement to provide a completely online curriculum and instructional program to the students. The program currently is offered for students in grades 3 - 12. Enrollment at the end of the 2023-2024 fiscal year was approximately 5,198 students. However, the adjusted ADA for students completing courses was approximately 5,058 students. The adjusted ADA is used by the TEA to determine the funding for the District, and also to determine the amount due to K12. The TOPS program revenues and expenditures are reported in the General Fund.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of 2024, the District had invested \$243.0 million in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4). Accumulated depreciation/amortization totaled \$71.4 million, resulting in net capital assets of \$171.6 million.

**Table A-4**  
**District's Capital Assets**  
*(In millions of dollars)*

	<b>Governmental Activities</b>	
	<b>2024</b>	<b>2023</b>
Land	\$ 1,898,217	\$ 1,848,217
Buildings and Improvements, net	30,722,560	32,687,568
Furniture, equipment, and vehicles, net	1,541,170	6,347,961
Right-to-use assets, net	770,523	630,516
Construction in Progress	136,699,862	83,669,140
<b>Total</b>	<b>\$ 171,632,332</b>	<b>\$ 125,183,402</b>

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

**Long-Term Liabilities**

At year-end the District had outstanding liabilities as shown in Table A-5. More detailed information about the District's liabilities is presented in the notes to the financial statements.

**Table A-5**  
**District's Long-term Liabilities**

	<u>2024</u>	<u>2023</u>
<b>Governmental Activities:</b>		
<b>Bonds Payable:</b>		
General obligation bonds, par	\$ 123,995,000	\$ 127,640,000
Issuance premiums	7,131,641	7,595,693
<b>Total Bonds Payable</b>	<u>131,126,641</u>	<u>135,235,693</u>
Notes payable - direct borrowings and direct placements	154,000	229,000
Lease liability	317,312	408,363
SBITA liability	252,190	247,648
Compensated absences	133,314	231,626
Net pension liability	22,406,183	22,918,247
Net OPEB liability	9,835,819	11,779,498
<b>Total Governmental Activities</b>	<u>\$ 164,225,459</u>	<u>\$ 171,050,075</u>

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

- Appraised values used for the 2025 budget preparation are expected to increase by approximately 2.3% over the previous year.
- A maintenance and operations tax rate of \$0.7098 and a debt service tax rate of \$0.145, for a total tax rate of \$0.8548, were adopted for the 2025 budget. This is a change in maintenance and operation rate from the 2024 budget that had a \$0.7121 rate. The debt service rate remained the same as the 2024 budget.
- The District's 2025 refined average daily attendance is expected to be 10,600, an increase of 170 from 10,430 in 2024. The projected increase is primarily due to forecasted increases in the TOPS program enrollment.

These indicators were taken into account when adopting the general fund budget for 2025. Amounts available for appropriation in the general fund budget are \$113.9 million, an increase of three (3) percent from the final projected 2024 budget of \$112.5 million. Property taxes will decrease because of the reduced tax rate. State revenue will increase due to projecting an increase in refined average daily attendance. The District will use any increase in revenues to finance programs it currently offers.

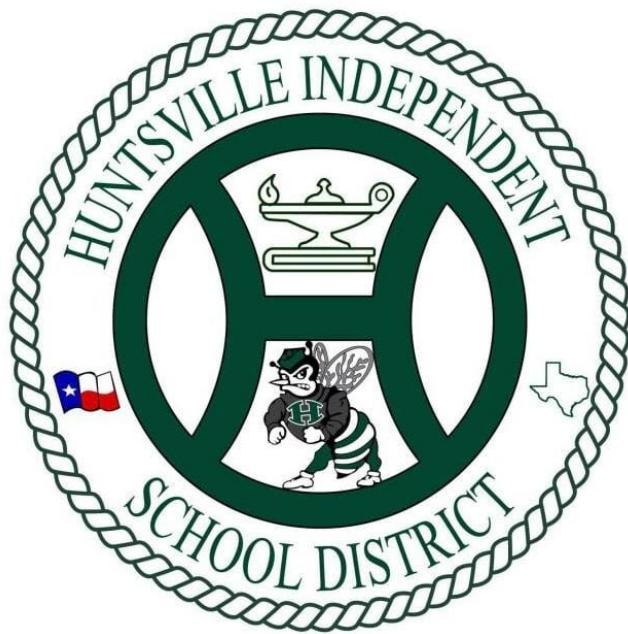
Expenditures are budgeted to increase two (2) percent to \$127.2 million from the projected final 2024 budget of \$124.3 million. This increase is primarily due to TOPS expenditures for 2025 projected to be higher than 2024.

If these estimates are realized, the District's budgetary General Fund fund balance is expected to remain the same by the close of 2025.

**Contacting The District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's administration office.

## **BASIC FINANCIAL STATEMENTS**



**HUNTSVILLE INDEPENDENT SCHOOL DISTRICT**

**STATEMENT OF NET POSITION**

August 31, 2024

Exhibit A-1

<u>Data Control Codes</u>		<u>Primary Government</u>
		<u>Governmental Activities</u>
<b>Assets</b>		
1110	Cash and cash equivalents	\$ 108,449,219
1220	Property taxes - delinquent	5,291,577
1230	Allowance for Uncollectible Taxes	(1,419,977)
1240	Due from other governments	4,393,448
1260	Internal balances	-
1290	Other receivables, net	11,261
1300	Inventories	71,403
1410	Prepaid items	305,861
	Capital Assets Not Subject to Depreciation/Amortization:	
1510	Land	1,898,217
1580	Construction in progress	136,699,862
	Capital Assets Net Of Depreciation/Amortization:	
1520	Buildings and improvements, net	30,722,560
1530	Furniture and equipment, net	1,541,170
1550	Right-to-use lease assets, net	300,445
1553	Right-to-use SBITA assets, net	470,078
1910	Long-term investments	6,662,332
<b>1000</b>	<b>Total Assets</b>	<b>295,397,456</b>
<b>Deferred Outflows Of Resources</b>		
	Deferred charge for refunding	1,161
	Deferred outflow related to TRS pension	10,352,871
	Deferred outflow related to TRS OPEB	5,972,018
<b>1700</b>	<b>Total Deferred Outflows of Resources</b>	<b>16,326,050</b>
<b>Liabilities</b>		
2110	Accounts payable	42,440,358
2140	Interest payable	179,182
2160	Accrued wages payable	2,700,926
2300	Unearned revenue	3,864,522
	Noncurrent liabilities:	
2501	Due within one year	4,061,385
2502	Due in more than one year	127,922,072
2540	Net pension liability	22,406,183
2545	Net other post-employment benefits (OPEB) liabilities	9,835,819
<b>2000</b>	<b>Total Liabilities</b>	<b>213,410,447</b>
<b>Deferred Inflows Of Resources</b>		
	Deferred inflows - pension	3,970,357
	Deferred outflows - OPEB	18,783,281
<b>2600</b>	<b>Total Deferred Inflows of Resources</b>	<b>22,753,638</b>
<b>Net Position</b>		
3200	Net investment in capital assets	57,995,176
	Restricted for:	
3820	Federal and State programs	3,017,001
3850	Debt service	4,026,174
3880	Scholarships	58,150
3900	Unrestricted	10,462,920
<b>3000</b>	<b>Total Net Position</b>	<b>\$ 75,559,421</b>

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

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

Data Control Codes	Functions/Programs	Expenses	Program Revenue	
			Charges for Services	Operating Grants and Contributions
	<b>Primary Government</b>			
	<b>Governmental Activities:</b>			
11	Instruction	\$ 81,803,088	\$ -	\$ 7,388,068
12	Instructional resources and media services	648,447	-	22,327
13	Curriculum and staff development	2,712,548	-	1,337,278
21	Instructional leadership	1,691,663	-	154,126
23	School leadership	4,408,680	-	402,298
31	Guidance, counseling, and evaluation services	2,196,884	-	766,295
33	Health services	651,054	-	635,028
34	Student transportation	4,065,539	-	106,041
35	Food service	3,552,671	371,232	4,105,003
36	Extracurricular activities	3,166,900	264,828	52,924
41	General administration	2,808,866	-	66,013
51	Facilities maintenance and operations	7,383,778	27,028	3,703,042
52	Security and monitoring services	1,441,725	-	582,158
53	Data processing services	1,894,478	-	221,527
61	Community services	154,361	-	180,915
72	Interest on long-term debt	3,716,825	-	-
73	Bond issuance costs and fees	6,464	-	-
81	Facilities maintenance and repairs	32,799	-	670
99	Intergovernmental charges	1,037,925	-	-
<b>TG</b>	<b>Total Governmental Activities</b>	<b>123,374,695</b>	<b>663,088</b>	<b>19,723,713</b>

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

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

<b>Data Control Codes</b>	<b>Functions/Programs</b>	<b>Net (Expense) Revenue and Changes in Net Position</b>
		<b>Primary Government</b>
		<b>Governmental Activities</b>
	<b>Primary Government</b>	
	<b>Governmental Activities:</b>	
11	Instruction	\$ (74,415,020)
12	Instructional resources and media services	(626,120)
13	Curriculum and staff development	(1,375,270)
21	Instructional leadership	(1,537,537)
23	School leadership	(4,006,382)
31	Guidance, counseling, and evaluation services	(1,430,589)
33	Health services	(16,026)
34	Student transportation	(3,959,498)
35	Food service	923,564
36	Extracurricular activities	(2,849,148)
41	General administration	(2,742,853)
51	Facilities maintenance and operations	(3,653,708)
52	Security and monitoring services	(859,567)
53	Data processing services	(1,672,951)
61	Community services	26,554
72	Interest on long-term debt	(3,716,825)
73	Bond issuance costs and fees	(6,464)
81	Facilities maintenance and repairs	(32,129)
99	Intergovernmental charges	(1,037,925)
<b>TG</b>	<b>Total Governmental Activities</b>	<u>(102,987,894)</u>
	<b>General Revenues</b>	
	Taxes:	
<b>MT</b>	Property Taxes, Levied for General Purposes	34,044,154
<b>DT</b>	Property Taxes, Levied for Debt Service	6,864,901
<b>SF</b>	State Aid - Formula Grants	72,526,077
<b>GC</b>	Grants and Contributions not Restricted	1,266,489
<b>IE</b>	Investment Earnings	6,943,697
<b>MI</b>	Miscellaneous	749,763
<b>TR</b>	<b>Total General Revenues</b>	<u>122,395,081</u>
<b>CN</b>	Change in net position	19,407,187
<b>NB</b>	<b>Net Position - Beginning as Restated</b>	<u>56,152,234</u>
<b>NE</b>	<b>Net Position - Ending</b>	<u>\$ 75,559,421</u>

**HUNTSVILLE INDEPENDENT SCHOOL DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**August 31, 2024**

*Exhibit C-1*  
*Page 1 of 2*

Data Control Codes		General Fund	Capital Projects Fund
<b>Assets</b>			
1110	Cash and cash equivalents	\$ 79,573,715	\$ 20,286,574
	Receivables:		
1220	Delinquent property taxes receivables	4,596,861	-
1230	Allowance for uncollectible taxes (credit)	(1,244,128)	-
1240	Receivables from other governments	26,883	-
1260	Due from other funds	3,505,437	5,498,500
1290	Other receivables	2,375	-
1300	Inventories, at cost	71,403	-
1410	Prepaid items	295,861	-
1900	Long term investments	6,662,332	-
<b>1000</b>	<b>Total Assets</b>	<b>\$ 93,490,739</b>	<b>\$ 25,785,074</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
<b>Liabilities:</b>			
2110	Accounts payable	\$ 33,527,393	\$ 7,543,967
2160	Accrued wages payable	2,605,456	-
2170	Due to other funds	5,528,495	29,281
2300	Unearned revenues	3,688,822	-
<b>2000</b>	<b>Total Liabilities</b>	<b>45,350,166</b>	<b>7,573,248</b>
<b>Deferred Inflows of Resources</b>			
	Deferred inflows - property taxes	3,352,733	-
<b>2600</b>	<b>Total Deferred Inflows of Resources</b>	<b>3,352,733</b>	<b>-</b>
<b>Fund Balances:</b>			
Non-spendable:			
3410	Inventories	71,403	-
3430	Prepaid items	295,861	-
Restricted:			
3450	Federal/State funds grant restrictions	-	-
3470	Capital acquisitions and contractual oblig.	-	18,211,826
3480	Debt service	-	-
3490	Other restricted	-	-
Committed:			
3545	Other committed	-	-
Assigned:			
3600	Unassigned	44,420,576	-
<b>3000</b>	<b>Total Fund Balances</b>	<b>44,787,840</b>	<b>18,211,826</b>
<b>4000</b>	<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 93,490,739</b>	<b>\$ 25,785,074</b>



