

LUFKIN INDEPENDENT SCHOOL DISTRICT
Lufkin, Texas

ANNUAL FINANCIAL REPORT

For The Year Ended August 31, 2024

TABLE OF CONTENTS

	<u>PAGE</u>	<u>EXHIBIT</u>
Certificate of Board	3	
FINANCIAL SECTION:		
Independent Auditor's Report.....	5	
Management's Discussion and Analysis (Required Supplementary Information)	7	
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Position	14	A-1
Statement of Activities	15	B-1
Fund Financial Statements:		
Balance Sheet - Governmental Funds.....	16	C-1
Reconciliation of the Governmental Funds - Balance Sheet to the		
Statement of Net Position	17	C-1R
Statement of Revenues, Expenditures, and Changes in Fund Balances -		
Governmental Funds.....	18	C-2
Reconciliation of the Statement of Revenues, Expenditures, and Changes		
in Fund Balances of Governmental Funds to the Statement of Activities	19	C-3
Statement of Net Position - Enterprise Funds.....	20	D-1
Statement of Revenues, Expenses, and Changes in		
Fund Net Position - Enterprise Funds	21	D-2
Statement of Cash Flows - Proprietary Funds	22	D-3
Statement of Fiduciary Net Position - Fiduciary Funds	23	E-1
Statement of Change in Fiduciary Net Position - Fiduciary Funds.....	24	E-2
Notes to the Financial Statements	25	
Required Supplementary Information:		
Schedule of Revenues, Expenditures, and Changes in Fund Balances -		
General Fund - Budgetary Comparison.....	43	G-1
Schedule of the District's Proportionate Share of the Net Pension Liability -		
Teacher Retirement System of Texas.....	44	G-2
Schedule of the District Contributions - Teacher Retirement System.....	45	G-3
Schedule of the District's Proportionate Share of OPEB Liability and		
District's OPEB Contributions	46	G-4
Notes to Required Supplementary Information	47	
Combining Statements as Supplementary Information:		
Combining Balance Sheet - Nonmajor Governmental Funds.....	49	H-1
Combining Schedule of Revenues, Expenditures and Changes in		
Fund Balances - Nonmajor Governmental Funds.....	50	H-2
Combining Balance Sheet - Nonmajor Special Revenue Funds	51	H-3
Combining Statement of Revenues, Expenditures and Changes in		
Fund Balances - Nonmajor Special Revenue Funds	56	H-4
Combining Statement of Net Position - Nonmajor Enterprise Funds.....	61	H-5
Combining Statement of Revenues, Expenses and Changes in Fund		
Net Position - Nonmajor Enterprise Funds	62	H-6
Combining Statement of Cash Flows - Nonmajor Enterprise Funds.....	63	H-7
Other Supplementary Information:		
Schedule of Delinquent Taxes Receivable	65	J-1
National School Breakfast and Lunch Program - Budgetary		
Comparison Schedule	67	J-2
Debt Service Fund - Budgetary Comparison Schedule	68	J-3
State Supplemental Allotment Compliance - Use of Funds	69	J-4
Compliance, Internal Control Section and Federal Awards:		
Independent Auditor's Report on Internal Control Over Financial Reporting		
and on Compliance and Other Matters Based on an Audit of Financial		
Statements Performed in Accordance with <i>Government Auditing Standards</i>	71	
Independent Auditor's Report on Compliance for Each Major Program and		
on Internal Control Over Compliance in Accordance with Uniform Guidance	72	
Schedule of Findings and Questioned Costs.....	74	
Summary Schedule of Prior Audit Findings	75	
Corrective Action Plan	76	
Schedule of Expenditures of Federal Awards	77	K-1
Notes to Schedule of Expenditures of Federal Awards	78	
Schedule of Required Responses to Selected School First Indicators	79	L-1

CERTIFICATE OF BOARD

Lufkin Independent School District
Name of School

Angelina
County

003-903
Co. - Dist Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and

Approved --- **Disapproved**
(Check One)

For the year ended August 31, 2024 at a meeting of the Board of Trustees of such school district on the 17 day of December 2024.



Signature of Board Secretary



Signature of Board President

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

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Lufkin Independent School District
Lufkin, Texas

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, fiduciary funds, and the aggregate remaining fund information of Lufkin 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, fiduciary funds, and the aggregate remaining fund information of Lufkin Independent School 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 general accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 generally accepted auditing standards and *Government Auditing Standards* that 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 judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 judgement, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension and other post-employment benefit information 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.

Other 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 introductory section and other supplementary information sections, which include the schedule of expenditures of federal awards, as required by Title 2, U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the introductory and other supplementary information sections, including the schedule of expenditures of federal awards, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2024, on our consideration of Lufkin Independent School 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 Lufkin Independent School 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 Lufkin Independent School District's internal control over financial reporting and compliance.

Lufkin, Texas
December 19, 2024

Axley & Rode LLP
CERTIFIED PUBLIC ACCOUNTANTS



MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Lufkin Independent School District (District), we offer readers of the District's financial statements this narrative overview and analysis of the District's financial performance for the fiscal year ended August 31, 2024. Please read it in conjunction with the financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$17,803,558 (*net position*) for governmental activities and \$232,296 for business-type activities.
- During the year, the District's expenses were \$5,254,267 less than the \$122,404,099 generated in taxes and other revenues for governmental and business-type activities.
- The total cost of the District's programs was \$117,081,059, which is \$7,028,797 (6%) lower than the prior year.
- At the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$28,655,407, a decrease of \$3,027,020 from the prior year. The decrease is primarily due to decreases in the construction fund.
- The unassigned fund balance of the general fund at August 31, 2024 was \$21,027,654 or 26% of total general fund expenditures.
- The District's long-term obligations decreased by \$3,949,693 (3%) during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENT

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.

Major Features of the District's Government-Wide and Fund Financial Statements				
Type of Statements	Government-Wide	Governmental Funds	Fund Statements	
			Proprietary Funds	Fiduciary Funds
Scope	Entire government (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary	The activities the District operates that are similar to private businesses	Instances in which the District is the trustee or agent for someone else's resources
Required Financial Statements	Statement of Net Position	Balance Sheet	Statement of Net Position	Statement of Fiduciary Net Position
	Statement of Activities	Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Revenues, Expenses and Changes in Fund Net Position	Statement of Changes in Fiduciary Net Positions
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Statement of Cash Flows	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources and liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term	Only assets and deferred outflows of resources expected to be used up and only liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	Accrual accounting and economic resources focus	All assets and liabilities, both financial and capital, short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year regardless of when cash is received or paid

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

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

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

The government-wide financial statements are referenced as Exhibits A-1 and B-1 in this report.

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

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on *near-term inflows and outflows of spendable resources*, as well as *balances of spendable resources* available at the end of the fiscal year. These funds are reported using an accounting method called *modified accrual* accounting, that requires the recognition of revenue when earned, only so long as the funds are collected within the period or soon enough afterwards to be used to pay liabilities of the current period. Such information may be useful in evaluating a District's near-term financing requirements.

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

Information is presented separately in the governmental funds financial statements for each major fund of the District. All other funds are combined into a single aggregated presentation. The District adopts an annual budget for the general fund, and the National School Breakfast and Lunch Program special revenue fund, the debt service fund, and the Construction capital projects fund.

The basic governmental funds financial statements are referenced as Exhibits C-1, C-1R, C-2, and C-3 in this report.

Proprietary Funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The District uses enterprise funds to account for its broadcasting and advertising services as well as sports facilities rental and gym fundraising.

Proprietary funds statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements are referenced as Exhibits D-1 through D-3.

Fiduciary Funds. *Fiduciary funds* are used to account for assets and activities when the District is functioning as a trustee or a custodian, *fiduciary*, for another party. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Custodial funds account for resources held for the benefit of students. Those funds are not reflected in the district's government-wide financial statements because the resources of the funds are not available to support the District's own operations.

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

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information (RSI) which further explains and supports the information in the financial statements. The SRI relates to the budgetary comparison schedules and the cost-sharing multiple-employer pension and other postemployment benefits (OPEB) plans in which the District participates. RSI is referenced as Exhibits G-1 through G-5.

The other supplementary information other than RSI that is included in this report immediately follows the RSI and includes the combining statements for nonmajor funds, budgetary comparison schedules for funds that the District legally adopts an annual budget that are not required to be presented as RSI and other schedules required to be included. Those schedules are referenced as H-1 through H-7, J-1 through J-4, K-1 and L-1 in this report. This other supplementary information is presented immediately following RSI.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$18,057,143 at August 31, 2024. The following table reflects the condensed Statement of Net Position.