**HUNTSVILLE INDEPENDENT SCHOOL DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**August 31, 2024**

*Exhibit C-1*  
*Page 2 of 2*

Data Control Codes		Nonmajor Governmental Funds	Total Governmental Funds
	<b>Assets</b>		
1110	Cash and cash equivalents	\$ 7,603,413	\$ 107,463,702
	Receivables:		
1220	Delinquent property taxes receivables	694,716	5,291,577
1230	Allowance for uncollectible taxes (credit)	(175,849)	(1,419,977)
1240	Receivables from other governments	4,366,565	4,393,448
1260	Due from other funds	29,995	9,033,932
1290	Other receivables	8,886	11,261
1300	Inventories, at cost	-	71,403
1410	Prepaid items	10,000	305,861
1900	Long term investments	-	6,662,332
<b>1000</b>	<b>Total Assets</b>	<b>\$ 12,537,726</b>	<b>\$ 131,813,539</b>
	<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>		
	<b>Liabilities:</b>		
2110	Accounts payable	\$ 1,368,998	\$ 42,440,358
2160	Accrued wages payable	95,470	2,700,926
2170	Due to other funds	3,476,156	9,033,932
2300	Unearned revenues	700	3,689,522
<b>2000</b>	<b>Total Liabilities</b>	<b>4,941,324</b>	<b>57,864,738</b>
	<b>Deferred Inflows of Resources</b>		
	Deferred inflows - property taxes	518,867	3,871,600
<b>2600</b>	<b>Total Deferred Inflows of Resources</b>	<b>518,867</b>	<b>3,871,600</b>
	<b>Fund Balances:</b>		
	Non-spendable:		
3410	Inventories	10,000	81,403
3430	Prepaid items	-	295,861
	Restricted:		
3450	Federal/State funds grant restrictions	3,017,001	3,017,001
3470	Capital acquisitions and contractual oblig.	-	18,211,826
3480	Debt service	3,686,489	3,686,489
3490	Other restricted	58,150	58,150
	Committed:		
3545	Other committed	310,842	310,842
	Assigned:		
3600	Unassigned	(4,947)	44,415,629
<b>3000</b>	<b>Total Fund Balances</b>	<b>7,077,535</b>	<b>70,077,201</b>
<b>4000</b>	<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 12,537,726</b>	<b>\$ 131,813,539</b>



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

*Exhibit C-1R*

<u>Data Control Codes</u>	<b>Total Fund Balance, Governmental Funds</b>	\$ 70,077,201
	Amounts reported for governmental activities in the statement of net position (A-1) are different because:	
1	Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets at historical cost, net of accumulated depreciation/amortization, where applicable.	171,632,332
2	Property taxes receivable have been levied and are due this year, but are not available soon enough to pay for the current period's expenditures, these property taxes and related penalty and interest amounts (net of allowance for uncollectible accounts).	3,871,600
3	Deferred outflow of resources	1,161
4	Deferred outflows relating to pension activities	10,352,871
5	Deferred outflows relating to other-post employment benefit	5,972,018
	Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:	
6	General obligation bonds	(123,995,000)
7	Notes payable	(154,000)
8	Premiums on bonds	(7,131,641)
9	Compensated absences	(133,314)
10	Lease liability	(317,312)
11	SBITA liability	(252,190)
12	Net pension liability	(22,406,183)
13	Net other-post employment benefit liability	(9,835,819)
14	Accrued interest payable	(179,182)
15	Deferred inflows relating to pension activities	(3,970,357)
16	Deferred inflows relating to other-post employment benefit	(18,783,281)
17	Net position of internal service funds that serve the District's governmental activities	810,517
29	<b>Net Position of Governmental Activities</b>	<u>\$ 75,559,421</u>

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

*Exhibit C-2*

Data Control Codes		General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
5700	Local and intermediate sources	\$ 38,191,863	\$ 2,270,955	\$ 7,778,619	\$ 48,241,437
5800	State program revenues	76,120,727	2,618	3,002,296	79,125,641
5900	Federal program revenues	1,157,174	-	14,741,911	15,899,085
<b>5020</b>	<b>Total Revenues</b>	<b>115,469,764</b>	<b>2,273,573</b>	<b>25,522,826</b>	<b>143,266,163</b>
<b>Expenditures</b>					
Current:					
0011	Instruction	75,046,323	-	6,492,904	81,539,227
0012	Instruction resources and media services	599,803	-	3,475	603,278
0013	Curriculum and staff development	1,384,643	-	1,396,469	2,781,112
0021	Instructional leadership	1,633,649	-	107,749	1,741,398
0023	School leadership	4,229,052	-	283,785	4,512,837
0031	Guidance, counseling and evaluation services	1,625,853	-	660,608	2,286,461
0033	Health services	656,578	-	9,495	666,073
0034	Student transportation	3,640,489	-	34,563	3,675,052
0035	Food services	10,619	-	4,110,845	4,121,464
0036	Cocurricular/Extracurricular activities	2,543,512	3,887	332,235	2,879,634
0041	General administration	2,887,363	-	7,627	2,894,990
0051	Facilities maintenance and operations	7,377,030	-	3,790,085	11,167,115
0052	Security and monitoring services	950,419	-	437,503	1,387,922
0053	Data processing services	2,091,840	-	55,457	2,147,297
0061	Community services	1,818	-	165,952	167,770
Debt Service:					
0071	Principal on long-term debt	565,825	-	3,780,000	4,345,825
0072	Interest on long-term debt	33,401	-	4,154,975	4,188,376
0073	Bond issuance costs and fees	-	-	6,464	6,464
Capital Outlay:					
0081	Facilities acquisition and construction	5,500,000	43,922,836	-	49,422,836
Intergovernmental:					
0099	Other intergovernmental charges	1,037,925	-	-	1,037,925
<b>6030</b>	<b>Total Expenditures</b>	<b>111,816,142</b>	<b>43,926,723</b>	<b>25,830,191</b>	<b>181,573,056</b>
1100	Excess (deficiency) of revenues over expenditures	3,653,622	(41,653,150)	(307,365)	(38,306,893)
<b>Other Financing Sources (Uses):</b>					
7913	Issuance of SBITAs	524,556	-	-	524,556
<b>7080</b>	<b>Total Other Financing Sources (Uses)</b>	<b>524,556</b>	<b>-</b>	<b>-</b>	<b>524,556</b>
1200	Net change in fund balances	4,178,178	(41,653,150)	(307,365)	(37,782,337)
0100	<b>Fund Balance - September 1 (Beginning)</b>	<b>40,609,662</b>	<b>59,864,976</b>	<b>7,384,900</b>	<b>107,859,538</b>
<b>3000</b>	<b>Fund Balance - August 31 (Ending)</b>	<b>\$ 44,787,840</b>	<b>\$ 18,211,826</b>	<b>\$ 7,077,535</b>	<b>\$ 70,077,201</b>

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

*Exhibit C-2R*

<b>Data Control Codes</b>		
	<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ (37,782,337)</b>
	Amounts reported for governmental activities in the statement of activities (B-1) are different because:	
	Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
<b>1</b>	Capital outlay recognized as capital asset additions including right-to-use assets	55,413,919
<b>2</b>	Depreciation and amortization expense recognized for capital assets.	(3,815,774)
<b>3</b>	Issuance of a SBITA is recorded as a financing resource on the fund financial statements, but as a liability at the government-wide level.	(524,556)
<b>4</b>	Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,182,894
<b>5</b>	Repayment of long-term debt principal is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of net position.	
<b>6</b>	Repayment of principal on bonds.	3,645,000
<b>7</b>	Principal payments on lease and SBITA liabilities.	520,014
	Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
<b>8</b>	Decrease in interest payable not recognized in the fund statements.	23,735
<b>9</b>	Amortization of premium/discount.	464,052
<b>10</b>	Change in deferred charge in refunding	(1,477)
<b>11</b>	Change in compensated absences	98,312
<b>12</b>	Changes in net pension liabilities and related deferred outflows and inflows of resources.	(1,919,441)
<b>13</b>	Changes in net OPEB liabilities and related deferred outflows and inflows of resources.	2,284,259
<b>14</b>	Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities (see D-2).	(181,413)
	<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 19,407,187</u></b>

**HUNTSVILLE INDEPENDENT SCHOOL DISTRICT**

**STATEMENT OF NET POSITION**

**INTERNAL SERVICE FUNDS**

**August 31, 2024**

*Exhibit D-1*

	<b>Governmental Activities</b>
	<b>Total</b>
	<b>Internal Service Funds</b>
<hr/>	
<b>Assets</b>	
<b>Current Assets:</b>	
Cash and cash equivalents	\$ 810,517
<b>Total Current Assets</b>	<u>810,517</u>
<b>Total Assets</b>	<u>\$ 810,517</u>
<b>Net Position</b>	
Unrestricted	\$ 810,517
<b>Total Net Position</b>	<u><u>\$ 810,517</u></u>

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

*Exhibit D-2*

	<b>Governmental Activities Total</b>
	<b>Internal Service Funds</b>
<b>Operating Revenues</b>	
Charges for services	\$ 57,594
<b>Total Operating Revenues</b>	<u>57,594</u>
<b>Operating Expenses</b>	
Claims expense and other operating expenses	239,007
<b>Total Operating Expenses</b>	<u>239,007</u>
Operating loss	<u>(181,413)</u>
Change in net position	(181,413)
<b>Net Position - September 1 (Beginning)</b>	<u>991,930</u>
<b>Net Position - August 31 (Ending)</b>	<u>\$ 810,517</u>

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

*Exhibit D-3*

	<b>Governmental Activities</b>
	<b>Total Internal Service Funds</b>
<b>Cash Flows from Operating Activities</b>	
Cash received from user charges	\$ 57,594
Cash payments for insurance claims	(239,007)
<b>Net Cash Used for Operating Activities</b>	<u>(181,413)</u>
Net change in cash and cash equivalents	(181,413)
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>991,930</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u><u>\$ 810,517</u></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash     Provided By (Used For) Operating Activities</b>	
Operating loss	\$ (181,413)
<b>Adjustments to Reconcile Operating Loss to     Net Cash Provided by (used for) Operating Activities:</b>	<u>-</u>
<b>Net Cash Used for Operating Activities</b>	<u><u>\$ (181,413)</u></u>



**HUNTSVILLE INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**August 31, 2024**

*Exhibit E-1*

	<b>Custodial Fund</b>
	<b><u>Student Activity</u></b>
<b>Assets</b>	
Current Assets:	
Cash and cash equivalents	\$ 311,061
Other receivables	1,103
<b>Total Assets</b>	<b><u>\$ 312,164</u></b>
<b>Liabilities</b>	
Current Liabilities:	
Accounts payable	\$ 18,445
<b>Total Liabilities</b>	<b><u>\$ 18,445</u></b>
<b>Net Position</b>	
Restricted for student activities	\$ 293,719
<b>Total Net Position</b>	<b><u>\$ 293,719</u></b>

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

*Exhibit E-2*

	<b>Custodial Fund</b>
	<b><u>Student Activity</u></b>
<b>Additions</b>	
Student club contributions	\$ 392,246
Contributions	1,434
<b>Total Additions</b>	<b><u>393,680</u></b>
<b>Deductions</b>	
Payments for student activities	387,571
<b>Total Deductions</b>	<b><u>387,571</u></b>
Change in net position	6,109
<b>Net Position - Beginning</b>	<b><u>287,610</u></b>
<b>Net Position - Ending</b>	<b><u>\$ 293,719</u></b>

**A. Summary of Significant Accounting Policies**

The basic financial statements of Huntsville Independent School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide ("Resource Guide"). The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

**1. Reporting Entity**

The Board of School Trustees ("Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and 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 State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental reporting entity and there are no component units included within the District's reporting entity.

**2. Basis of Presentation, Basis of Accounting**

**Basis of Presentation**

Government-wide Financial Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

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

Capital Projects Fund: This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

**A. Summary of Significant Accounting Policies (continued)**

**2. Basis of Presentation, Basis of Accounting (continued)**

**Basis of Presentation (continued)**

In addition, the District reports the following fund types:

**Governmental Funds:**

Debt Service Fund: This fund is used for the payment of general long-term obligation principal and interest.

Special Revenue Funds: The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most federal and some state financial assistance is accounted for in a special revenue fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.

Permanent Fund: This fund is used for the purpose of distributing the earnings of investments for scholarship purposes.

In addition, the District reports the following fund types:

Internal Service Funds: These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

Custodial Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity. Custodial funds typically involve only the receipt, temporary investment, and remittance of the fiduciary resources to individuals, private organizations, or other governments. Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or custodial capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

**Measurement Focus, Basis of Accounting**

Government-wide, Proprietary, and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under lease contracts and subscription-based information technology arrangements are reported as other financing sources.