Lufkin Independent School District's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
	\$	\$	\$	\$	\$	\$
Current and other assets	37 421 150	50 202 769	237 156	169 435	37 658 306	50 372 204
Capital assets	138 671 192	134 070 457	-	-	138 671 192	134 070 457
TOTAL ASSETS	176 092 342	184 273 226	237 156	169 435	176 329 498	184 442 661
Deferred outflows	30 181 555	23 248 211	-	-	30 181 555	23 248 211
Other liabilities	11 082 530	16 661 814	4 860	3 778	11 087 390	16 665 592
Long-term liabilities	146 769 022	150 694 421	-	-	146 769 022	150 694 421
TOTAL LIABILITIES	157 851 552	167 356 235	4 860	3 778	157 856 412	167 360 013
Deferred inflows	30 618 787	27 549 272	-	-	30 618 787	27 549 272
Net Position:						
Net investment in capital assets	44 415 897	44 109 929	-	-	44 415 897	44 109 929
Restricted	4 144 623	9 226 409	-	-	4 414 623	9 226 409
Unrestricted (deficit)	(30 756 962)	(40 720 408)	232 296	165 657	(30 524 666)	(40 554 751)
TOTAL NET POSITION	\$ 17 803 558	\$ 12 615 930	\$ 232 296	\$ 165 657	\$ 18 035 854	\$ 12 781 587

- The largest portion of the District's net position (249%) reflects its investment in capital assets (e.g., land, buildings, and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.
- An additional portion of the District's net position (23%) represents resources that are subject to external restrictions on how they may be used.
- The District had a total deficit unrestricted net position of \$30,524,666, which is primarily due to reporting the net pension and OPEB liabilities in accordance with GASB 68 and GASB 75.

At the end of the current fiscal year, the District is able to report positive balances in two of the three categories of net position.

Analysis of the District's Operations. The following table provides a summary of the District's operations for the year ended August 31, 2024. Governmental activities increased the District's net position by \$5,208,917 while business-type activities increased net position by \$66,639.

**Lufkin Independent School District
Statement of Activities**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program Revenues:						
Charges for services	\$ 443 480	\$ 851 895	\$ 338 260	\$ 372 936	\$ 781 740	\$ 1 224 831
Operating grants and contributions	32 269 602	34 828 695	8 701	8 031	32 278 303	34 836 726
General Revenues:						
Property taxes	29 131 815	37 358 251	-	-	29 131 815	37 358 251
State aid	57 322 286	38 755 802	-	-	57 322 286	38 755 802
Investment earnings	1 939 655	2 261 337	-	-	1 939 655	2 261 337
Miscellaneous revenues	881 527	833 860	-	-	881 527	833 860
TOTAL REVENUES	121 988 365	114 889 840	346 961	380 967	122 335 326	115 270 807
Expenses:						
Instruction, instructional resources and media services	57 739 201	60 028 441	-	-	57 739 201	60 028 441
Curriculum and staff development	3 220 050	3 696 111	-	-	3 220 050	3 696 111
Instructional leadership	3 998 852	3 380 313	-	-	3 998 852	3 380 313
School leadership	7 685 442	7 031 669	-	-	7 685 442	7 031 669
Guidance, counseling and evaluation services	4 396 203	3 793 624	-	-	4 396 203	3 793 624
Social work services	164 445	96 182	-	-	164 445	96 182
Health services	1 041 277	1 176 455	-	-	1 041 277	1 176 455
Student transportation	3 323 961	4 031 669	-	-	3 323 961	4 031 669
Food service	6 737 197	5 787 984	-	-	6 737 197	5 787 984
Cocurricular/extracurricular activities	2 978 775	3 317 259	-	-	2 978 775	3 317 259
General administration	5 023 582	4 657 648	-	-	5 023 582	4 657 648
Facilities maintenance and operations	12 065 213	18 900 937	-	-	12 065 213	18 900 937
Security and monitoring services	2 464 185	1 981 269	-	-	2 464 185	1 981 269
Data processing services	2 380 142	2 445 090	-	-	2 380 142	2 445 090
Community services	206 818	90 921	-	-	206 818	90 921
Debt service	3 018 798	3 059 660	-	-	3 018 798	2 968 678
Capital outlay	30 960	-	-	-	30 960	-
Payments related to SSA	322 770	330 024	-	-	322 770	330 024
Panther broadcasting	-	-	114 674	73 170	114 674	73 170
Panther advertising	-	-	57 351	57 498	57 351	57 498
Sport facilities rentals and gym fundraising	-	-	106 163	152 643	106 163	152 643
TOTAL EXPENSES	116 802 871	123 805 256	278 188	283 311	117 081 059	124 088 567
CHANGE IN NET POSITION	5 185 494	(8 915 416)	68 773	97 656	5 254 267	(8 817 760)
Transfer	2 134	-	(2 134)	-	-	-
Net position, beginning	12 615 930	21 531 346	165 657	68 001	12 781 587	21 599 347
NET POSITION, ENDING	\$ 17 803 558	\$ 12 615 930	\$ 232 296	\$ 165 657	\$ 18 035 854	\$ 12 781 587

The District's governmental activities total revenues were \$121,988,365. A significant portion, 24%, of the District's revenue comes from taxes. 47% comes from state aid, while 26% relates to operating grants and contributions. 0.4% relates to charges for services while investment earnings account for 2%. Property tax rates decreased while values increased during the year.

The total cost of all governmental activities programs and services was \$116,802,871, and 49% of these costs are for instructional and student services. The amount that our taxpayers paid for these activities through property taxes was \$29,131,815. Those who directly benefitted from the programs paid \$781,740 while grants and contributions paid \$32,278,303.

Business-type activities total revenue and total expenses were each less than one percent of the District's total revenues and total expenses. These activities increased net position by \$66,639.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$28,655,406. Less than 1% of the total is considered nonspendable because it is not in spendable form. 14% or \$4,144,623 of this total is restricted due to external limitations on its use. 11%, \$3,195,000, is committed or assigned meaning there are limitations resulting from its intended use. 73% or \$21,027,654 is unassigned.

The general fund is the main operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$21,027,654, while total general fund balance was \$24,380,063. As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 26% of total general fund expenditures, while total fund balance represents 30%.

The debt service fund has a total fund balance of \$1,169,596, all of which is restricted for the payment of debt service. The district makes semi-annual debt service payments in February and August of each year. The fund balance decreased by \$250,452 which is primarily due to a decrease in property tax revenue.

Revenues from governmental fund types totaled \$107,085,421, a decrease of 5% from the preceding year. Expenditures of governmental fund types totaled \$110,483,320, a decrease of 16% from the prior year.

Proprietary Funds. The District's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

The unrestricted net position of the enterprise funds amounted to \$232,296 which was an increase of \$66,639. This increase is primarily due to the decreased expenses in the advertising and broadcasting funds.

General Fund Budgetary Highlights

The District's budget is controlled at the fund and function level. Over the course of the year, the District revised its budget several times. The differences between the original and final budget for revenues and expenditures were significant (increase of \$285,891 in total revenue and increase of \$4,604,178 in total expenditures). The increase in total expenditures is the result of an increase in facilities maintenance and operations of \$524,952 and an increase in capital outlay of \$2,439,287.

Capital Asset and Debt Administration

Capital Assets. At the end of fiscal year 2024, the District had invested \$138,671,192 in a broad range of capital assets, including land, buildings, vehicles, equipment and construction in progress. This amount represents a net increase (including additions and deductions) of \$4,600,735 or 3% over last year. The increase is primarily due to the continued construction on the middle school that was not complete at year end.

Lufkin Independent School District's Capital Assets

	Governmental Activities	
	2024	2023
Land	\$ 2 362 483	\$ 2 362 483
Buildings and improvements, net	150 937 174	150 416 056
Furniture and equipment, net	17 274 206	15 950 066
Construction in progress	55 320 125	49 274 435
Right of use asset	2 498 944	2 743 881
TOTAL COST	<u>228 392 932</u>	<u>220 746 921</u>
Accumulated depreciation/amortization	(89 721 740)	(86 676 464)
TOTAL	<u>\$ 138 671 192</u>	<u>\$ 134 070 457</u>

The District expects to continue construction at the middle school during fiscal year 2024 with final completion of that project in fiscal year 2025. Additional information on the District's capital assets can be found in the notes to the financial statements.

Long-term Liabilities. At year end, the District had total long term liabilities of \$94,204,006 outstanding. More detailed information about the District's long-term obligations is presented in the notes to the financial statements.

Lufkin Independent School District's Outstanding Long-Term Liabilities

	Governmental Activities	
	2024	2023
General obligation bonds	\$ 90 225 000	\$ 93 740 000
Tax maintenance notes	3 380 000	3 830 000
Leases payable	193 183	456 263
Subscriptions payable	427 112	751 157
TOTAL	<u>\$ 94 225 295</u>	<u>\$ 98 777 420</u>

The District's long-term obligations decreased \$4,552,125 or 5% from the preceding year. That decrease is primarily due to planned debt payments on bonds and notes.

Economic Factors and Next Year's Budgets and Rates

Appraised property tax value used for the 2024 budget preparation was up from 2023. General operating fund spending per student is expected to increase in fiscal year 2025. The District's 2025 refined average daily attendance is expected to remain the same.

The indicators above were taken into account when adopting the general fund budget for 2025. Amounts available for appropriation in the general fund budget are \$75,721,081, a decrease of 4.3% from the final 2024 budget.

General fund expenditures are budgeted at \$75,721,081 for 2025, a decrease of 8.2% from the final 2024 budget. The District did not budget any transfers in 2025.

If these estimates are realized, the District's budgetary general fund balance is expected to remain the same.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. If there are questions concerning any of the information provided in this report or requests for additional financial information, contact the District's Business Services Department.

BASIC FINANCIAL STATEMENTS

LUFKIN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
August 31, 2024

EXHIBIT A-1

DATA CONTROL CODES		1 GOVERNMENTAL ACTIVITIES	2 BUSINESS- TYPE ACTIVITIES	3 TOTAL
	ASSETS			
1110	Cash and cash equivalents	\$ 25 585 468	\$ -	\$ 25 585 468
1225	Property taxes receivable, net \$783,975 allowance	2 351 924	-	2 351 924
1240	Due from other governments	9 290 820	-	9 290 820
1260	Internal balances	(219 106)	219 106	-
1290	Other receivables	123 915	18 050	141 965
1300	Inventories	164 966	-	164 966
1410	Prepaid expenditures	123 163	-	123 163
	Capital Assets:			
1510	Land	2 362 483	-	2 362 483
1520	Buildings and improvements, net	75 321 141	-	75 321 141
1530	Furniture and equipment, net	3 976 835	-	3 976 835
1550	Right of use assets, net	1 690 608	-	1 690 608
1580	Construction in progress	55 320 125	-	55 320 125
1000	TOTAL ASSETS	<u>176 092 342</u>	<u>237 156</u>	<u>176 329 498</u>
	Deferred Outflows:			
	Deferred charge on refunding	907 976	-	907 976
	Deferred outflows related to pensions	21 269 801	-	21 269 801
	Deferred outflows related to OPEB	8 003 778	-	8 003 778
1700	TOTAL DEFERRED OUTFLOWS	<u>30 181 555</u>	<u>-</u>	<u>30 181 555</u>
	LIABILITIES			
	Current Liabilities:			
2110	Accounts payable	1 663 939	4 860	1 668 799
2140	Interest payable	148 451	-	148 451
2150	Accrued liabilities	241 506	-	241 506
2160	Accrued wages payable	4 452 871	-	4 452 871
2300	Unearned revenue	55 504	-	55 504
	Noncurrent Liabilities:			
2501	Due within one year	4 520 259	-	4 520 259
2502	Due in more than one year	89 735 036	-	89 735 036
2516	Premium on issuance of bonds	5 198 146	-	5 198 146
2540	Net pension liability	35 767 939	-	35 767 939
2545	Net OPEB liability	16 067 901	-	16 067 901
2000	TOTAL LIABILITIES	<u>157 851 552</u>	<u>4 860</u>	<u>157 856 412</u>
	Deferred Inflows:			
	Deferred inflows related to pension	7 232 291	-	7 232 291
	Deferred inflows related to OPEB	23 386 496	-	23 386 496
2600	TOTAL DEFERRED INFLOWS	<u>30 618 787</u>	<u>-</u>	<u>30 618 787</u>
	NET POSITION			
3200	Net investment in capital assets	44 415 897	-	44 415 897
	Restricted for:			
3820	State and Federal programs	2 314 645	-	2 314 645
3850	Debt service	1 169 596	-	1 169 596
3870	Campus activities	239 535	-	239 535
3890	Other purposes	420 847	-	420 847
3900	Unrestricted	(30 756 962)	232 296	(30 524 666)
3000	TOTAL NET POSITION	<u>\$ 17 803 558</u>	<u>\$ 232 296</u>	<u>\$ 18 035 854</u>

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

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

EXHIBIT B-1

DATA CONTROL CODES	FUNCTIONS/PROGRAMS	1	3 PROGRAM REVENUES		4	6 NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		7	8
		EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL		
	Governmental Activities:								
11	Instruction	\$ 56 205 952	\$ 101 171	\$ 14 765 118	\$ (41 339 663)	\$ -	\$ (41 339 663)		
12	Instructional resources and media services	1 533 249	-	686 861	(846 388)	-	(846 388)		
13	Curriculum and staff development	3 220 050	-	1 167 654	(2 052 396)	-	(2 052 396)		
21	Instructional leadership	3 998 852	-	1 910 720	(2 088 132)	-	(2 088 132)		
23	School leadership	7 685 442	-	2 740 548	(4 944 894)	-	(4 944 894)		
31	Guidance, counseling and evaluation services	4 396 203	-	1 255 406	(3 140 797)	-	(3 140 797)		
32	Social work services	169 445	-	78 457	(90 988)	-	(90 988)		
33	Health services	1 041 277	-	48 207	(993 070)	-	(993 070)		
34	Student transportation	3 323 961	-	396 280	(2 927 681)	-	(2 927 681)		
35	Food service	6 737 197	174 780	6 428 222	(134 195)	-	(134 195)		
36	Extracurricular activities	2 978 775	167 529	227 182	(2 584 064)	-	(2 584 064)		
41	General administration	5 023 582	-	546 247	(4 477 335)	-	(4 477 335)		
51	Plant maintenance and operations	12 065 213	-	1 466 188	(10 599 025)	-	(10 599 025)		
52	Security and monitoring services	2 464 185	-	347 710	(2 116 475)	-	(2 116 475)		
53	Data processing services	2 380 142	-	168 081	(2 212 061)	-	(2 212 061)		
61	Community services	206 818	-	36 721	(170 097)	-	(170 097)		
72	Debt service	3 018 798	-	-	(3 018 798)	-	(3 018 798)		
81	Facilities acquisition and construction	30 960	-	-	(30 960)	-	(30 960)		
93	Payments related to shared service arrangements	322 770	-	-	(322 770)	-	(322 770)		
TG	TOTAL GOVERNMENTAL ACTIVITIES	<u>116 802 871</u>	<u>443 480</u>	<u>32 269 602</u>	<u>(84 089 789)</u>	<u>-</u>	<u>(84 089 789)</u>		
	Business-type Activities:								
01	Panther Broadcasting	114 674	88 000	4 585	-	(22 089)	(22 089)		
02	Panther Advertising	57 351	107 750	-	-	50 399	50 399		
03	Sports Facilities Rentals	102 535	130 374	4 116	-	31 955	31 955		
04	LHS Gym Fundraising	3 628	12 136	-	-	8 508	8 508		
TB	TOTAL BUSINESS TYPE ACTIVITIES	<u>278 188</u>	<u>338 260</u>	<u>8 701</u>	<u>-</u>	<u>68 773</u>	<u>68 773</u>		
TP	TOTAL PRIMARY GOVERNMENT	<u>\$ 117 081 059</u>	<u>\$ 781 740</u>	<u>\$ 32 278 303</u>	<u>(84 089 789)</u>	<u>68 773</u>	<u>(84 021 016)</u>		
	General Revenues:								
MT	Property taxes, levied for general purposes				23 877 564	-	23 877 564		
DT	Property taxes, levied for debt service				5 254 251	-	5 254 251		
IE	Investment earnings				1 939 655	-	1 939 655		
GC	Grants and contributions not restricted to specific programs				57 322 286	-	57 322 286		
MI	Miscellaneous				881 527	-	881 527		
FR	Transfer				2 134	(2 134)	-		
TR	TOTAL GENERAL REVENUES				<u>89 277 417</u>	<u>(2 134)</u>	<u>89 275 283</u>		
CN	CHANGE IN NET POSITION				5 187 628	66 639	5 254 267		
NB	Net position - Beginning				12 615 930	165 657	12 781 587		
NE	NET POSITION - ENDING				<u>\$ 17 803 558</u>	<u>232 296</u>	<u>18 035 854</u>		

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

LUFKIN INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
August 31, 2024

EXHIBIT C-1

DATA CONTROL CODES		10 GENERAL FUND	OTHER GOVERN- MENTAL FUNDS	98 TOTAL GOVERN- MENTAL FUNDS
	ASSETS			
1110	Cash and cash equivalents	\$ 22 578 822	\$ 3 006 646	\$ 25 585 468
1225	Taxes receivable (net)	1 956 941	394 983	2 351 924
1240	Due from other governments	6 887 184	2 403 636	9 290 820
1260	Due from other funds	1 435 191	771 182	2 206 373
1290	Other receivables	90 279	33 636	123 915
1300	Inventories	34 246	130 720	164 966
1410	Prepaid items	123 163	-	123 163
1000	TOTAL ASSETS	<u>\$ 33 105 826</u>	<u>\$ 6 740 803</u>	<u>\$ 39 846 629</u>
	LIABILITIES			
2110	Accounts payable	\$ 1 341 642	\$ 322 297	\$ 1 663 939
2150	Payroll deductions and withholdings	241 606	(100)	241 506
2160	Accrued wages payable	4 134 681	318 190	4 452 871
2170	Due to other funds	1 000 775	1 424 704	2 425 479
2300	Unearned revenue	50 118	5 386	55 504
2000	TOTAL LIABILITIES	<u>6 768 822</u>	<u>2 070 477</u>	<u>8 839 299</u>
	DEFERRED INFLOW			
	Unavailable property tax revenue	1 956 941	394 983	2 351 924
2600	TOTAL DEFERRED INFLOW	<u>1 956 941</u>	<u>394 983</u>	<u>2 351 924</u>
	FUND BALANCES			
	Nonspendable Fund Balances:			
3410	Inventories	34 246	130 720	164 966
3430	Prepaid items	123 163	-	123 163
	Restricted Fund Balances:			
3450	Restricted for food service	-	2 314 645	2 314 645
3480	Restricted for debt service	-	1 169 596	1 169 596
3490	Other restrictions of fund balance	-	660 382	660 382
3510	Committed for LMS Bond Project	2 400 000	-	2 400 000
	Assigned:			
3570	Capital equipment – LMS Furniture	295 000	-	295 000
3590	Other – Abe Martin Turf	500 000	-	500 000
3600	Unassigned	21 027 654	-	21 027 654
3000	TOTAL FUND BALANCE	<u>24 380 063</u>	<u>4 275 343</u>	<u>28 655 406</u>
4000	TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	<u>\$ 33 105 826</u>	<u>\$ 6 740 803</u>	<u>\$ 39 846 629</u>

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

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

EXHIBIT C-1R

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS (EXHIBIT C-1)	\$ 28 655 406
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.	138 671 192
Property taxes receivable, which will be collected subsequent to year-end, but are not available soon enough to pay expenditures and, therefore, are deferred in the funds.	2 351 924
Payables for debt service, including premiums, which are not due in the current period are not reported in the funds.	(99 453 441)
Payables for bond interest which are not due in the current period are not reported in the funds.	(148 451)
The deferred charge for refunding is not reported in the funds.	907 976
District's proportionate share of the collective net pension liability is not reported in the funds.	(35 767 939)
District's proportionate share of the net OPEB liability is not reported in the funds.	(16 067 901)
District's proportionate share of the collective deferrals of resources related to the Pension and OPEB plans is not reported in the funds.	<u>(1 345 208)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES (EXHIBIT A-1)	<u>\$ 17 803 558</u>

The accompanying notes are an integral part of this statement.