**A. Summary of Significant Accounting Policies (continued)**

**2. Basis of Presentation, Basis of Accounting (continued)**

**Measurement Focus, Basis of Accounting (continued)**

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

**3. Financial Statement Amounts**

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

**Property Taxes**

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

**Inventories and Prepaid Items**

The District records inventory and prepaid items as expenses when consumed on the government-wide financial statements and as expenditures when purchased on the fund financial statements. Supplies are recorded as expenditures as purchased. If any supplies are on hand at the end of the year, their total cost is recorded as inventory and the fund balance is nonspendable for the same amount. Food service commodity inventory is recorded at fair market value on the date received. Commodity inventory items are recorded as expenditures when distributed to user locations. Inventories are valued at the lower-of cost method on average cost method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Material prepaid items are accounted for using the consumption method.

**Capital Assets**

Purchased or constructed capital assets and right-to-use assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

**A. Summary of Significant Accounting Policies (continued)**

**3. Financial Statement Amounts (continued)**

**Capital Assets (continued)**

Capital assets are being depreciated/amortized using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Buildings and improvements	20
Vehicles	2-15
Office equipment	5-10
Computer equipment	3-15
Right-to use Lease Assets	Lease Term
Right-to use Subscription Assets	Subscription Term

**Deferred Outflows and Inflows of Resources**

In addition to assets, the statements of financial position (the government-wide Statement of Net Position and governmental funds balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

**Receivable and Payable Balances**

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances. There are no significant receivables which are not scheduled for collection within one year of year end.

**Compensated Absences**

On retirement or death of certain employees, the District pays any accrued vacation leave in a lump case payment to such employee or his/her estate. Individuals employed after October 1, 1985 are not eligible to receive the lump sum payments.

**Interfund Activity**

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line n the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

**A. Summary of Significant Accounting Policies (continued)**

**3. Financial Statement Amounts (continued)**

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

**Data Control Codes**

Data Control Codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA in order to ensure accuracy in building a statewide database for policy development and funding plans.

**Fund Balances - Governmental Funds**

Fund balances of the governmental funds are classified as follows:

**Nonspendable Fund Balance** - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

**Restricted Fund Balance** - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

**Committed Fund Balance** - represents amounts that can only be used for a specific purpose because of a formal action by the District's Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Board of Trustees. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

**Assigned Fund Balance** - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

**Unassigned Fund Balance** - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

**Net Position Flow Assumption**

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

**A. Summary of Significant Accounting Policies (continued)**

**3. Financial Statement Amounts (continued)**

**Fund Balance Flow Assumptions**

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

**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.

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

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

**Implementation of New Accounting Standards**

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

GASB issued Implementation Guide 2021-1, Implementation Guidance Update – 2021, in May 2021. The primary objective of this Implementation Guide is to provide guidance that clarifies, explains, or elaborates on GASB Statements. The requirements of this Implementation Guide had various effective dates and specific provisions were implemented prior to fiscal year 2024. The remaining requirement, an amendment to Question 7.9.8 in Implementation Guide 2015-1 effective for reporting periods beginning after June 15, 2023, requires governments to capitalize assets whose individual acquisition costs are less than the threshold for an individual asset if those assets in the aggregate are significant. The District has identified grouped assets that qualify under this standard. The beginning net position has for fiscal year 2024 has been restated to account for the prior year assets that qualify.



**A. Summary of Significant Accounting Policies (continued)**

**3. Financial Statement Amounts (continued)**

**Implementation of New Accounting Standards (continued)**

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

**B. Deposits and Investments**

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

*Cash Deposits*

At August 31, 2024, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$2,556,809 and the bank balance was \$2,616,756. The District's cash deposits at August 31, 2024 and during the year ended August 31, 2024, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

The District classifies investment pools as cash and cash equivalents for reporting purposes. At August 31, 2024, the District had a balance of \$112.9 million in investment pools.

*Investments*

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

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure.

**B. Deposits and Investments (continued)**

*Investments (continued)*

However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

**Analysis of Specific Deposit and Investment Risks**

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

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

**Custodial Credit Risk**

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

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

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

**Concentration of Credit Risk**

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

**Interest Rate Risk**

Pursuant to Section 2256.016(g) of the Investment Act, the Public Funds Investments Pools have established advisory boards composed of participants and other knowledgeable individuals. The purpose of the advisory boards shall be to gather and exchange information from participants and non-participants relating to the pools' operations. The value of District portions in TexPool, Lone Star, and TexClass are the same as the value of the Shares. These external pooled funds operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The external pooled funds use amortized cost rather than market value to report net position to compute share price. Accordingly, the fair value of the positions of the pooled funds is the same as the value of the external pool shares. The funds are structured similar to a money market mutual fund which allows shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are also adjusted on a daily basis. Such funds seek to maintain a constant net asset value of \$1. The risk exposure for governmental activities, major funds, internal service funds and fiduciary funds types of the District are not significantly greater than the deposit and investment risk of the overall primary government.

**B. Deposits and Investments (continued)**

**Interest Rate Risk (continued)**

In accordance with GASB 79, TexPool, Lone Star, and Texas Class, do not have any limitations and restrictions on withdrawals such as notice periods or maximum transactions amounts. None of the pools impose any liquidity fees or redemption gates.

**Foreign Currency Risk**

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

**Fair Value Measurement**

The District categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The District's cash deposits, investment pools, and investments along with their maturity dates and ratings are shown below:

	<u>Carrying Value</u>	<u>Weighted Average Maturity (Days)</u>	<u>Credit Rating</u>
<b>Governmental Activities</b>			
Cash and deposits	\$ 2,245,748	1	N/A
<b>Investment Pools</b>			
Local Government Investment Pools:			
TexPool	944,642	35	AAAm
Texas CLASS	104,108,856	29	AAAm
Lone Star Government Overnight Fund	1,005,865	23	AAAm
Mutual Fund	170,271	1	AAAm
US Treasury Securities	5,096,533	276	AA+
US Agencies	1,539,636	562	AA+
<b>Total Investments</b>	<u>112,865,803</u>	47	
<b>Total Governmental Activities</b>	<u>115,111,551</u>		
<b>Fiduciary Funds</b>			
Cash and Deposits	311,061	1	N/A
<b>Total Fiduciary Funds</b>	<u>311,061</u>		
<b>Total</b>	<u>\$ 115,422,612</u>		

The District's Mutual Funds are considered Level 1, while the US Treasury Securities and Agencies are Level 2.

**B. Deposits and Investments (continued)**

**Local Government Investment Pools**

TexPool is a public funds investment pool created by the Texas Treasury Safekeeping Trust Company (the Trust Company) to provide a safe environment for the placement of local government funds. The portfolio consists of U.S. Treasury and government agency securities, repurchase agreements, certain mutual funds, collateralized repurchase and reverse repurchase agreements, no-load money market mutual funds regulated by the Securities and Exchange Commission and rated AAAM or equivalent by at least one nationally recognized statistical rating organization, securities lending programs, and certificates of deposit. TexPool is overseen by the State Comptroller of Public Accounts and administered by Federated Investors, Inc. The Act. TexPool uses amortized cost rather than fair value to report net assets to compute share prices. The fair value of the position in TexPool is the same as the value of TexPool shares. Accordingly, the District's investments in TexPool are stated at amortized cost, which approximates fair value.

MBIA-Texas CLASS is organized under the Sixth Amended and Restated Trust Agreement in accordance with all the requirements contained in section 2256.016 of the ACT. Texas CLASS is administered by Public Trust Advisors, LLC and all funds are held by the custodial agent, Wells Fargo N.A. Texas CLASS may invest in obligations of the U.S. or its agencies and instrumentalities; repurchase agreements; SEC-registered money market funds rated in the highest rating category by at least one NRSRO; and commercial paper rated A-1, P-1 or equivalent by two nationally recognized rating agencies.

Lone Star is a Texas public investment pool sponsored by the Texas Association of School Boards (TASB) for investment of funds by state and local government entities, primarily local school districts. The Board has entered into an agreement with First Public, LLC (First Public), a Texas limited liability company and a member of the National Association of Securities Dealers, Securities Investor Protection Corporation, and Municipal Securities Rulemaking Board, pursuant to which First Public serves as administrator of Lone Star operations. American Beacon Advisors, Fort Worth, Texas, and Standish Mellon Asset Management Company, LLC, Pittsburgh, Pennsylvania, provide investment management services to Lone Star regarding the investment and reinvestment of the pool's assets. The fund's credit quality is excellent as its portfolio is composed of U.S. government and U.S. agency securities. Investments in Lone Star provide for investment in securities with maturities and returns generally greater than money market instruments/ Lone Star is marked-to-market daily to maintain an accurate net asset value. The District's fair value in Lone Star is the same as the value of the pool shares.

**C. Capital Assets**

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

	Restated Balance September 1, 2023	Additions	(Transfers, Adjustments, and Retirements)	Balance August 31, 2024
<b>Governmental Activities:</b>				
<b>Capital Assets, Not Being Depreciated:</b>				
Land	\$ 1,848,217	\$ 50,000	\$ -	\$ 1,898,217
Construction in progress	83,669,140	53,030,722	-	136,699,862
<b>Total Capital Assets, Not Being Depreciated</b>	<b>85,517,357</b>	<b>53,080,722</b>	<b>-</b>	<b>138,598,079</b>
<b>Capital Assets, Being Depreciated:</b>				
Buildings & Improvements	85,018,080	260,209	-	85,278,289
Furniture & Equipment*	6,546,700	1,451,854	-	7,998,554
Vehicles*	9,707,077	96,578	-	9,803,655
Right-to-Use lease asset	487,209	-	-	487,209
Right-to-Use SBITA asset	361,125	524,556	-	885,681
<b>Total Capital Assets, Being Depreciated</b>	<b>102,120,191</b>	<b>2,333,197</b>	<b>-</b>	<b>104,453,388</b>
<b>Less Accumulated Depreciation/Amortization for:</b>				
Buildings & Improvements	(52,339,512)	(2,216,217)	-	(54,555,729)
Furniture & Equipment*	(8,411,701)	(695,308)	-	(9,107,009)
Vehicles*	(6,634,330)	(519,700)	-	(7,154,030)
Right-to-Use lease asset	(97,442)	(89,322)	-	(186,764)
Right-to-Use SBITA asset	(120,376)	(295,227)	-	(415,603)
<b>Total Accumulated Depreciation/Amortization</b>	<b>(67,603,361)</b>	<b>(3,815,774)</b>	<b>-</b>	<b>(71,419,135)</b>
<b>Governmental Capital Assets</b>	<b>\$ 120,034,187</b>	<b>\$ 51,598,145</b>	<b>\$ -</b>	<b>\$ 171,632,332</b>

\*During fiscal year 2024, the District identified assets that had been disposed of but had not been removed from the capital asset records. As such, furniture and equipment and vehicles and related accumulated depreciation were adjusted for a total of \$5,140,215. The offset to the adjustment was to beginning net position. The beginning net position before the adjusted was \$61,292,449. The adjusted beginning net position is \$56,152,234.

Depreciation was charged to functions as follows:

<b>Function</b>	<b>Depreciation Expense/Amortization</b>
<b>Governmental Activities:</b>	
Instruction	\$ 1,550,168
Instructional resources and media services	62,062
Curriculum and staff development	23,441
Instructional leadership	4,054
School leadership	38,646
Guidance, counseling and evaluation services	4,838
Health services	5,645
Student transportation	564,267
Food services	230,767
Extracurricular activities	352,573
General administration	10,687
Facilities maintenance and operations	597,944
Security and monitoring services	54,549
Data processing services	316,133
<b>Total Governmental Activities</b>	<b>\$ 3,815,774</b>

**C. Capital Assets (continued)**

The District's net investment in capital assets is calculated as follows:

Capital Assets	\$	171,632,332
Bonds Payable		(124,149,000)
Bond Premium		(7,131,641)
Deferred Loss on Refunding		1,161
Lease liability		(317,312)
SBITA liability		(252,190)
Unused Bond Proceeds		18,211,826
<b>Total</b>	<b>\$</b>	<b>57,995,176</b>

**D. Interfund Balances and Activities**

**Due To and From Other Funds**

Balances due to and due from other funds at August 31, 2024, consisted of the following:

<u>Governmental Activities</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Net</u>
General Fund	\$ 3,505,437	\$ 5,528,495	\$ (2,023,058)
Capital Projects Fund	5,498,500	29,281	5,469,219
Nonmajor funds	29,995	3,476,156	(3,446,161)
<b>Total</b>	<b>\$ 9,033,932</b>	<b>\$ 9,033,932</b>	<b>\$ -</b>

All amounts due are scheduled to be repaid within one year.

**E. Long-Term Obligations**

The District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

**Long-Term Obligation Activity**

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2024, are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
<b>Bonds Payable:</b>					
General obligation bonds, par	\$ 127,640,000	\$ -	\$ (3,645,000)	\$ 123,995,000	\$ 3,700,000
Issuance premiums	7,595,693	-	(464,052)	7,131,641	-
<b>Total Bonds Payable</b>	<b>135,235,693</b>	<b>-</b>	<b>(4,109,052)</b>	<b>131,126,641</b>	<b>3,700,000</b>
<b>Notes Payable - Direct Borrowings and Direct Placements:</b>	229,000	-	(75,000)	154,000	76,000
Lease liability	408,363	-	(91,051)	317,312	96,620
SBITA liability	247,648	524,556	(520,014)	252,190	188,765
Compensated absences	231,626	-	(98,312)	133,314	-
Net pension liability	22,918,247	4,090,901	(4,602,965)	22,406,183	-
Net OPEB liability	11,779,498	395,932	(2,339,611)	9,835,819	-
<b>Total Governmental Activities</b>	<b>\$ 171,050,075</b>	<b>\$ 5,011,389</b>	<b>\$ (11,836,005)</b>	<b>\$ 164,225,459</b>	<b>\$ 4,061,385</b>

**E. Long-Term Obligations (continued)**

**Long-Term Obligation Activity (continued)**

The funds typically used to liquidate other long-term liabilities in the past are as follows:

<u>Liability</u>	<u>Activity Type</u>	<u>Fund</u>
Compensated absences	Governmental	General Fund Special Revenue Funds
Net Pension Liability	Governmental	General Fund Special Revenue Funds
Net OPEB Liability	Governmental	General Fund Special Revenue Funds

**Debt Service Requirements**

Debt service requirements on long-term debt at August 31, 2024, are as follows:

<u>Year Ending</u> <u>August 31,</u>	<u>Bonds</u>		<u>NOTES FROM DIRECT BORROWINGS AND</u> <u>Direct Placements</u>		<u>Totals</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2025	\$ 3,700,000	\$ 3,989,250	\$ 76,000	\$ 4,043	\$ 7,769,293
2026	3,950,000	3,833,700	78,000	2,047	7,863,747
2027	4,240,000	3,656,450	-	-	7,896,450
2028	4,335,000	3,471,775	-	-	7,806,775
2029	4,400,000	3,277,000	-	-	7,677,000
2030 - 2034	24,675,000	13,140,975	-	-	37,815,975
2035 - 2039	28,890,000	8,916,200	-	-	37,806,200
2040 - 2044	32,945,000	4,868,825	-	-	37,813,825
2045 - 2047	16,860,000	667,775	-	-	17,527,775
	<u>\$ 123,995,000</u>	<u>\$ 45,821,950</u>	<u>\$ 154,000</u>	<u>\$ 6,090</u>	<u>\$ 169,977,040</u>

The District issued \$25,640,000 in Unlimited Tax Refunding Bonds, Series 2014, in November 2014, which were issued as current interest bonds (CIB). The proceeds were used to advance refund certain of the District's outstanding bonds and to pay the cost associated with issuing the bonds. The bonds will mature February 15<sup>th</sup> of each of the years 2015 through 2029 with interest rates of 3.00% to 5.00%.

The District issued \$84,370,000 in Unlimited School Building Bonds, Series 2021, in August 2021, which were issued as current interest bonds (CIB). The proceeds will be used for renovations at all campuses, construction of new instructional facilities and construction of new athletic facilities. The bonds will mature February 15<sup>th</sup> of each of the years 2022 through 2046 with interest rates of 2.00% to 5.00%.

The District issued \$36,465,000 in Unlimited School Building Bonds, Series 2022, in October 2022, which were issued as current interest bonds (CIB). The proceeds will be used for renovations at all campuses, construction of new instructional facilities and construction of new athletic facilities. The bonds will mature February 15<sup>th</sup> of each of the years 2023 through 2047 with interest rates of 4.00% to 5.00%.

The District issued a time warrant in March 2016 in the amount of \$700,000 with an interest rate of 2.625% and yearly payments ranging from \$80,043 to \$81,011, beginning in April 2017 and ending in April 2026. The proceeds from the time warrant were used to purchase land for the District.

**F. Leases and Subscription-Based Information Technology Arrangements**

**Lease Liabilities**

The District entered into a copier lease in September 2022, with monthly payments of \$9,408 and a stated interest rate of 5.951% for sixty (60) months, and an original lease liability of \$487,209.

Future lease payments maturity schedule is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2025	\$ 96,620	\$ 16,276	\$ 112,896
2026	102,529	10,367	112,896
2027	108,800	4,096	112,896
2028	9,363	46	9,409
	<u>\$ 317,312</u>	<u>\$ 30,785</u>	<u>\$ 348,097</u>

**Subscription-Based Information Technology Arrangements (SBITA) Liability**

The District entered into a SBITA in November 2022, with yearly payments of \$135,000 and an assumed interest rate of 5.96% for three (3) years, and an original SBITA liability of \$361,125. The SBITA is for technology security software and equipment. In addition, the District entered into a SBITA for its financial software with an original amount of \$524,556. The interest rate applied is 2.85% and expires August 31, 2026.

Future SBITA payments maturity schedule is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 188,765	\$ 11,147	\$ 199,912
2026	63,425	1,487	64,912
	<u>\$ 252,190</u>	<u>\$ 12,634</u>	<u>\$ 264,824</u>

**G. Risk Management**

**Property/Liability**

During the year ended August 31, 2024, the District participated in the following TASB Risk Management Fund (the Fund) programs: (1) auto liability, (2) auto physical damage, (3) legal liability, (4) privacy and information security, and (5) property.

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 execute 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 August 31, 2024, the Fund anticipates the District has no additional liability beyond the contractual obligations for payment of contributions.



**G. Risk Management (continued)**

**Property/Liability (continued)**

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, 2023, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

**Workers' Compensation**

During the year ended August 31, 2023, the District met its statutory workers' compensation obligations through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Workers' Compensation Program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members' injured employees.

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

The Fund and its members are protected against higher than expected claims costs through the purchase of stop-loss coverage for any claim in excess of the Fund's self-insured retention of \$2 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2024, the Fund carries a discounted reserve of \$48,919,36 for future development on reported claims and claims that have been incurred but not yet reported. For the year ended August 31, 2024, the Fund anticipates no additional liability to members beyond their 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, 2023, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

**Unemployment Compensation Pool**

During the year ended August 31, 2024, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore there is no need for specific or aggregate stop-loss coverage for the Unemployment Compensation pool. For the year ended August 31, 2023, the Fund anticipates that the District has no additional liability beyond the contractual obligation for payment of contribution.

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, 2023, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

## **H. Pension Plan**

### **Plan Description**

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

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard workload and who are not 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 that includes financial statements and required supplementary information. That report may be obtained on the Internet at [https://www.trs.texas.gov/Pages/about\\_publications.aspx](https://www.trs.texas.gov/Pages/about_publications.aspx), or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

### **Benefits Provided**

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (1) above.

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

### **Contributions**

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

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

**H. Pension Plan (continued)**

**Contributions (continued)**

	<b>Contribution Rates</b>	
	<b>September 1, 2023 to August 31, 2024</b>	<b>September 1, 2022 to August 31, 2023</b>
Member (Employee)	8.25%	8.00%
Non-employer contributing agency (State)	8.25%	8.00%
District	8.25%	8.00%

	<b>Current Fiscal Year Contribution</b>
Employer (District)	\$ 1,827,395
Employee (Member)	3,537,269
Non-employer Contributing Entity On-behalf Contributions (State)	2,504,362

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

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

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

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

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

**Actuarial Assumptions**

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

**H. Pension Plan (continued)**

**Actuarial Assumptions (continued)**

<b>Component</b>	<b>Result</b>
Valuation Date	August 31, 2022, rolled forward to August 31, 2023
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term Expected Rate	7.00%
Municipal Bond Rate as of August 2020	4.13% - The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"
Last year ending August 31 in Projection Period (100 years)	2122
Inflation	2.30%
Salary Increases	2.95% to 8.95% including inflation
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

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

**Discount Rate**

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

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

**H. Pension Plan (continued)**

**Discount Rate (continued)**

The long-term expected rate of return on pension plan investments is 7.00 percent. The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2023 are summarized below:

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

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

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

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

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

**H. Pension Plan (continued)**

**Discount Rate Sensitivity Analysis**

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

	<b>Discount Rate</b>		
	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
	<b>6.00%</b>	<b>7.00%</b>	<b>8.00%</b>
District's proportional share of the net pension liability	\$ 33,498,484	\$ 22,406,183	\$ 13,182,928

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

At August 31, 2024, the District reported a liability of \$22,406,183 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	\$ 22,406,183
State's proportionate share that is associated with the District	30,735,207
<b>Total</b>	<b>\$ 53,141,390</b>

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

At August 31, 2023 the employer's proportion of the collective net pension liability was 0.0326% which was an decrease of 0.0060% from its proportion measured as of August 31, 2022.

**Changes in Assumptions and Benefits Since the Prior Actuarial Valuation**

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

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

For the year ended August 31, 2024, the District recognized pension expense of \$3,756,758 The District also recognized on-behalf pension expense and revenue of \$4,640,750 for support provided by the State.

**H. Pension Plan (continued)**

**Changes in Assumptions and Benefits Since the Prior Actuarial Valuation (continued)**

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual economic experience	\$ 798,340	\$ (271,314)
Changes in assumptions	2,119,186	(518,613)
Net difference between projected and actual earnings on pension plan investments	3,260,644	-
Changes in proportion and differences between District contributions and proportionate share of contributions	2,347,306	(3,180,430)
District contributions subsequent to the measurement date of net pension liability	1,827,395	-
<b>Total</b>	<b>\$ 10,352,871</b>	<b>\$ (3,970,357)</b>

The deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2025. The net amounts of the employer’s balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Fiscal Year</b>	<b>Pension Expense</b>
2025	\$ 1,140,630
2026	570,853
2027	2,484,179
2028	599,472
2029	(240,015)
	<b>\$ 4,555,119</b>

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

**I. Defined Other Post-Employment Benefit Plans**

**Plan Description**

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

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

**I. Defined Other Post-Employment Benefit Plans (continued)**

**OPEB Plan Fiduciary Net Position**

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

**Benefits Provided**

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

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

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

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

**Contributions**

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

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



**I. Defined Other Post-Employment Benefit Plans (continued)**

**Contributions (continued)**

	<b>Contribution Rates</b>	
	<b>September 1, 2023 to August 31, 2024</b>	<b>September 1, 2022 to August 31, 2023</b>
Member	0.65%	0.65%
Non-employer contributing agency	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private funding	1.25%	1.25%

	<b>Current Fiscal Year Contributions</b>
Employer (District)	\$ 405,518
Employee (Member)	278,588
Non-employer Contributing Entity On-behalf Contributions (State)	719,980

All employers whose employees are covered by the TRS pension plan are also required to pay a surcharge of \$535 per month when employing a retiree of TRS.

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

**Actuarial Assumptions**

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

<b>Component</b>	<b>Result</b>
Valuation Date	August 31, 2022, rolled forward to August 31, 2023
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	4.13% as of August 31, 2023
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claim costs.
Projected Salary Increases	2.95% to 8.95% including inflation
Healthcare Trend Rates	The initial medical trend rates were 7.75% for Medicare retirees and 7.00% for non-Medicare retirees. The initial prescription drug trend rate was 7.75 % for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 12 years.
Election Rates	Normal Retirement: 62 percent participation rate prior to age 65 and 25 percent participation rate after age 65. Pre-65 retirees: 30% of pre-65 retirees are assumed to discontinue coverage at age 65.
Ad hoc post-employment benefit changes	None

**I. Defined Other Post-Employment Benefit Plans (continued)**

**Actuarial Assumptions (continued)**

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

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

**Discount Rate**

A single discount rate of 4.13% was used to measure the Total OPEB Liability. This was an increase of 0.22% in the discount rate since the previous year.

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

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

**Discount Rate Sensitivity Analysis**

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

	<b>Discount Rate</b>		
	<b>1% Decrease (3.13%)</b>	<b>Current Rate (4.13%)</b>	<b>1% Increase (5.13%)</b>
District's proportionate share of the Net OPEB Liability	\$ 11,584,546	\$ 9,835,819	\$ 8,408,815

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

At August 31, 2024, the District reported a liability of \$9,835,819 for its proportionate share of the TRS's Net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the Net OPEB Liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 9,835,819
State's proportionate share that is associated with District	11,868,427
<b>Total</b>	<b>\$ 21,704,246</b>

**I. Defined Other Post-Employment Benefit Plans (continued)**

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

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

At August 31, 2023 the District's proportion of the collective net OPEB liability was 0.0444%, which was a decrease of 0.0048% percent from its proportion measured as of August 31, 2022. The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is one percent less than and one percent greater than the health trend rates assumed.