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

EXHIBIT C-2

DATA CONTROL CODES		10 GENERAL FUND	OTHER GOVERN- MENTAL FUNDS	98 TOTAL GOVERN- MENTAL FUNDS
	Revenues:			
5700	Local and intermediate sources	\$ 25 553 262	\$ 6 489 341	\$ 32 042 603
5800	State program revenues	55 076 438	2 832 860	57 909 298
5900	Federal program revenues	1 326 054	15 807 466	17 133 520
5020	TOTAL REVENUES	<u>81 955 754</u>	<u>25 129 667</u>	<u>107 085 421</u>
	Expenditures:			
0011	Instruction	40 060 290	6 770 090	46 830 380
0012	Instructional resources and media services	726 619	43 643	770 262
0013	Curriculum and staff development	1 998 418	1 221 632	3 220 050
0021	Instructional leadership	1 927 984	1 369 741	3 297 725
0023	School leadership	4 738 625	1 547 666	6 286 291
0031	Guidance, counseling and evaluation services	3 021 252	396 637	3 417 889
0032	Social work services	90 988	78 457	169 445
0033	Health services	993 070	48 207	1 041 277
0034	Student transportation	2 766 252	-	2 766 252
0035	Food services	-	5 805 689	5 805 689
0036	Cocurricular/extracurricular activities	2 175 381	136 194	2 311 575
0041	General administration	4 135 655	12 328	4 147 983
0051	Facilities maintenance and operations	9 534 620	587 113	10 121 733
0052	Security and monitoring services	2 001 813	36 216	2 038 029
0053	Data processing services	2 283 224	-	2 283 224
0061	Community services	3 233	173 062	176 295
0071	Debt service	1 611 382	6 648 692	8 260 074
0081	Facilities acquisition and construction	2 303 465	4 912 912	7 216 377
0093	Payments to shared service arrangements	322 770	-	322 770
6030	TOTAL EXPENDITURES	<u>80 695 041</u>	<u>29 788 279</u>	<u>110 483 320</u>
1100	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1 260 713</u>	<u>(4 658 612)</u>	<u>(3 397 899)</u>
	Other Financing Sources (Uses):			
7941	SBITA proceeds	368 745	-	368 745
7915	Transfer in	2 134	-	2 134
8911	Transfer out	(37 970)	37 970	-
7080	TOTAL OTHER FINANCING SOURCES (USES)	<u>332 909</u>	<u>37 970</u>	<u>370 879</u>
1200	NET CHANGE IN FUND BALANCES	1 593 622	(4 620 642)	(3 027 020)
0100	Fund balances - Beginning	<u>22 786 441</u>	<u>8 895 985</u>	<u>31 682 426</u>
3000	FUND BALANCES - ENDING	<u>\$ 24 380 063</u>	<u>\$ 4 275 343</u>	<u>\$ 28 655 406</u>

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

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

EXHIBIT C-3

Net change in fund balances - Total governmental funds	\$ (3 027 020)
Amounts Reported for Governmental Activities in the Statement of Activities ("SOA") are Different Because:	
Capital outlays are not reported as expenses in the SOA.	8 995 847
The depreciation/amortization of capital assets used in governmental activities is not reported in the funds.	(4 395 112)
Certain property tax revenues are unavailable; therefore they are deferred inflows of resources in the funds. This is the change in these amounts this year.	353 874
Repayment of debt service and amortization of related debt deferrals is an expenditure in the funds but is not an expense in the SOA.	4 881 461
Pension and related deferral activity is not recorded in the funds.	(4 578 205)
OPEB and related deferral activity is not recorded in the funds.	2 965 713
Amount represents the (increase) decrease in accrued interest from beginning of period to end of period.	(8 930)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 5 187 628

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

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

EXHIBIT D-1

DATA CONTROL CODES		NONMAJOR ENTERPRISE FUNDS
	ASSETS	
1260	Due from general fund	\$ 229 593
1290	Other receivables, net	<u>18 050</u>
1000	TOTAL ASSETS	<u>247 643</u>
	LIABILITIES	
2110	Accounts payable	4 860
2170	Due to other funds	<u>10 487</u>
2000	TOTAL LIABILITIES	<u>15 347</u>
	NET POSITION	
3900	Unrestricted net position	<u>232 296</u>
3000	TOTAL NET POSITION	<u>\$ 232 296</u>

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

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

EXHIBIT D-2

DATA CONTROL CODES		NON MAJOR ENTERPRISE FUNDS
	Operating Revenues:	
5700	Local and intermediate sources	\$ 338 260
5800	State program revenues	8 701
5020	TOTAL REVENUES	346 961
	Operating Expenses:	
6100	Payroll costs	127 238
6200	Professional and contracted services	104 853
6300	Supplies	29 201
6400	Other operating costs	16 896
6030	TOTAL EXPENSES	278 188
1100	OPERATION INCOME	68 773
	Other Financing Sources:	
8911	Operating transfers in (out)	(2 134)
	TOTAL OTHER FINANCING SOURCES	(2 134)
1200	CHANGE IN NET POSITION	66 639
0100	Total net position - Beginning	165 657
3300	TOTAL NET POSITION - ENDING	\$ 232 296

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

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

EXHIBIT D-3

		BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS <hr/> OTHER ENTERPRISE FUNDS <hr/>
Cash Flows from Operating Activities:		
Cash received from user charges	\$	342 819
Cash payments to employees for services		(182 309)
Cash payments to other suppliers for goods and services		(158 376)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		<hr/> 2 134 <hr/>
Cash Flows from Noncapital Financing Activities:		
Transfer from general fund		<hr/> (2 134) <hr/>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES		<hr/> (2 134) <hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS		-
Cash and cash equivalents at beginning of year		<hr/> - <hr/>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$	<hr/> <hr/> - <hr/>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating income	\$	<hr/> 68 773 <hr/>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Change in Assets and Liabilities:		
Due from general fund		(74 066)
Other receivables		(4 142)
Accounts payable		1 082
Due to other funds		10 487
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$	<hr/> <hr/> 2 134 <hr/>

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

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

EXHIBIT E-1

	CUSTODIAL FUND
	<u>STUDENT ACTIVITY</u>
ASSETS	
Cash and cash equivalents	\$ <u>296 001</u>
TOTAL ASSETS	\$ <u><u>296 001</u></u>
NET POSITION	
Restricted for other purposes	\$ <u>296 001</u>
TOTAL NET POSITION	\$ <u><u>296 001</u></u>

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

LUFKIN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
August 31, 2024

EXHIBIT E-2

	CUSTODIAL FUND
Additions:	
Other revenue - Student activities	\$ 553 658
TOTAL ADDITIONS	553 658
Deductions:	
Student activity expense	492 818
TOTAL DEDUCTIONS	492 818
CHANGE IN NET POSITION	60 840
Net position - Beginning of year	235 161
NET POSITION - END OF YEAR	\$ 296 001

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

LUFKIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Lufkin 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.

A. 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.

B. Basis of Presentation, Basis of Accounting

1. 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. These statements distinguish between the governmental and business-type activities of the district. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the District and 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 and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise 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 funds. It accounts for all financial resources of the District except those required to be accounted for in another fund.

In addition, the District reports the following fund types:

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.

LUFKIN INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 August 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. 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 are reported as other financing sources.

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.

C. Financial Statement Amounts

1. 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.

2. 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 (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the fiscal year.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Un collectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. The allowance for uncollectible taxes was \$783,975 at August 31, 2024.