	<b>Healthcare Cost Trend Rate</b>		
	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
District's proportionate share of the Net OPEB Liability	\$ 8,099,304	\$ 9,835,819	\$ 12,069,850

**Changes Since the Prior Actuarial Valuation**

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

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

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

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

**Changes Since the Prior Actuarial Valuation**

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual economic experience	\$ 444,996	\$ (8,274,978)
Changes in actuarial assumptions	1,342,518	(6,022,733)
Difference between projected and actual investment earnings	4,249	
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	3,774,737	(4,485,570)
District contributions subsequent to the measurement date of the net OPEB liability	405,518	-
<b>Total</b>	<b>\$ 5,972,018</b>	<b>\$ (18,783,281)</b>

**I. Defined Other Post-Employment Benefit Plans (continued)**

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

The deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended August 31, 2025. The net amounts of the employer’s balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year Ended</b>	<b>OPEB Expense</b>
<b>August 31:</b>	<b>Amount</b>
2025	\$ (2,696,780)
2026	(2,245,656)
2027	(1,634,914)
2028	(1,760,654)
2029	(1,662,886)
Thereafter	(3,215,891)
	<u>\$ (13,216,781)</u>

For the year ended August 31, 2024, the District recognized a negative OPEB expense of \$1,878,106 and negative revenue of \$2,537,219 for support provided by the State.

**Medicare Part D Subsidies**

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was 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 year ended August 31, 2024, the subsidy payment received by TRS-Care on behalf of the District was \$228,074.

**J. Employee Health Care Coverage**

During the year ended August 31, 2024, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$300 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third party administrator, acting on behalf of the licensed insurer. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

**K. Commitments and Contingencies**

**Contingencies**

The District participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable 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 basic financial statements for such contingencies.

**Litigation**

No reportable litigation was pending against the District at August 31, 2024.

**L. Shared Services Arrangements**

The District participates in the Brazos Valley Regional Day School Program for the Deaf shared services arrangement with numerous other districts for the education of students with a hearing impairment. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Bryan Independent School District, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent is responsible for the financial activities of the shared services arrangement.

**M. Deficit Fund Balance or Fund Net Position of Individual Funds**

Fund 429 resulted in a deficit fund balance of \$4,947 at the end of the fiscal year. The District plans to eliminate this deficit with future operations.

**N. Governmental Receivables, Deferred Inflows of Resources and Unearned Revenue**

The District’s receivables in various funds are shown below.

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Governmental Activities</b>			
Property Taxes	\$ 4,596,861	\$ 461,409	\$ 5,058,270
Due from other governments	26,883	4,366,565	4,393,448
Other Receivables	2,375	8,886	11,261
Gross receivables	<u>4,626,119</u>	<u>4,836,860</u>	<u>7,821,082</u>
Less: Allowance for doubtful accounts	(1,244,128)	(175,849)	-
<b>Net Total Receivables</b>	<u><u>3,381,991</u></u>	<u><u>4,661,011</u></u>	<u><u>7,821,082</u></u>

The deferred inflows of resources in both the General Fund and the nonmajor fund are related to property taxes that are measurable but not available as of August 31, 2024. Finally, the District’s unearned revenue of \$3,688,822 is related the Foundation School Program overpayment.



**REQUIRED SUPPLEMENTARY INFORMATION**

**HUNTSVILLE INDEPENDENT SCHOOL DISTRICT**

*Exhibit G-1*

**GENERAL FUND**

**BUDGETARY COMPAIRSON SCHEDULE**

*For the Year Ended August 31, 2024*

Data Control Codes		Budgeted Amounts			Variance with Final Budget
		Original	Final	Actual	
<b>Revenues</b>					
5700	Local revenues	\$ 36,338,202	\$ 38,788,202	\$ 38,191,863	\$ (596,339)
5800	State program revenues	74,076,527	77,114,527	76,120,727	(993,800)
5900	Federal program revenues	500,000	950,000	1,157,174	207,174
5000	<b>Total Revenues</b>	<u>110,914,729</u>	<u>116,852,729</u>	<u>115,469,764</u>	<u>(1,382,965)</u>
<b>Expenditures</b>					
Current:					
0011	Instruction	77,775,157	77,833,996	75,046,323	2,787,673
0012	Instructional resources and media services	639,263	646,437	599,803	46,634
0013	Curriculum and staff development	1,468,281	1,453,553	1,384,643	68,910
0021	Instructional leadership	1,684,955	1,697,395	1,633,649	63,746
0023	School leadership	4,417,962	4,417,637	4,229,052	188,585
0031	Guidance, counseling and evaluation services	1,958,099	1,956,699	1,625,853	330,846
0033	Health services	724,811	739,811	656,578	83,233
0034	Student transportation	4,314,004	4,314,004	3,640,489	673,515
0035	Food services	-	10,619	10,619	-
0036	Extracurricular activities	2,896,113	2,985,113	2,543,512	441,601
0041	General administration	3,060,569	2,940,569	2,887,363	53,206
0051	Facilities maintenance and operations	7,712,616	7,923,616	7,377,030	546,586
0052	Security and monitoring services	951,710	1,101,710	950,419	151,291
0053	Data processing services	2,077,412	2,097,412	2,091,840	5,572
0061	Community services	1,868	2,249	1,818	431
Debt Service:					
0071	Principal on long-term debt	160,508	710,508	565,825	144,683
0072	Interest on long-term debt	33,401	33,401	33,401	-
Capital Outlay:					
0081	Facilities acquisition and construction	-	5,500,000	5,500,000	-
Intergovernmental:					
0099	Other governmental charges	1,038,000	1,038,000	1,037,925	75
6030	<b>Total Expenditures</b>	<u>110,914,729</u>	<u>117,402,729</u>	<u>111,816,142</u>	<u>5,586,587</u>
1100	Excess (deficiency) of revenues over expenditures	-	(550,000)	3,653,622	4,203,622
<b>Other Financing Sources (Uses):</b>					
7913	Issuance of SBITAs	-	550,000	524,556	(25,444)
7080	<b>Total Other Financing Sources (Uses)</b>	-	550,000	524,556	(25,444)
1200	Net change in fund balances	-	-	4,178,178	4,178,178
0100	<b>Fund Balances - Beginning</b>	40,609,662	40,609,662	40,609,662	-
3000	<b>Fund Balances - Ending</b>	<u>\$ 40,609,662</u>	<u>\$ 40,609,662</u>	<u>\$ 44,787,840</u>	<u>\$ 4,178,178</u>



**HUNTSVILLE INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY**  
**TEACHER RETIREMENT SYSTEM OF TEXAS**  
**Last Ten Measurement Years**

Exhibit G-2

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's proportion of the net pension liability	0.0326%	0.0386%	0.0319%	0.0354%	0.03509%
District's proportionate share of the net pension liability	22,406,183	\$ 22,918,247	\$ 8,124,986	\$ 18,974,021	\$ 18,240,206
State's proportionate share of the net pension liability associated with the District	30,735,207	24,377,110	13,097,148	25,447,332	24,368,898
<b>Total</b>	<u>\$ 53,141,390</u>	<u>\$ 47,295,357</u>	<u>\$ 21,222,134</u>	<u>\$ 44,421,353</u>	<u>\$ 42,609,104</u>
District's covered payroll (for Measurement Year)	\$ 41,675,273	\$ 40,396,115	\$ 39,248,832	\$ 38,244,303	\$ 35,594,382
District's proportionate share of the net pension liability as a percentage of covered payroll	53.76%	56.73%	20.70%	49.61%	51.24%
Plan fiduciary net position as a percentage of the total pension liability *	73.15%	75.62%	88.79%	75.54%	75.24%
Plan's net pension liability as a percentage of covered payroll *	122.32%	112.72%	51.08%	114.93%	114.93%

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.03017%	0.03215%	0.03301%	0.03299%	0.01964%
District's proportionate share of the net pension liability	\$ 16,606,513	\$ 10,279,707	\$ 12,472,118	\$ 11,662,127	\$ 5,245,715
State's proportionate share of the net pension liability associated with the District	27,541,524	16,135,060	21,115,905	20,151,910	17,356,551
<b>Total</b>	<u>\$ 44,148,037</u>	<u>\$ 26,414,767</u>	<u>\$ 33,588,023</u>	<u>\$ 31,814,037</u>	<u>\$ 22,602,266</u>
District's covered payroll (for Measurement Year)	\$ 33,674,974	\$ 33,421,704	\$ 34,607,658	\$ 32,468,175	\$ 30,020,899
District's proportionate share of the net pension liability as a percentage of covered payroll	49.31%	30.76%	36.04%	35.92%	17.47%
Plan fiduciary net position as a percentage of the total pension liability *	73.74%	82.17%	78.00%	78.43%	83.25%
Plan's net pension liability as a percentage of covered payroll *	126.11%	75.93%	92.75%	91.94%	72.89%

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

**HUNTSVILLE INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS**  
**TEACHER RETIREMENT SYSTEM OF TEXAS (TRS)**  
**Last Ten Fiscal Years**

*Exhibit G-3*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contributions	\$ 1,877,395	\$ 1,674,103	\$ 1,605,098	\$ 1,342,028	\$ 1,366,199
Contributions in relation to the contractually required contributions	<u>(1,877,395)</u>	<u>(1,674,103)</u>	<u>(1,605,098)</u>	<u>(1,342,028)</u>	<u>(1,366,199)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 42,867,672	\$ 41,675,273	\$ 40,396,115	\$ 39,248,832	\$ 38,244,303
Contributions as a percentage of covered payroll	4.38%	4.02%	3.97%	3.42%	3.57%

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 1,264,478	\$ 1,114,823	\$ 1,053,700	\$ 1,048,654	\$ 936,449
Contributions in relation to the contractually required contributions	<u>(1,349,297)</u>	<u>(1,030,004)</u>	<u>(1,053,700)</u>	<u>(1,048,654)</u>	<u>(936,449)</u>
Contribution deficiency (excess)	<u>\$ (84,819)</u>	<u>\$ 84,819</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 35,594,382	\$ 33,674,974	\$ 33,421,704	\$ 34,607,658	\$ 32,468,175
Contributions as a percentage of covered payroll	3.55%	3.31%	3.15%	303.00%	288.00%

**HUNTSVILLE INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE**  
**OF THE NET OPEB LIABILITY**  
**TEACHER RETIREMENT SYSTEM OF TEXAS**  
**Last Seven Measurement Years \*\***

*Exhibit G-4*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
District's proportion of the net OPEB liability	0.0444%	0.0491960%	0.0465573%	0.0512109%
District's proportionate share of the net OPEB liability	\$ 9,835,819	\$ 11,779,498	\$ 17,959,219	\$ 19,467,595
State's proportionate share of the net OPEB liability associated with the District	11,868,427	14,369,137	24,061,351	26,159,781
<b>Total</b>	<u>\$ 21,704,246</u>	<u>\$ 26,148,635</u>	<u>\$ 42,020,570</u>	<u>\$ 45,627,376</u>
District's covered payroll (for Measurement Year)	\$ 41,675,273	\$ 40,396,115	\$ 39,248,832	\$ 38,244,303
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	23.60%	29.16%	45.76%	50.90%
Plan fiduciary net position as a percentage of the total OPEB liability *	14.94%	11.52%	6.18%	4.99%
Plan's net OPEB liability as a percentage of covered payroll *	51.86%	59.10%	100.13%	101.46%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	
District's proportion of the net OPEB liability	0.0460911%	0.0434162%	0.0443850%	
District's proportionate share of the net OPEB liability	\$ 21,797,033	\$ 21,676,317	\$ 19,301,362	
State's proportionate share of the net OPEB liability associated with the District	28,963,378	30,541,437	26,218,890	
<b>Total</b>	<u>\$ 50,760,411</u>	<u>\$ 52,217,754</u>	<u>\$ 45,520,252</u>	
District's covered payroll (for Measurement Year)	\$ 35,594,382	\$ 33,674,974	\$ 33,421,704	
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	61.24%	64.37%	57.75%	
Plan fiduciary net position as a percentage of the total OPEB liability *	2.66%	1.57%	0.91%	
Plan's net OPEB liability as a percentage of covered payroll *	135.21%	146.64%	132.55%	

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

\*\* Ten years of data is not available.

**HUNTSVILLE INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS**  
**TEACHER RETIREMENT SYSTEM OF TEXAS (TRS)**  
**Last Seven Fiscal Years Ended August 31\***

*Exhibit G-5*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Statutorily or contractually required District contribution	\$ 405,518	\$ 384,774	\$ 371,383	\$ 364,295
Contributions in relation to the contractually required contributions	405,518	(384,774)	(371,383)	(364,295)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 42,867,672	\$ 41,675,273	\$ 40,396,115	\$ 39,248,832
Contributions as a percentage of covered payroll	0.95%	0.92%	0.92%	0.93%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	
Statutorily or contractually required District contribution	\$ 387,021	\$ 315,077	\$ 301,138	
Contributions in relation to the contractually required contributions	(387,021)	(330,669)	(285,544)	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (15,592)</u>	<u>\$ 15,594</u>	
District's covered payroll	\$ 38,244,303	\$ 35,594,382	\$ 33,674,974	
Contributions as a percentage of covered payroll	1.01%	0.89%	0.89%	

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

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

**Budget**

The official budget was prepared for adoption for all Governmental Fund Types. The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data:

- a. Prior to August 21 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating 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 after ten days public notice of the meeting has been given.
- c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the board.

Once a budget is approved, it can be amended at function and fund level only 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. Such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end as required by law. Each amendment 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.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no end-of-year outstanding encumbrances that were provided for in the subsequent year's budget.

The District's actual expenditures in its Data Processing Services exceeded its budget by \$10,874.

**Defined Benefit Pension Plan**

**Changes of assumptions**

The actuarial assumptions and methods have been modified since the determination of the prior year's net pension liability. These new assumptions were adopted in conjunction with an actuarial experience study. The primary assumption change was the lowering of the single discount rate from 7.25 to 7.00 percent.

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

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

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

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

Measurement Year 2023: None.

## HUNTSVILLE INDEPENDENT SCHOOL DISTRICT

### NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (continued)

#### Defined Benefit Pension Plan (continued)

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

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

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

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

Measurement Year 2023: None.

#### Other Post-Employment Benefit Plan

##### Changes of benefit terms

There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

##### Changes of assumptions

The following assumptions, methods and plan changes which are specific to TRS-Care were updated from the prior year's report:

- a. The single discount rate changed from 1.95 percent as of August 31, 2021 to 3.91 percent, as of August 31, 2022. Lower participation rates and updates to the health care trend rate assumptions were also factors that decreased the total OPEB liability.

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

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

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

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

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

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

## **OTHER SUPPLEMENTARY INFORMATION**

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

		211	215	224	225		
Data Control Codes		ESEA, Title I, Pt A - Improving Basic Ed.			ESEA Title I, Part D, Subpart 2	IDEA B - Formula	IDEA B - Preschool
<b>Assets</b>							
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	-	-
	Receivables:						
1220	Property taxes - delinquent	-	-	-	-	-	-
1230	Allowance for uncollectible taxes (credit)	-	-	-	-	-	-
1240	Receivables from other governments	403,418	576	617,878	-	19,470	-
1260	Due from other funds	-	-	-	-	-	-
1290	Other receivables	-	-	-	-	-	-
1410	Prepaid items	-	-	-	-	-	-
<b>1000</b>	<b>Total Assets</b>	<u>\$ 403,418</u>	<u>\$ 576</u>	<u>\$ 617,878</u>	<u>\$ -</u>	<u>19,470</u>	<u>-</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>							
<b>Liabilities:</b>							
Current Liabilities:							
2110	Accounts payable	\$ 92,831	\$ -	\$ 106,668	\$ -	-	-
2160	Accrued wages payable	-	-	-	-	-	-
2170	Due to other funds	310,587	576	511,210	-	19,470	-
2300	Unearned revenues	-	-	-	-	-	-
<b>2000</b>	<b>Total Liabilities</b>	<u>403,418</u>	<u>576</u>	<u>617,878</u>	<u>-</u>	<u>19,470</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>							
2600	Deferred inflows - property taxes	-	-	-	-	-	-
	<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>							
Non-Spendable:							
3430	Prepaid items	-	-	-	-	-	-
Restricted:							
3450	Federal/State funds grant restrictions	-	-	-	-	-	-
3480	Retirement of long-term debt	-	-	-	-	-	-
Committed:							
3545	Campus activities	-	-	-	-	-	-
3600	Unassigned	-	-	-	-	-	-
<b>3000</b>	<b>Total Fund Balances</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>4000</b>	<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 403,418</u>	<u>\$ 576</u>	<u>\$ 617,878</u>	<u>\$ -</u>	<u>19,470</u>	<u>-</u>



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

*Exhibit H-1*  
*Page 2 of 6*

Data Control Codes		226	240	244	255
		IDEA-Part B High Cost Risk Pool	Child Nutrition	Career and Technical Education	ESEA, Title II, Pt A - Supporting Effective Instruction
<b>Assets</b>					
1110	Cash and cash equivalents	\$ -	\$ 3,162,191	\$ -	\$ -
	Receivables:				
1220	Property taxes - delinquent	-	-	-	-
1230	Allowance for uncollectible taxes (credit)	-	-	-	-
1240	Receivables from other governments	-	178,425	2,959	70,865
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	4,025
1410	Prepaid items	-	-	-	-
<b>1000</b>	<b>Total Assets</b>	<u>\$ -</u>	<u>\$ 3,340,616</u>	<u>\$ 2,959</u>	<u>\$ 74,890</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
<b>Liabilities:</b>					
Current Liabilities:					
2110	Accounts payable	\$ -	\$ 94,409	\$ -	\$ 4,774
2160	Accrued wages payable	-	95,470	-	-
2170	Due to other funds	-	150,804	2,959	70,116
2300	Unearned revenues	-	-	-	-
<b>2000</b>	<b>Total Liabilities</b>	<u>-</u>	<u>340,683</u>	<u>2,959</u>	<u>74,890</u>
<b>Deferred Inflows of Resources</b>					
2600	Deferred inflows - property taxes	-	-	-	-
	<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>					
Non-Spendable:					
3430	Prepaid items	-	-	-	-
Restricted:					
3450	Federal/State funds grant restrictions	-	2,999,933	-	-
3480	Retirement of long-term debt	-	-	-	-
Committed:					
3545	Campus activities	-	-	-	-
3600	Unassigned	-	-	-	-
<b>3000</b>	<b>Total Fund Balances</b>	<u>-</u>	<u>2,999,933</u>	<u>-</u>	<u>-</u>
<b>4000</b>	<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ -</u>	<u>\$ 3,340,616</u>	<u>\$ 2,959</u>	<u>\$ 74,890</u>

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

*Exhibit H-1*  
*Page 3 of 6*

Data Control Codes		263	270	279	282
		ESEA, Title III, Pt A - BIL/ESL	ESEA Title V, Part B, Subpart 2	Texas COVID Learning Acceleration (TCLAS)	ESSER III (ARPA)
<b>Assets</b>					
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
	Receivables:				
1220	Property taxes - delinquent	-	-	-	-
1230	Allowance for uncollectible taxes (credit)	-	-	-	-
1240	Receivables from other governments	38,977	163,108	68,424	2,701,138
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1410	Prepaid items	-	-	-	-
<b>1000</b>	<b>Total Assets</b>	<u>\$ 38,977</u>	<u>\$ 163,108</u>	<u>\$ 68,424</u>	<u>\$ 2,701,138</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
<b>Liabilities:</b>					
Current Liabilities:					
2110	Accounts payable	\$ 1,407	\$ 1,950	\$ -	\$ 610,868
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	37,570	161,158	68,424	2,090,270
2300	Unearned revenues	-	-	-	-
<b>2000</b>	<b>Total Liabilities</b>	<u>38,977</u>	<u>163,108</u>	<u>68,424</u>	<u>2,701,138</u>
<b>Deferred Inflows of Resources</b>					
2600	Deferred inflows - property taxes	-	-	-	-
	<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>					
Non-Spendable:					
3430	Prepaid items	-	-	-	-
Restricted:					
3450	Federal/State funds grant restrictions	-	-	-	-
3480	Retirement of long-term debt	-	-	-	-
Committed:					
3545	Campus activities	-	-	-	-
3600	Unassigned	-	-	-	-
<b>3000</b>	<b>Total Fund Balances</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>4000</b>	<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 38,977</u>	<u>\$ 163,108</u>	<u>\$ 68,424</u>	<u>\$ 2,701,138</u>

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

*Exhibit H-1*  
*Page 4 of 6*

		286	288	289	397
Data Control Codes		Special Education Capacity Grant	Other Federally Funded Special Revenue Funds	Other Federal Grants Fund	Advanced Placement Incentive
<b>Assets</b>					
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 10,769
	Receivables:				
1220	Property taxes - delinquent	-	-	-	-
1230	Allowance for uncollectible taxes (credit)	-	-	-	-
1240	Receivables from other governments	-	-	10,858	-
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1410	Prepaid items	-	-	-	-
<b>1000</b>	<b>Total Assets</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,858</u>	<u>\$ 10,769</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
<b>Liabilities:</b>					
Current Liabilities:					
2110	Accounts payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	-	-	10,858	-
2300	Unearned revenues	-	-	-	-
<b>2000</b>	<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>10,858</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>					
2600	Deferred inflows - property taxes	-	-	-	-
	<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>					
Non-Spendable:					
3430	Prepaid items	-	-	-	-
Restricted:					
3450	Federal/State funds grant restrictions	-	-	-	10,769
3480	Retirement of long-term debt	-	-	-	-
Committed:					
3545	Campus activities	-	-	-	-
3600	Unassigned	-	-	-	-
<b>3000</b>	<b>Total Fund Balances</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,769</u>
<b>4000</b>	<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,858</u>	<u>\$ 10,769</u>

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

*Exhibit H-1*  
*Page 5 of 6*

		410	428	429	461
Data Control Codes		Instructional Materials Allotment	Safety and Security Grant	State Funded Special Revenue Fund	Campus Activity Funds
<b>Assets</b>					
1110	Cash and cash equivalents	\$ 398,393	\$ -	\$ 2,112	\$ 331,565
	Receivables:				
1220	Property taxes - delinquent	-	-	-	-
1230	Allowance for uncollectible taxes (credit)	-	-	-	-
1240	Receivables from other governments	-	74,208	-	-
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	4,861
1410	Prepaid items	-	-	-	10,000
<b>1000</b>	<b>Total Assets</b>	<u>\$ 398,393</u>	<u>\$ 74,208</u>	<u>\$ 2,112</u>	<u>\$ 346,426</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
<b>Liabilities:</b>					
Current Liabilities:					
2110	Accounts payable	\$ 393,505	\$ 37,002	\$ -	\$ 25,584
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	-	42,153	1	-
2300	Unearned revenues	-	-	700	-
<b>2000</b>	<b>Total Liabilities</b>	<u>393,505</u>	<u>79,155</u>	<u>701</u>	<u>25,584</u>
<b>Deferred Inflows of Resources</b>					
2600	Deferred inflows - property taxes	-	-	-	-
	<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>					
Non-Spendable:					
3430	Prepaid items	-	-	-	10,000
Restricted:					
3450	Federal/State funds grant restrictions	4,888	-	1,411	-
3480	Retirement of long-term debt	-	-	-	-
Committed:					
3545	Campus activities	-	-	-	310,842
3600	Unassigned	-	(4,947)	-	-
<b>3000</b>	<b>Total Fund Balances</b>	<u>4,888</u>	<u>(4,947)</u>	<u>1,411</u>	<u>320,842</u>
<b>4000</b>	<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 398,393</u>	<u>\$ 74,208</u>	<u>\$ 2,112</u>	<u>\$ 346,426</u>

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

*Exhibit H-1*  
*Page 6 of 6*

		599		479	
Data Control Codes		Total Nonmajor Special Revenue Funds	Debt Service Fund	Permanent Fund - Scholarship Fund	Total Nonmajor Governmental Funds
<b>Assets</b>					
1110	Cash and cash equivalents	\$ 3,905,030	\$ 3,640,233	\$ 58,150	\$ 7,603,413
	Receivables:				
1220	Property taxes - delinquent	-	694,716	-	694,716
1230	Allowance for uncollectible taxes (credit)	-	(175,849)	-	(175,849)
1240	Receivables from other governments	4,350,304	16,261	-	4,366,565
1260	Due from other funds	-	29,995	-	29,995
1290	Other receivables	8,886	-	-	8,886
1410	Prepaid items	10,000	-	-	10,000
<b>1000</b>	<b>Total Assets</b>	<b>\$ 8,274,220</b>	<b>\$ 4,205,356</b>	<b>\$ 58,150</b>	<b>\$ 12,537,726</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
<b>Liabilities:</b>					
Current Liabilities:					
2110	Accounts payable	\$ 1,368,998	\$ -	\$ -	\$ 1,368,998
2160	Accrued wages payable	95,470	-	-	95,470
2170	Due to other funds	3,476,156	-	-	3,476,156
2300	Unearned revenues	700	-	-	700
<b>2000</b>	<b>Total Liabilities</b>	<b>4,941,324</b>	<b>-</b>	<b>-</b>	<b>4,941,324</b>
<b>Deferred Inflows of Resources</b>					
2600	Deferred inflows - property taxes	-	518,867	-	518,867
	<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>518,867</b>	<b>-</b>	<b>518,867</b>
<b>Fund Balances:</b>					
Non-Spendable:					
3430	Prepaid items	10,000	-	-	10,000
Restricted:					
3450	Federal/State funds grant restrictions	3,017,001	-	-	3,017,001
3480	Retirement of long-term debt	-	3,686,489	-	3,686,489
Committed:					
3545	Campus activities	310,842	-	-	310,842
3600	Unassigned	(4,947)	-	-	(4,947)
<b>3000</b>	<b>Total Fund Balances</b>	<b>3,332,896</b>	<b>3,686,489</b>	<b>58,150</b>	<b>7,077,535</b>
<b>4000</b>	<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 8,274,220</b>	<b>\$ 4,205,356</b>	<b>\$ 58,150</b>	<b>\$ 12,537,726</b>