3. Inventories and Prepaid Items:

The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory in accordance with the Resource Guide.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

4. Capital Assets:

Purchased or constructed capital 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 asset lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets, including right-of-use lease and subscription assets, are being depreciated or amortized using the straight-line method over the following estimated useful lives:

ASSETS	YEARS
Buildings and improvements	7-50
Furniture and equipment	5-20
Right-of-use lease assets - Equipment	2-4
Right-of-use subscription assets	3

LUFKIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
August 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5. **Deferred Outflows and Inflows of Resources:**
- In addition to assets, the statements of financial position (the government-wide and proprietary Statements 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 position 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 position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.
- For the year ended August 31, 2024, the District has items that qualify for reporting as deferred outflows of resources and deferred inflows of resources. The District reports the deferred outflows and deferred inflows related to the Teacher Retirement System of Texas (TRS) net pension and net OPEB liabilities only on the government-wide Statement of Net Position. Those items are detailed in Notes 11 and 12. The deferred charge on refundings is related to the refunding bonds issued in 2015, 2016, 2017 and 2020. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. On the governmental funds balance sheet, the unavailable property tax revenue is reported as a deferred inflow of resources. This revenue is recognized in the period in which the revenue becomes available.
6. **Receivable and Payable Balances:**
- The district believes that sufficient detail of receivable and payable balances is not provided in the financial statements to avoid obscuring significant components by aggregation. Therefore, disclosure is provided to disaggregate significant balances in Note 6.
- There are no significant receivables which are not scheduled for collection within one year of year end.
7. **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 on 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.
8. **Use of Estimates:**
- The preparation of financial statements in conformity with GAAP requires the use of management's estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.
9. **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.
10. **Leases:**
- The District is a lessee for noncancelable leases of property and equipment. The District recognizes a lease liability and an intangible right-of-use lease asset (lease asset) in the government-wide financial statements.
- At the commencement of a lease, the District measures the lease liability at the present value of payments expected to be made during the least term. Subsequently, the lease liability is reduced by the principal portion of lease payments. The lease asset is initially measured at the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or its useful life.
- Key estimates and judgements related to leases include how the district determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.
- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District uses its estimated incremental borrowing rate as the discount rate.

LUFKIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
August 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

- The lease term includes the noncancelable period of the lease.
- Lease payments included in the measurement of the liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, purchase option price that the District is reasonably certain to exercise, lease incentives receivable from the lessor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

11. Subscription-Based Information Technology Arrangements (SBITA):

The District has noncancellable contracts with SBITA vendors for the right to use information technology (IT) software, alone or in combination with tangible capital assets (the underlying assets). The district recognizes a subscription liability and an intangible right-of-use subscription asset (subscription asset) in the government-wide financial statements

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

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

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

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

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term debt on the statement of net position.

12. 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.

LUFKIN INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 August 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

13. 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.

14. 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.

D. Pensions

The fiduciary net position of the TRS pension 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 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.

E. Other Post-Employment Benefits

The fiduciary net position of the TRS OPEB plan, known as TRS-Care, 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.

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

A. Finance-Related Legal and Contractual Provisions:

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

VIOLATION	ACTION TAKEN
None reported	Not applicable

B. Deficit Fund Balance or Fund Net Position of Individual Funds:

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

FUND NAME	DEFICIT AMOUNT	REMARKS
Panther Broadcasting	(4 267)	Subsequent Supplemental funding

LUFKIN INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 August 31, 2024

NOTE 3 - 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.

A. Cash Deposit:

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 \$25,881,469 and the bank balance was \$25,865,705. 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 pledging financial institution's agent bank in the District's name.

B. Investments:

The District is required by Government Code Chapter 2256, The Public Funds Investment Act (PFIA), 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 PFIA requires a review of investment practices and controls over investments to be performed in conjunction with the annual financial audit. The District is in compliance with the requirements of the PFIA and with local policies.

The PFIA 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, (10) commercial paper, and (11) interest-bearing deposits.

The District's investment at August 31, 2024 is shown below.

INVESTMENT OR INVESTMENT TYPE	WEIGHTED AVERAGE MATURITY	FAIR VALUE
TexPool	23 days	\$ 10 610 051

C. 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 deposit and investment risks at year end and if so, the reporting of certain related disclosures:

1. 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.

The District's investment policy does not limit its investment in public funds investment pools based on the credit ratings. At August 31, 2024, the District's investment in TexPool was rated AAAM as to credit quality by Standard & Poor's.

2. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment.

The District's investment policy does not limit its investment in public funds investment pools. Weighted average maturities are noted in the table above.

Investment Accounting Policy:

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. 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.

LUFKIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
August 31, 2024

NOTE 3 - DEPOSITS AND INVESTMENTS - CONTINUED

Public Funds Investment Pools:

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: (1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; (2) maintain a continuous rating of no lower than AAA or AAAm or an equivalent rating by at least one nationally recognized rating service; and (3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

TexPool:

The District invests in the Texas Local Government Investment Pool (TexPool), which is a local government investment pool that was established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the PFIA. The State Comptroller of Public Accounts oversees TexPool. Federated Investors, Inc. is the administrator and investment manager of TexPool under a contract with the State Comptroller. In accordance with the Public Funds Investment Act, the State Comptroller has appointed the TexPool Advisory Board to advise with respect to TexPool. The board is composed equally of participants in TexPool Portfolios and other persons who do not have a business relationship with TexPool Portfolios and are qualified to advise in respect to TexPool Portfolios. The Advisory Board members advise on the investment policy and approve any fee increases. All investments are stated at amortized cost, which approximates fair value. The stated objective of TexPool is to maintain a stable average \$1.00 per unit net asset value; however, the \$1.00 net asset value is not guaranteed or insured. The financial statements can be obtained from the Texas Trust Safekeeping Trust Company website at www.ttstc.org.

NOTE 4 - CAPITAL ASSETS

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

	BEGINNING BALANCE	ADDITIONS	DECREASES	TRANSFERS	ENDING BALANCE
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 2 362 483	\$ -	\$ -	\$ -	\$ 2 362 483
Construction in progress	49 274 435	6 592 125	-	(546 435)	55 320 125
TOTAL CAPITAL ASSETS, NOT BEING DEPRECIATED	<u>51 636 918</u>	<u>6 592 125</u>	<u>-</u>	<u>(546 435)</u>	<u>57 682 608</u>
Capital Assets, Being Depreciated:					
Building and improvements	150 416 056	-	(25 317)	546 435	150 937 174
Furniture and equipment	15 950 066	1 324 140	-	-	17 274 206
Right-of-use lease assets - Equipment	1 408 925	189 112	-	-	1 598 037
Right-of-use subscription assets	1 334 956	900 907	(1 334 956)	-	900 907
TOTAL CAPITAL ASSETS, BEING DEPRECIATED	<u>169 110 003</u>	<u>2 414 159</u>	<u>(1 360 273)</u>	<u>546 435</u>	<u>170 710 324</u>
Less Accumulated Depreciation For:					
Building and improvements	(72 505 157)	(3 110 876)	-	-	(75 616 033)
Furniture and equipment	(12 488 177)	(809 194)	-	-	(13 297 371)
Right-of-use lease assets - Equipment	(1 063 597)	(252 629)	1 066 732	-	(249 494)
Right-of-use subscription assets	(619 533)	(342 065)	402 756	-	(558 842)
TOTAL ACCUMULATED DEPRECIATION	<u>(86 676 464)</u>	<u>(4 514 764)</u>	<u>1 469 488</u>	<u>-</u>	<u>(89 721 740)</u>
TOTAL CAPITAL ASSETS, BEING DEPRECIATED, NET	<u>82 433 539</u>	<u>(2 100 605)</u>	<u>1 469 488</u>	<u>546 435</u>	<u>80 988 584</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	<u>\$ 134 070 457</u>	<u>\$ 4 491 520</u>	<u>109 215</u>	<u>\$ -</u>	<u>\$ 138 671 192</u>

Depreciation was charged to functions as follows: -

Governmental Activities:	
Instruction	\$ 2 506 037
Instructional leadership	24 421
School leadership	3 698
Student transportation	393 063
Food services	101 825
Cocurricular/extracurricular activities	498 740
General administration	114 295
Plant maintenance and operations	378 893
Security and monitoring	64 937
Data processing services	428 855
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	<u>\$ 4 514 764</u>

LUFKIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
August 31, 2024

NOTE 5 - INTERFUND BALANCES AND ACTIVITIES

A. Due To and From Other Funds

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

DUE TO FUND	DUE FROM FUND	AMOUNT	PURPOSE
General Fund	Other Governmental Funds	\$ 1 424 704	Short-term advances
Enterprise Funds	General Fund	229 593	Short-term advances
Other Governmental Funds	General Fund	771 182	Short-term advances
		<u>\$ 2 425 479</u>	

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

B. Transfers To and From Other Funds

There were no transfers to and from other funds at August 31, 2024.

NOTE 6 - DUE TO/DUE FROM OTHER GOVERNMENTS

Due from other governments consisted of the following at August 31, 2024:

	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
Due from state - Days of instruction	\$ 6 740 019	\$ -	\$ 6 740 019
Due from state - Grant programs	-	394 673	394 673
Due from federal agencies	147 165	2 008 963	2 156 128
TOTAL	<u>\$ 6 887 184</u>	<u>\$ 2 403 636</u>	<u>\$ 9 290 820</u>

NOTE 7 - 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.