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

*Exhibit H-2*  
*Page 1 of 6*

Data Control Codes		211	215	224	225
		ESEA, Title I, Pt A - Improving Basic Ed.	ESEA Title I, Part D, Subpart 2	IDEA B - Formula	IDEA B - Preschool
<b>Revenues</b>					
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	1,697,812	95,022	2,614,001	19,369
<b>5020</b>	<b>Total Revenues</b>	<b>1,697,812</b>	<b>95,022</b>	<b>2,614,001</b>	<b>19,369</b>
<b>Expenditures</b>					
Current:					
0011	Instruction	638,491	91,321	1,847,209	19,369
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and staff development	817,402	1,504	135,250	-
0021	Instructional leadership	76,983	2,197	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	-	-	631,542	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food services	-	-	-	-
0036	Cocurricular/Extracurricular Activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	164,936	-	-	-
0071	Principal on long-term debt	-	-	-	-
0072	Interest on long-term debt	-	-	-	-
0073	Bond issuance costs and fees	-	-	-	-
<b>6030</b>	<b>Total Expenditures</b>	<b>1,697,812</b>	<b>95,022</b>	<b>2,614,001</b>	<b>19,369</b>
<b>1200</b>	Net change in fund balances	-	-	-	-
<b>0100</b>	<b>Fund Balance - September 1 (Beginning)</b>	-	-	-	-
Prior period adjustment					
<b>3000</b>	<b>Fund Balance - August 31 (Ending)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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

*Exhibit H-2*  
*Page 2 of 6*

Data Control Codes		226	240	244	255
		IDEA-Part B High Cost Risk Pool	Child Nutrition	Career and Technical Education	ESEA, Title II, Pt A - Supporting Effective Instruction
<b>Revenues</b>					
5700	Local and intermediate sources	\$ -	\$ 460,359	\$ -	\$ -
5800	State program revenues	-	40,410	-	-
5900	Federal program revenues	105,934	3,624,819	111,521	237,493
<b>5020</b>	<b>Total Revenues</b>	<b>105,934</b>	<b>4,125,588</b>	<b>111,521</b>	<b>237,493</b>
<b>Expenditures</b>					
Current:					
0011	Instruction	105,934	-	111,113	59,116
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and staff development	-	-	-	154,023
0021	Instructional leadership	-	-	408	7,341
0023	School leadership	-	-	-	17,013
0031	Guidance, counseling and evaluation services	-	-	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food services	-	4,086,907	-	-
0036	Cocurricular/Extracurricular Activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	137,233	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	-	-
0071	Principal on long-term debt	-	-	-	-
0072	Interest on long-term debt	-	-	-	-
0073	Bond issuance costs and fees	-	-	-	-
<b>6030</b>	<b>Total Expenditures</b>	<b>105,934</b>	<b>4,224,140</b>	<b>111,521</b>	<b>237,493</b>
<b>1200</b>	Net change in fund balances	-	(98,552)	-	-
<b>0100</b>	<b>Fund Balance - September 1 (Beginning)</b>	-	<b>3,098,485</b>	-	-
Prior period adjustment					
<b>3000</b>	<b>Fund Balance - August 31 (Ending)</b>	<b>\$ -</b>	<b>\$ 2,999,933</b>	<b>\$ -</b>	<b>\$ -</b>

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

*Exhibit H-2*  
*Page 3 of 6*

Data Control Codes		263	270	279	282
		ESEA, Title III, Pt A - BIL/ESL	ESEA Title V, Part B, Subpart 2	Texas COVID Learning Acceleration (TCLAS)	ESSER III (ARPA)
<b>Revenues</b>					
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	178,838	378,044	63,772	5,465,293
<b>5020</b>	<b>Total Revenues</b>	<b>178,838</b>	<b>378,044</b>	<b>63,772</b>	<b>5,465,293</b>
<b>Expenditures</b>					
Current:					
0011	Instruction	172,854	360,664	63,772	965,230
0012	Instruction resources and media services	-	-	-	3,475
0013	Curriculum and staff development	3,787	9,160	-	267,511
0021	Instructional leadership	2,197	-	-	16,426
0023	School leadership	-	7,069	-	259,703
0031	Guidance, counseling and evaluation services	-	-	-	29,066
0033	Health services	-	-	-	9,495
0034	Student transportation	-	-	-	34,563
0035	Food services	-	-	-	23,938
0036	Cocurricular/Extracurricular Activities	-	-	-	4,069
0041	General administration	-	-	-	7,627
0051	Facilities maintenance and operations	-	1,151	-	3,651,701
0052	Security and monitoring services	-	-	-	1,016
0053	Data processing services	-	-	-	55,457
0061	Community services	-	-	-	1,016
0071	Principal on long-term debt	-	-	-	135,000
0072	Interest on long-term debt	-	-	-	-
0073	Bond issuance costs and fees	-	-	-	-
<b>6030</b>	<b>Total Expenditures</b>	<b>178,838</b>	<b>378,044</b>	<b>63,772</b>	<b>5,465,293</b>
<b>1200</b>	Net change in fund balances	-	-	-	-
0100	<b>Fund Balance - September 1 (Beginning)</b>	-	-	-	-
Prior period adjustment					
<b>3000</b>	<b>Fund Balance - August 31 (Ending)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



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

*Exhibit H-2*  
*Page 4 of 6*

Data Control Codes		288	286	289	397
		Other Federally Funded Special Revenue Funds	Special Education Capacity Grant	Other Federal Grants Fund	Advanced Placement Incentive
<b>Revenues</b>					
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	204
5900	Federal program revenues	4,408	30,018	115,567	-
<b>5020</b>	<b>Total Revenues</b>	<u>4,408</u>	<u>30,018</u>	<u>115,567</u>	<u>204</u>
<b>Expenditures</b>					
Current:					
0011	Instruction	4,408	30,018	113,370	204
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and staff development	-	-	-	-
0021	Instructional leadership	-	-	2,197	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food services	-	-	-	-
0036	Cocurricular/Extracurricular Activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	-	-
0071	Principal on long-term debt	-	-	-	-
0072	Interest on long-term debt	-	-	-	-
0073	Bond issuance costs and fees	-	-	-	-
<b>6030</b>	<b>Total Expenditures</b>	<u>4,408</u>	<u>30,018</u>	<u>115,567</u>	<u>204</u>
<b>1200</b>	Net change in fund balances	-	-	-	-
<b>0100</b>	<b>Fund Balance - September 1 (Beginning)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,769</u>
	Prior period adjustment				
<b>3000</b>	<b>Fund Balance - August 31 (Ending)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,769</u>

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

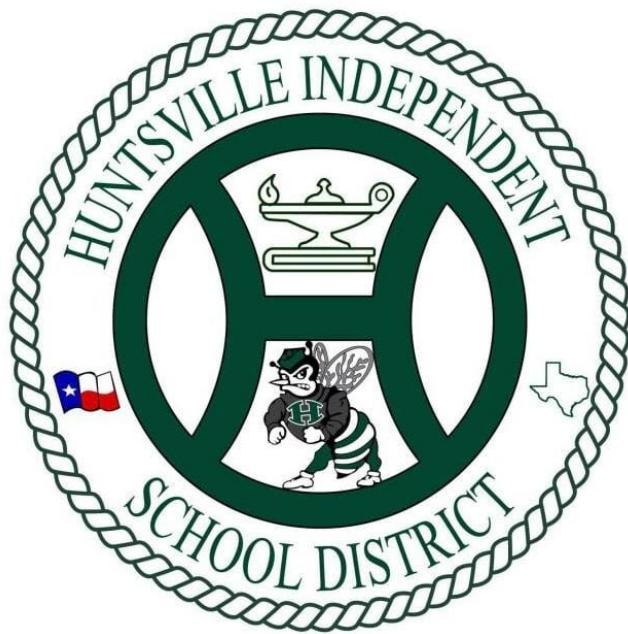
*Exhibit H-2*  
*Page 5 of 6*

Data Control Codes		410	428	429	461
		Instructional Materials Allotment	Safety and Security Grant	State Funded Special Revenue Fund	Campus Activity Funds
<b>Revenues</b>					
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ 354,091
5800	State program revenues	1,915,094	425,540	13,456	-
5900	Federal program revenues	-	-	-	-
<b>5020</b>	<b>Total Revenues</b>	<u>1,915,094</u>	<u>425,540</u>	<u>13,456</u>	<u>354,091</u>
<b>Expenditures</b>					
Current:					
0011	Instruction	1,909,831	-	-	-
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and staff development	375	-	7,457	-
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food services	-	-	-	-
0036	Cocurricular/Extracurricular Activities	-	-	-	328,166
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	430,487	6,000	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	-	-
0071	Principal on long-term debt	-	-	-	-
0072	Interest on long-term debt	-	-	-	-
0073	Bond issuance costs and fees	-	-	-	-
<b>6030</b>	<b>Total Expenditures</b>	<u>1,910,206</u>	<u>430,487</u>	<u>13,457</u>	<u>328,166</u>
<b>1200</b>	Net change in fund balances	4,888	(4,947)	(1)	25,925
0100	<b>Fund Balance - September 1 (Beginning)</b>	<u>-</u>	<u>-</u>	<u>1,412</u>	<u>294,917</u>
Prior period adjustment					
<b>3000</b>	<b>Fund Balance - August 31 (Ending)</b>	<u>\$ 4,888</u>	<u>\$ (4,947)</u>	<u>\$ 1,411</u>	<u>\$ 320,842</u>

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

*Exhibit H-2*  
*Page 6 of 6*

Data Control Codes		599		479	Total Nonmajor Governmental Funds
		Total Nonmajor Special Revenue Funds	Debt Service Fund	Permanent Fund - Scholarship Fund	
<b>Revenues</b>					
5700	Local and intermediate sources	\$ 814,450	\$ 6,961,199	\$ 2,970	\$ 7,778,619
5800	State program revenues	2,394,704	607,592	-	3,002,296
5900	Federal program revenues	14,741,911	-	-	14,741,911
<b>5020</b>	<b>Total Revenues</b>	<u>17,951,065</u>	<u>7,568,791</u>	<u>2,970</u>	<u>25,522,826</u>
<b>Expenditures</b>					
Current:					
0011	Instruction	6,492,904	-	-	6,492,904
0012	Instruction resources and media services	3,475	-	-	3,475
0013	Curriculum and staff development	1,396,469	-	-	1,396,469
0021	Instructional leadership	107,749	-	-	107,749
0023	School leadership	283,785	-	-	283,785
0031	Guidance, counseling and evaluation services	660,608	-	-	660,608
0033	Health services	9,495	-	-	9,495
0034	Student transportation	34,563	-	-	34,563
0035	Food services	4,110,845	-	-	4,110,845
0036	Cocurricular/Extracurricular Activities	332,235	-	-	332,235
0041	General administration	7,627	-	-	7,627
0051	Facilities maintenance and operations	3,790,085	-	-	3,790,085
0052	Security and monitoring services	437,503	-	-	437,503
0053	Data processing services	55,457	-	-	55,457
0061	Community services	165,952	-	-	165,952
0071	Principal on long-term debt	135,000	3,645,000	-	3,780,000
0072	Interest on long-term debt	-	4,154,975	-	4,154,975
0073	Bond issuance costs and fees	-	6,464	-	6,464
<b>6030</b>	<b>Total Expenditures</b>	<u>18,023,752</u>	<u>7,806,439</u>	<u>-</u>	<u>25,830,191</u>
<b>1200</b>	Net change in fund balances	(72,687)	(237,648)	2,970	(307,365)
0100	<b>Fund Balance - September 1 (Beginning)</b>	<u>3,405,583</u>	<u>3,924,137</u>	<u>55,180</u>	<u>7,384,900</u>
Prior period adjustment					
<b>3000</b>	<b>Fund Balance - August 31 (Ending)</b>	<u>\$ 3,332,896</u>	<u>\$ 3,686,489</u>	<u>\$ 58,150</u>	<u>\$ 7,077,535</u>



## **REQUIRED TEA SCHEDULES**

**HUNTSVILLE INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF DELINQUENT TAXES RECEIVABLE**  
**For the Year Ended August 31, 2024**