A. 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:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE	AMOUNTS DUE WITHIN ONE YEAR
Governmental Activities:					
General obligation bonds	\$ 93 740 000	\$ -	\$ (3 485 000)	\$ 90 255 000	\$ 3 620 000
Notes from direct borrowings and direct placements	3 830 000	-	(450 000)	3 380 000	460 000
TOTAL BONDS AND NOTES	97 570 000	-	(3 935 000)	93 635 000	4 080 000
Leases payable	456 263	177 312	(440 392)	193 183	129 317
Subscriptions payable	751 157	368 745	(324 045)	427 112	310 942
Unamortized bond premiums	5 643 060	-	(444 914)	5 198 146	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 104 420 480</u>	<u>\$ 546 057</u>	<u>\$ (5 144 351)</u>	<u>\$ 99 432 152</u>	<u>\$ 4 520 259</u>

B. Bonds and Notes Payable

The following is a summary of bonds payable currently outstanding at August 31, 2024:

	INTEREST RATES	MATURITY DATE	AMOUNT
Unlimited Tax Refunding Bonds, Series 2015	2.25% to 3.65%	2038	\$ 7 750 000
Unlimited Tax Refunding Bonds, Series 2016	2% to 4%	2039	7 195 000
Unlimited Tax Refunding Bonds, Series 2017	1.5% to 3.15%	2039	8 620 000
Unlimited Tax School Building & Refunding Bonds, Series 2018	3.125% to 5%	2043	34 840 000
Unlimited Tax School Building Bonds, Series 2020	2% to 5%	2045	23 010 000
Unlimited Tax School Building Bonds, Series 2022	2% to 5%	2045	8 840 000
TOTAL BONDS			<u>\$ 90 255 000</u>

LUFKIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
August 31, 2024

NOTE 7 - LONG-TERM OBLIGATIONS - CONTINUED

The District's outstanding notes payable at August 31, 2024 consisted of the following:

	INTEREST RATES	MATURITY DATE	AMOUNT
Maintenance Tax Notes, Series 2021	1% to 2%	2031	\$ <u>3 380 000</u>

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

YEAR ENDING AUGUST 31,	GOVERNMENTAL ACTIVITIES			
	BONDS		NOTES FROM DIRECT BORROWINGS AND DIRECT PLACEMENTS	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2025	\$ 3 620 000	\$ 2 997 301	\$ 460 000	\$ 43 100
2026	3 760 000	2 831 226	470 000	33 900
2027	3 900 000	2 658 756	480 000	24 500
2028	4 065 000	2 486 906	485 000	19 700
2029	4 295 000	2 317 556	490 000	14 850
2030-2034	23 780 000	9 306 082	995 000	14 950
2035-2039	26 860 000	5 345 542	-	-
2040-2044	17 595 000	1 708 814	-	-
2045-2046	2 380 000	70 405	-	-
TOTALS	\$ <u>90 255 000</u>	\$ <u>29 722 589</u>	\$ <u>3 380 000</u>	\$ <u>151 000</u>

NOTE 8 - LEASES

In prior years, the District entered into lease agreements with Wells Fargo and Dell Financial Services (Dell) for the acquisition and use of copiers and technology equipment, respectively. During fiscal year 2024, the District entered into a new four year lease agreement with Wells Fargo for the acquisition and use of copiers. An initial lease liability of \$3,471 was recorded for the new lease. The District is required to make monthly principal and interest payments for Wells Fargo and annual principal and interest payments for Dell. The right-to-use assets associated with these leases are amortized over the terms of the leases. Amortization is included with depreciation and details of the right-to-use assets are shown in the capital asset footnote.

The following is a summary of leases payable currently outstanding at August 31, 2024:

	INTEREST RATES	MATURITY DATE	AMOUNT
Wells Fargo - FY 23	2.96%	08/2026	\$ 1 787
Wells Fargo - FY 24		08/2028	10 253
Dell Financial Services - Micro towers	2.46%	11/2024	73 907
Dell Financial Services - Storage		08/2026	107 236
			\$ <u>193 183</u>

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

YEAR ENDING AUGUST 31,	PRINCIPAL	INTEREST	TOTAL
2025	\$ 129 317	\$ 8 114	\$ 137 432
2026	58 305	3 404	61 709
2027	2 662	369	3 031
2028	2 898	135	3 033
TOTALS	\$ <u>193 183</u>	\$ <u>12 022</u>	\$ <u>205 205</u>

NOTE 9 - SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

In prior years, the District entered into lease agreements with Wells Fargo and Dell Financial Services (Dell) for the acquisition and use of copiers and technology equipment, respectively. During fiscal year 2024, the District entered into a new four year lease agreement with Wells Fargo for the acquisition and use of copiers. An initial lease liability of \$3,471 was recorded for the new lease. The District is required to make monthly principal and interest payments for Wells Fargo and annual principal and interest payments for Dell. The right-to-use assets associated with these leases are amortized over the terms of the leases. Amortization is included with depreciation and details of the right-to-use assets are shown in the capital asset footnote.

The terms, rates, and ending balances for subscription liabilities at August 31, 2024 are as follows:

	INTEREST RATES	SUBSCRIPTION TERM	AMOUNT
Dell Financial Services	2.73% - 4.95%	36 months	\$ 99 935
Other IT vendors	0.32% - 3.33%	36 months	327 177
			\$ <u>427 112</u>

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

YEAR ENDING AUGUST 31,	PRINCIPAL	INTEREST	TOTAL
2025	\$ 310 942	\$ 15 611	\$ 326 553
2026	116 169	3 636	119 805
TOTALS	\$ <u>427 111</u>	\$ <u>19 247</u>	\$ <u>446 358</u>

LUFKIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
August 31, 2024

NOTE 10 - FUND BALANCE

At August 31, 2024, other assigned fund balance consists of \$295,000 for furniture for the middle school. The assigned fund balance of \$500,000 for turf at Abe Martin.

NOTE 11 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2024, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

The District is a member of the TASB Risk Management Fund (the Fund). 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 District participates in the Property, Liability, Auto, and Unemployment Compensation Programs.

For the Property, Liability, and Auto programs, the fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims. 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.

The Workers' Compensation program is authorized by Chapter 504 of the Texas Labor Code. The Fund provides statutory workers' compensation benefits to its members' injured employees. 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 \$2,000,000. The fund uses the services of an independent actuary to determine the reserve adequacy and fully funds those reserves. As of August 31, 2022, the Fund carries a discounted reserve of \$50,647,775 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 that the District has no additional liability beyond the contractual obligations for payments of contributions for all programs in which it participates.

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, 2022 are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance.

NOTE 12 - PENSION PLAN

Plan Description:

The District participates in a cost-sharing multiple-employer 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:

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; 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 (A) above.

LUFKIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
August 31, 2024

NOTE 12 - PENSION PLAN - CONTINUED

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

Contributions:

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 through 2025.

	CONTRIBUTION RATES	
	2023	2024
Member	8.00%	8.25%
Non-Employer Contributing Entity (State)	8.00%	8.25%
Employers	8.00%	8.25%
Employer Contributions		\$ 2 325 518
Member Contributions		\$ 4 945 818
NECE On-behalf Contributions		\$ 3 195 945

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

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

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

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

- All public schools, charter schools, and regional educational service centers must contribute 1.7% of the member's salary beginning in fiscal year 2022, 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, 2023 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2023
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term Expected Investment Rate of Return	7.00%
Last Year Ending August 31 in Projection Period	2121
Inflation	2.30%
Salary Increases	2.95% to 8.95%
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 August 31, 2023.

LUFKIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
August 31, 2024

NOTE 12 - PENSION PLAN - CONTINUED

Discount Rate:

The single discount rate used to measure the total pension liability was 7.00%. The single discount rate was based on the expected rate of return on pension plan investments of 7.00 percent and a municipal bond rate of 3.19 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after that date. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2023 are summarized below:

ASSET CLASS	TARGET** ALLOCATION	LONG-TERM EXPECTED GEOMETRIC REAL RATE OF RETURN***	EXPECTED CONTRIBUTION TO LONG-TERM PORTFOLIO RETURNS
Global Equity			
U.S.A.	18%	4.0%	1.0%
Non-U.S. Developed	13%	4.5%	0.9%
Emerging Markets	9%	4.8%	0.7%
Private Equity*	14%	7.0%	1.5%
Stable Value			
Government Bonds	16%	2.5%	0.5%
Absolute Return*	- %	3.6%	- %
Stable Value Hedge Funds	5%	4.1%	0.2%
Real Return			
Real Estate	15%	4.9%	1.1%
Energy, Natural Resources, and Infrastructure	6%	4.8%	0.4%
Commodities	- %	4.4%	- %
Risk Parity			
Risk Parity	8%	4.5%	0.4%
Asset Allocation Leverage			
Cash	2%	3.7%	- %
Asset Allocation Leverage	(6)%	4.4%	(0.1)%
Inflation Expectation			2.3%
Volatility Drag****			(0.9)%
Expected Return	<u>100%</u>		<u>8.0%</u>

* Absolute Return includes Credit Sensitive Investments.

** Target allocations are based on the FY2023 policy model.

*** Capital Market Assumptions come from Aon Hewitt (as of 06/30/2023).

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

Discount Rate Sensitivity Analysis:

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.00%) in measuring the Net Pension Liability.

	1% DECREASE IN DISCOUNT RATE (6.00%)	DISCOUNT RATE (7.00%)	1% INCREASE IN DISCOUNT RATE (8.00%)
District proportionate share of the net pension liability	\$ 53 475 049	\$ 35 767 939	\$ 21 044 467

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

At August 31, 2024, the District reported a liability of \$35,767,939 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 35 767 939
State's proportionate share of the net pension liability associated with the District	41 708 245
TOTAL	<u>\$ 77 476 184</u>

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

At August 31, 2023 the District's proportion of the collective net pension liability was 0.0521%, an increase of 0.0023% from August 31, 2022.

LUFKIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
August 31, 2024

NOTE 12 - PENSION PLAN - CONTINUED

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

The total pension liability as of August 31, 2023 was developed using a roll-forward method from the August 31, 2022 valuation.

Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2023.

Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.

The discount rate changed to 7.00 percent as of August 31, 2024.

The long term assumed rate of return changed to 7.00 percent.

The change in the single discount rate was the primary reason for the change in the net pension liability.

For the year ended August 31, 2024, the District recognized pension expense of \$6,448,575 and revenue of \$6,448,575 for support provided by the State.

At August 31, 2024, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources: (The amounts shown below will be the cumulative layers from the current and prior years combined.)

	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Differences between expected and actual economic experience	\$ 1 274 424	\$ 433 111
Changes in actuarial assumptions	3 382 946	827 884
Difference between projected and actual investment earnings	11 176 400	5 971 296
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	3 110 513	-
Contributions paid to TRS subsequent to the measurement date	2 325 518	-
TOTAL	\$ 21 269 801	\$ 7 232 291

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

YEAR ENDED AUGUST 31,		PENSION EXPENSE AMOUNT
2024	\$	2 682 799
2025	\$	1 929 004
2026	\$	5 044 340
2027	\$	1 800 758
2028	\$	255 091
Thereafter	\$	-

NOTE 13 - 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 Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

OPEB Plan Fiduciary Net Position

Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, Texas 78701-2698; or by calling 512.542.6592.

Benefits Provided

TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

LUFKIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
August 31, 2024

NOTE 13 - DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - CONTINUED

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. 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. There are no automatic post-employment benefit changes; including automatic COLAs.

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for a retiree with and without Medicare coverage.

TRS-Care Monthly for Retirees			
January 1, 2023 - December 31, 2023			
	Medicare	Non-Medicare	
Retiree*	\$ 135	\$ 200	
Retiree and Spouse	529	689	
Retiree* and Children	468	408	
Retiree and Family	1 020	999	

* or surviving spouse

Contributions

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

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

	<u>Contribution Rates</u>	
	<u>2023</u>	<u>2024</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
Employer Contributions		\$ 561 634
Member Contributions		\$ 389 668
NECE On-behalf Contributions		\$ 759 721

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

Actuarial Assumptions

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

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

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:

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

The active mortality rates were based on 90% of the RP-2014 Employee Mortality Tables for males and females. The post-retirement mortality rates for healthy lives were based on the 2018 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-2018.

LUFKIN INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 August 31, 2024

NOTE 13 - DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - CONTINUED

Actuarial Methods and Assumptions:

Valuation Date	August 31, 2022 rolled forward to August 31, 2023
Methods and Assumptions:	
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	4.13% as of August 31, 2023
Demographic Assumptions	Based on the experience study performed for the Teachers Retirement System of Texas of the period ending August 31, 2017.
Mortality Assumption	The active mortality rates were based on 90% of the RP-2014 Employee Mortality Tables for males and females, with full generational mortality using Scale BB. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection, the ultimate improvement rates from the most recently published projection scale ("U-MP").
Healthcare Trend Rates	Initial medical trend rates of 107.74% and 9.00% for Medicare retirees and initial medical trend rate of 7.3% for non-Medicare retirees. Initial prescription drug trend rate of 9.0% for all retirees. Initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 13 years. Normal Retirement: 70% participation prior to age 65 and 75% participation after age 65
Election Rates	Based on plan specific experience.
Aging Factors	Third party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Expenses	

Discount Rate

A single discount rate of 4.13% was used to measure the total OPEB liability. There was an increase of 0.22% in the discount rate since the previous year. Since the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to *not be able to* make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

The source of the municipal bond 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."

Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (3.13%)	Current Single Discount Rate (4.13%)	1% Increase in Discount Rate (5.13%)
District's proportionate share of the net OPEB liability	\$ 18 924 641	\$ 16 067 901	\$ 13 736 733

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 \$16,067,901 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provide 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	\$ 16 067 901
State's proportionate share that is associated with District	19 388 392
TOTAL	\$ 35 456 293

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

At August 31, 2023, the employer's proportion of the collective Net OPEB Liability was 0.0726% which increased 0.0028% from the 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 1% less than and 1% greater than the assumed 4.25% rate is used.

	1% Decrease in Healthcare Trend Rate (3.25%)	Current Single Healthcare Trend Rate (4.25%)	1% Increase in Healthcare Trend Rate (5.25%)
District's proportionate share of the net OPEB liability	\$ 13 231 112	\$ 16 067 901	\$ 19 717 439

LUFKIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
August 31, 2024

NOTE 13 - DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - CONTINUED

Changes Since the Prior Actuarial Valuation - There were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period. The discount rate was 4.13% as of August 31, 2023.

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

For the year ended August 31, 2024, the District recognized OPEB expense (benefit) of \$4,144,829 and revenue of \$4,144,829 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 726 951	\$ 13 518 095
Changes in actuarial assumptions	2 193 151	9 838 802
Difference between projected and actual investment earnings	36 541	29 599
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	4 485 501	-
Contributions paid to TRS subsequent to the measurement date	561 634	-
TOTAL	\$ 8 003 778	\$ 23 386 496

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:

YEAR ENDED AUGUST 31,	OPEB EXPENSE AMOUNT
2024	\$ (3 723 762)
2025	\$ (2 986 805)
2026	\$ (1 989 082)
2027	\$ (2 493 163)
2028	\$ (2 064 460)
Thereafter	\$ (2 687 080)

NOTE 14 - 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 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 payments received by TRS-Care on behalf of the District were \$334,012.

NOTE 15 - 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 is a member of TRS-ActiveCare, a statewide health insurance coverage plan for public school employees. It was established by Chapter 1579, "Texas School Employees Uniform health Coverage Act", of the Texas Insurance Code. Employees can choose from PPO plans administered by Blue Cross and Blue Shield of Texas and CVS Caremark.

The District paid premiums of \$300 per month per employee. 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.

NOTE 16 - COMMITMENTS AND CONTINGENCIES

Contingencies - Grants

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 collectability 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

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the District's opinion that the resolution of these matters will not have a material adverse effect on the financial condition of the District.

LUFKIN INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 August 31, 2024

NOTE 16 - COMMITMENTS AND CONTINGENCIES - CONTINUED

Commitments

At August 31, 2024, the District has remaining commitments for projects as follows:

VENDOR	PROJECT	AMOUNT
Berry & Clay, Inc.	Lufkin Middle School	\$ 1 844 397

NOTE 17 - SHARED SERVICES ARRANGEMENTS

Shared Services Arrangement - Fiscal Agent

The District is the fiscal agent for a Shared Services Arrangement ("SSA") which provides a Regional Day School program for the Deaf to the member districts listed below. All services are provided by the fiscal agent. The funding for the SSA comes directly to the fiscal agent from federal and state grants. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in a special revenue fund and will be account for using Model 2 in the SSA section of the Resource Guide. Expenditures of the SSA are summarized below:

MEMBER DISTRICTS	EXPENDITURES
Lufkin ISD	\$ 268 625
Central ISD	51 675
Zavalla ISD	6 850
Hudson ISD	21 500
Diboll ISD	2 000
Corrigan-Camden ISD	7 360
Groveton ISD	7 360
Crockett ISD	7 360
West Sabine ISD	8 110
Broaddus ISD	35 160
San Augustine ISD	13 900
Huntington ISD	7 850
Apple Springs ISD	3 475
Leggett ISD	10 425
Grapeland ISD	6 460
Latexo ISD	10 425
Woodville ISD	3 475
Centerville ISD	1 000
TOTAL	\$ 473 010

Shared Services Arrangement - Membership

The District participates in a shared services arrangement ("SSA") for an alternative school for at-risk students.

The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Hudson ISD, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA.

NOTE 18 - RELATED PARTIES

During fiscal year 2024, the District paid \$113,353 for architect fees to a vendor owned by family members of a board member. The board member's term expired in May 2024.

REQUIRED SUPPLEMENTARY INFORMATION

LUFKIN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND - BUDGETARY COMPARISON
For the Year Ended August 31, 2024