*Exhibit J-1*  
*Page 1 of 2*

Last Ten Fiscal Years	Tax Rates		Net Assessed/Appraised Value For School Tax Purposes	Beginning Balance 9/1/2023	20 Current Year's Total Levy
	1 Maintenance	2 Debt Service			
2015 and prior	Various	Various	Various	\$ 419,412	\$ -
2016	\$ 1.040000	\$ 0.140000	\$ 2,539,472,571	96,716	-
2017	1.040000	\$ 0.140000	2,709,205,759	115,940	-
2018	1.100000	0.080000	3,045,105,911	134,497	-
2019	1.100000	0.075000	3,326,908,645	163,609	-
2020	1.023000	0.075000	3,549,280,648	231,999	-
2021	0.962800	0.075000	3,865,101,417	287,999	-
2022	0.914900	0.145000	4,115,866,527	405,615	-
2023	0.089750	0.145000	5,106,990,158	991,646	-
2024	0.712100	0.145000	4,425,361,920	-	40,288,816
<b>1000 TOTALS</b>				<u>\$ 2,847,433</u>	<u>\$ 40,288,816</u>

**8000 Taxes Refunded**

**9000 Tax Increment**

**HUNTSVILLE INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF DELINQUENT TAXES RECEIVABLE**  
**For the Year Ended August 31, 2024**

*Exhibit J-1*  
*Page 2 of 2*

	31	32	40	50	99
Last Ten Fiscal Years	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustments	Ending Balance 8/31/2024	Total Taxes Refunded Under Section 26.1115 (c)
2015 and prior	\$ 35,455	\$ 5,795	\$ (1,705)	\$ 376,457	
2016	11,091	1,493	(113)	84,019	
2017	11,373	1,531	(105)	102,931	
2018	16,301	1,186	(11)	116,999	
2019	22,019	1,501	(1,191)	138,898	
2020	41,782	3,063	(1,555)	185,599	
2021	(18,805)	(1,465)	(74,045)	234,224	
2022	37,648	5,967	(64,505)	297,495	
2023	154,627	24,982	(246,425)	565,612	
2024	<u>32,381,021</u>	<u>6,593,524</u>		<u>1,314,271</u>	
<b>1000 TOTALS</b>	<u>\$ 32,692,512</u>	<u>\$ 6,637,577</u>	<u>\$ (389,655)</u>	<u>3,416,505</u>	
				<u>1,875,072</u>	
				<u>\$ 5,291,577</u>	
<b>8000 Taxes Refunded</b>					<u>\$ 45,693</u>
<b>9000 Tax Increment</b>	<u>\$ -</u>				

**HUNTSVILLE INDEPENDENT SCHOOL DISTRICT**

*Exhibit J-2*

**CHILD NUTRITION PROGRAM  
BUDGETARY COMPARISON SCHEDULE  
For the Year Ended August 31, 2024**

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<b>Operating Revenues</b>				
Local revenues	\$ 335,000	\$ 335,000	\$ 460,359	\$ 125,359
State program revenues	15,000	15,000	40,410	25,410
Federal program revenues	3,750,000	3,750,000	3,624,819	(125,181)
<b>Total Operating Revenues</b>	4,100,000	4,100,000	4,125,588	25,588
<b>Operating Expenses</b>				
Food services	5,387,277	5,387,277	4,086,907	1,300,370
Facilities maintenance and operations	150,500	150,500	137,233	13,267
<b>Total Operating Expenses</b>	5,537,777	5,537,777	4,224,140	1,313,637
Net change in fund balances/net position	(1,437,777)	(1,437,777)	(98,552)	1,339,225
<b>Net Position - September 1 (Beginning)</b>	3,098,485	3,098,485	3,098,485	-
<b>Net Position - August 31 (Ending)</b>	\$ 1,660,708	\$ 1,660,708	\$ 2,999,933	\$ 1,339,225



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

*Exhibit J-3*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Local revenues	\$ 18,540,009	\$ 7,165,060	\$ 6,961,199	\$ (203,861)
State program revenues	150,000	700,000	607,592	(92,408)
<b>Total Revenues</b>	<u>18,690,009</u>	<u>7,865,060</u>	<u>7,568,791</u>	<u>(296,269)</u>
<b>Expenditures</b>				
<b>Debt Service:</b>				
Principal on long-term debt	3,589,916	3,645,000	3,645,000	-
Interest on long-term debt	4,154,976	4,154,976	4,154,975	1
Bond issuance costs and fees	65,084	65,084	6,464	58,620
<b>Total Expenditures</b>	<u>7,809,976</u>	<u>7,865,060</u>	<u>7,806,439</u>	<u>58,621</u>
Excess (deficiency) of revenues over expenditures	<u>10,880,033</u>	-	<u>(237,648)</u>	<u>(237,648)</u>
Net change in fund balances	10,880,033	-	(237,648)	(237,648)
<b>Fund Balances - Beginning</b>	<u>3,924,137</u>	<u>3,924,137</u>	<u>3,924,137</u>	-
<b>Fund Balances - Ending</b>	<u>\$ 14,804,170</u>	<u>\$ 3,924,137</u>	<u>\$ 3,686,489</u>	<u>\$ (237,648)</u>

**HUNTSVILLE INDEPENDENT SCHOOL DISTRICT**

*Exhibit J-4*

**COMPENSATORY EDUCATION PROGRAM AND BILINGUAL EDUCATION PROGRAM COMPLIANCE RESPONSES**

*As of August 31, 2024*

Data Codes	Section A: Compensatory Education Programs	Responses
AP1	Did your LEA expend any state compensatory education program state allotment funds during the district’s fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district’s fiscal year.	\$ 11,849,403
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA’s fiscal year. (PICs 24, 26, 28, 29, 30)	\$ 9,050,261
<b>Section B: Bilingual Education Programs</b>		
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA’s fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA’s fiscal year.	\$ 839,965
AP8	List the actual direct program expenditures for bilingual education programs during the LEA’s fiscal year. (PIC 25)	\$ 613,435

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

*Schedule L-1*

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

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



## **FEDERAL AWARDS SECTION**



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

To the Board of Trustees  
Huntsville Independent School District

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

**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 have not been identified.

To the Board of Trustees  
Huntsville Independent School District

### **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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Houston, Texas  
January 23, 2025



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

To the Board of Trustees  
Huntsville Independent School District

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

***Opinion on Each Major Program***

We have audited of Huntsville 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 August 31, 2024. The District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

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

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

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

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

***Responsibilities of Management for Compliance***

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

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

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

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

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

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

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

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

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

To the Board of Trustees  
Huntsville Independent School District

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

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

*Whitley Penn LLP*

Houston, Texas  
January 23, 2025

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

**I. Summary of Auditors' Results**

**Financial Statements**

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

**Federal Awards**

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

**Identification of major programs:**

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing Number ( ALN)</u>
<i>ESEA Title I, Part A, Improving Basic Programs</i>	84.010A
<i>ESEA Title I, Part D, Subpart 2 - DEL</i>	84.010A
<i>TCLAS - ESSER III (COVID-19)</i>	84.425U
<i>ARP - ESSER III Grant (COVID-19)</i>	84.425U
Dollar Threshold Considered Between Type A and Type B Federal Programs:	\$750,000
Auditee qualified as low risk auditee?	Yes

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

**II. Financial Statement Findings**

None Reported.

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

None Reported.

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

*Exhibit K-1*

Federal Grantor/ Pass- Through Grantor/ Program Title	Federal Assistance Listing Number	Pass- Through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of Education</b>			
<i>Passed Through Texas Education Agency:</i>			
<i>ESEA Title I, Part A, Improving Basic Programs</i>	84.010A	24610101236902	\$ 1,752,663
<i>ESEA Title I, Part D, Subpart 2 - DEL</i>	84.010A	24610103236902	98,143
<i>Total ALN 84.010</i>			<u>1,850,806</u>
<i>23-24 Perkins V: Strengthening</i>	84.048A	V048A230043	113,044
<i>ESEA Title II, Part A, Supporting Effective Instruction</i>	84.367A	23694501170904	245,132
<i>Title III, Part A, ELA</i>	84.365A	24671001236902	184,627
<i>Title V, Part B</i>	84.358B	24696001236902	390,087
<i>Title IV, Part A, Subpart 1</i>	84.424A	24680101236902	119,339
<i>TCLAS - ESSER III (COVID-19)</i>	84.425U	21528042236902	68,424
<i>ARP - ESSER III Grant (COVID-19)</i>	84.425U	21528001236902	5,597,758
<i>Total ALN 84.425</i>			<u>5,666,182</u>
<i>Summer School/LEP</i>	84.369A	69552302	4,408
<i>IDEA-B, Formula</i>	84.027A	246600012369026000	2,698,457
<i>IDEA-B, Preschool</i>	84.027A	246610012369026000	19,470
<i>High Cost Funds Grant</i>	84.027A	66002406	4,249
<i>IDEA B Discretionary Residential</i>	84.027A	66002412	101,685
<i>Special Education Capacity Grant</i>	84.027A	236600497110001	30,018
<i>Total Special Education Cluster (ALN 84.027)</i>			<u>2,853,879</u>
<b>Total U.S. Department of Education</b>			<u><b>11,427,504</b></u>
<b>U.S. Department of Agriculture</b>			
<b>Passed Through Texas Department of Education</b>			
Cash Assistance:			
<i>National School Breakfast Program</i>	10.553	71402301	115,590
<i>National School Breakfast Program</i>	10.553	71402401	836,313
<i>National School Lunch Program</i>	10.555	71302301	261,399
<i>National School Lunch Program</i>	10.555	71402401	1,961,470
<b>Passed Through Texas Department of Agriculture:</b>			
Non cash assistance (commodities):			
<i>National School Lunch Program</i>	10.555	NT4XL1YGLGC5	214,949
<i>Supply Chain Assistance</i>	10.555	NT4XL1YGLGC5	2,518
<i>Total Child Nutrition Cluster (10.553, 10.555)</i>			<u>3,392,239</u>
<i>Child and Adult Care Food Program</i>	10.558	NT4XL1YGLGC5	383,384
<b>Passed through Walker County, Texas</b>			
<i>U.S. Forest Service Schools and Roads Cluster</i>	10.665	236902	93,485
<b>Total U.S. Department of Agriculture</b>			<u><b>3,869,108</b></u>
<b>U.S. Department of Health and Human Services</b>			
<b>Passed Through Texas Health and Human Services Commission</b>			
<i>Medicaid Administrative Claims</i>	93.778	HHS000537900132	34,190
<i>Total Medicaid Cluster (93.778)</i>			<u>34,190</u>
<b>Total U.S. Department of Health and Human Services</b>			<u><b>34,190</b></u>
<b>Total Expenditures of Federal Awards</b>			<u><b>\$ 15,330,802</b></u>

**HUNTSVILLE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended August 31, 2023**

*Exhibit K-2*

**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards ("the Schedule") includes the federal grant activity of Huntsville Independent School District. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Reconciliation to Statement of Revenues, Expenditures and Changes in Fund Balances (Exhibit C-2):

<b>Total Expenditures of Federal Awards (Exhibit K- 1)</b>	\$ 15,330,802
General Fund - Federal Revenue:	
School Health and Related Services	568,283
<b>Total Federal Revenues (Exhibit C- 2)</b>	<u>\$ 15,899,085</u>

**Note 2 - Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. These expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**Note 3 - De Minimis Indirect Cost Rate**

Huntsville Independent School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 4 - Federal Revenue in the General Fund**

The General Fund accounts for several federal revenues as detailed below:

Medicaid SHARS	\$ 568,283
Medicaid Cluster	34,190
<i>U.S. Forest Service Schools and Roads Cluster</i>	93,485
<b>Indirect Costs:</b>	
Child Nutrition - Breakfast	45,216
Child Nutrition - Lunch	105,588
ESEA Title I, Part A, Improving Basic Programs	54,851
ESEA Title I, Part D, Subpart 2 - DEL	3,121
ESEA Title II, Part A, Supporting Effective Instruction	7,639
IDEA Part B Formula	84,457
IDEA Part B Preschool	101
Carl D. Perkins	1,523
ESEA Title III, Part A ELA	5,788
Title V Part B, SP 2 RLIS	12,043
Title IV Part A	3,772
ARP ESSER	132,465
TCLAS - ESSER III	4,652
<b>Total Indirect Costs</b>	<u>461,216</u>
<b>Total Federal Revenue - Exhibit C-2</b>	<u>\$ 1,157,174</u>

## **HUNTSVILLE INDEPENDENT SCHOOL DISTRICT**

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

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

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

- All audit findings included in the prior audit's schedule of findings and questioned costs and
- All audit findings reported in the prior audit's summary schedule of prior audit findings except audit findings listed as corrected.

#### **I. Prior Audit Findings**

None Reported.



## **HUNTSVILLE INDEPENDENT SCHOOL DISTRICT**

### ***CORRECTIVE ACTION PLAN***

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

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

#### **I. Corrective Action Plan**

Not Applicable.