EXHIBIT G-1

DATA CONTROL CODES		ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	Revenues:				
5700	Local and intermediate sources	\$ 27 660 427	\$ 27 660 427	\$ 25 553 262	\$ (2 107 165)
5800	State program revenues	50 149 193	50 435 084	55 076 438	4 641 354
5900	Federal program revenue	1 319 000	1 319 000	1 326 054	7 054
5020	TOTAL REVENUES	<u>79 128 620</u>	<u>79 414 511</u>	<u>81 955 754</u>	<u>2 541 243</u>
	Expenditures:				
0011	Instruction	42 533 406	42 909 248	40 060 290	2 848 958
0012	Instructional resources and media services	784 389	776 535	726 619	49 916
0013	Curriculum and staff development	2 228 287	2 199 910	1 998 418	201 492
0021	Instructional leadership	1 973 353	2 018 925	1 927 984	90 941
0023	School leadership	5 615 477	5 671 019	4 738 625	932 394
0031	Guidance, counseling and evaluation services	3 261 696	3 359 357	3 021 252	338 105
0032	Social work services	-	95 000	90 988	4 012
0033	Health services	1 163 513	1 167 602	993 070	174 532
0034	Student (pupil) transportation	3 290 613	3 433 273	2 766 252	667 021
0036	Cocurricular/extracurricular activities	2 103 885	2 145 841	2 175 381	(29 540)
0041	General administration	4 277 582	4 437 329	4 135 655	301 674
0051	Plant maintenance and operations	9 157 036	9 681 988	9 534 620	147 368
0052	Security and monitoring services	1 978 238	2 072 695	2 001 813	70 882
0053	Data processing services	2 483 810	2 717 477	2 283 224	434 253
0061	Community services	2 900	3 400	3 233	167
0071	Debt service	1 342 777	1 669 386	1 611 382	58 004
0081	Facilities acquisition and construction	-	2 439 287	2 303 465	135 822
0093	Payments to fiscal agent/member dist - SSA	319 902	322 770	322 770	-
6030	TOTAL EXPENDITURES	<u>82 516 864</u>	<u>87 121 042</u>	<u>80 695 041</u>	<u>6 426 001</u>
1100	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3 388 244)</u>	<u>(7 706 531)</u>	<u>1 260 713</u>	<u>8 967 244</u>
	Other Financing Sources (Uses):				
7941	SBITA Proceeds	-	-	368 745	368 745
7915	Transfer in	-	-	2 134	2 134
8911	Transfer out	-	-	(37 970)	(37 970)
7080	TOTAL FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>332 909</u>	<u>332 909</u>
1200	NET CHANGE IN FUND BALANCES	<u>(3 388 244)</u>	<u>(7 706 531)</u>	<u>1 593 622</u>	<u>9 300 153</u>
0100	Fund balance - Beginning	<u>22 786 441</u>	<u>22 786 441</u>	<u>22 786 441</u>	<u>-</u>
3000	FUND BALANCE - ENDING	<u>\$ 19 398 197</u>	<u>\$ 15 079 910</u>	<u>\$ 24 380 063</u>	<u>\$ 9 300 153</u>

See independent auditor's report.

LUFKIN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

EXHIBIT G-2

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.0520713%	0.4979623%	0.0435167%	0.0434719%	0.0408041%	0.0405775%	0.0398562%	0.0397559%	0.0409687%	0.0263074%
District's proportionate share of the net pension liability (asset)	\$ 35 767 939	\$ 29 562 742	\$ 11 082 164	\$ 23 282 683	\$ 21 211 281	\$ 22 334 885	\$ 12 743 869	\$ 15 023 180	\$ 14 481 890	\$ 7 027 070
State's proportionate share of the net pension liability (asset) associated with the District	<u>41 708 245</u>	<u>42 094 935</u>	<u>20 191 201</u>	<u>42 241 592</u>	<u>36 851 015</u>	<u>40 654 051</u>	<u>24 122 414</u>	<u>28 891 803</u>	<u>28 512 444</u>	<u>26 024 935</u>
TOTAL	\$ <u>77 476 184</u>	\$ <u>71 657 677</u>	\$ <u>31 273 365</u>	\$ <u>65 524 275</u>	\$ <u>58 062 296</u>	\$ <u>62 988 936</u>	\$ <u>36 866 283</u>	\$ <u>43 914 983</u>	\$ <u>42 994 334</u>	\$ <u>33 052 005</u>
District's covered-employee payroll	\$ 61 753 150	\$ 61 794 104	\$ 58 884 854	\$ 57 405 227	\$ 51 349 869	\$ 50 277 113	\$ 48 259 514	\$ 47 407 377	\$ 46 514 382	\$ 45 682 704
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	57.92%	47.84%	18.82%	40.56%	41.31%	44.42%	26.41%	31.69%	31.13%	15.38%
Plan fiduciary net position as a percentage of the total pension liability	73.15%	75.62%	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

See independent auditor's report.

LUFKIN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

EXHIBIT G-3

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 2 325 518	\$ 2 593 782	\$ 2 295 850	\$ 1 834 706	\$ 1 793 812	\$ 1 427 961	\$ 1 366 667	\$ 1 306 254	\$ 1 263 147	\$ 1 213 100
Contributions in relation to the contractually required contribution	<u>(2 325 518)</u>	<u>(2 593 782)</u>	<u>(2 295 850)</u>	<u>(1 834 706)</u>	<u>(1 793 812)</u>	<u>(1 427 961)</u>	<u>(1 366 667)</u>	<u>(1 306 254)</u>	<u>(1 263 147)</u>	<u>(1 213 100)</u>
CONTRIBUTION DEFICIENCY (EXCESS)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 59 971 555	\$ 61 753 150	\$ 61 794 104	\$ 58 884 854	\$ 57 405 277	\$ 51 349 869	\$ 50 277 113	\$ 48 259 514	\$ 47 407 377	\$ 46 514 382
Contributions as a percentage of covered-employee payroll	3.88%	4.20%	3.72%	3.12%	3.12%	2.78%	2.72%	2.71%	2.66%	2.61%

See independent auditor's report.

LUFKIN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF OPEB LIABILITY
AND DISTRICT'S OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM
LAST TEN FISCAL YEARS*

EXHIBIT G-4

<u>District's Proportionate Share of Liability</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the OPEBL	0.0726%	0.0698%	0.0657%	0.0656%	0.0642%	0.0640%	0.0610%
District's proportionate share of the OPEBL	\$ 16 067 901	\$ 16 711 119	\$ 25 355 809	\$ 24 946 633	\$ 30 338 758	\$ 31 957 051	\$ 26 543 032
State share of the OPEBL associated with the District	19 388 392	20 385 037	33 971 133	33 522 295	40 313 424	41 377 775	36 672 199
TOTAL	\$ 35 456 293	\$ 37 096 156	\$ 59 326 942	\$ 58 468 928	\$ 70 652 182	\$ 73 334 826	\$ 63 215 231
District's covered-employee payroll* <i>Prior FY TRS Gross - September through August</i>	\$ 61 753 150	\$ 61 794 104	\$ 58 884 854	\$ 57 405 227	\$ 51 349 869	\$ 50 277 113	\$ 48 259 514
Proportionate share/covered payroll	26.02%	27.04%	43.06%	43.46%	59.08%	63.56%	55.00%
Plan fiduciary net position/total OPEB liability	14.94%	11.52%	6.18%	4.99%	2.66%	1.57%	0.91%
<u>District Contributions</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 561 634	\$ 611 896	\$ 570 545	\$ 507 632	\$ 498 786	\$ 455 417	\$ 441 421
Contributions to required contribution	(561 634)	(611 896)	(570 545)	(507 632)	(498 786)	(455 417)	(441 421)
CONTRIBUTION DEFICIENCY (EXCESS)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Current fiscal year TRS gross	\$ 59 971 555	\$ 61 753 150	\$ 61 794 104	\$ 58 884 854	\$ 57 405 277	\$ 51 349 869	\$ 50 277 113
Contributions to covered payroll	0.94%	0.99%	0.92%	0.86%	0.87%	0.89%	0.88%

Information provided by the Teacher Retirement System of Texas.

* This schedule is illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

LUFKIN INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended August 31, 2024

Budget

The official budget was prepared for adoption for the general fund in accordance with accounting principles 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 increased at the fund level only by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. 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.

Defined Benefit Pension and OPEB Plans

Changes of benefit terms - Pension and OPEB Plans

There were no changes of benefit terms during the measurement period.

Changes of assumptions and other inputs - Pension Plan

The actuarial assumptions and methods have been modified since the determination of the prior year's net pension liabilities. These new assumptions were adopted in conjunction with an actuarial experience study.

Changes of assumptions and other inputs - OPEB Plan

The discount rate changed from 3.91% as of August 31, 2023 to 4.13% as of August 31, 2024.

COMBINING STATEMENTS AND BUDGET COMPARISONS
AS SUPPLEMENTARY INFORMATION

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

EXHIBIT H-1

DATA CONTROL CODES		SPECIAL REVENUE FUNDS	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS (SEE EXHIBIT C-1)
	ASSETS				
1110	Cash and cash equivalents	\$ 1 836 218	\$ 1 170 428	\$ -	\$ 3 006 646
1225	Taxes receivable, net	-	394 983	-	394 983
1240	Due from other governments	2 400 852	2 784	-	2 403 636
1260	Due from other funds	771 182	-	-	771 182
1290	Other receivables	33 636	-	-	33 636
1300	Inventories	130 720	-	-	130 720
1000	TOTAL ASSETS	<u>\$ 5 172 608</u>	<u>\$ 1 568 195</u>	<u>\$ -</u>	<u>\$ 6 740 803</u>
	LIABILITIES				
2110	Accounts payable	\$ 318 681	\$ 3 616	\$ -	\$ 322 297
2150	Other payable	(100)	-	-	(100)
2160	Accrued wages payable	318 190	-	-	318 190
2170	Due to other funds	1 424 704	-	-	1 424 704
2300	Due to state	5 386	-	-	5 386
2000	TOTAL LIABILITIES	<u>2 066 861</u>	<u>3 616</u>	<u>-</u>	<u>2 070 477</u>
	DEFERRED INFLOWS				
	Unavailable property tax revenue	-	394 983	-	394 983
2300	TOTAL DEFERRED INFLOWS	<u>-</u>	<u>394 983</u>	<u>-</u>	<u>394 983</u>
	FUND BALANCES				
	Nonspendable Fund Balances:				
3410	Inventories	130 720	-	-	130 720
	Restricted Fund Balances:				
3450	Food service	2 314 645	-	-	2 314 645
3420	Debt service	-	1 169 596	-	1 169 596
3490	Other restrictions of fund balance	660 382	-	-	660 382
3000	TOTAL FUND BALANCES	<u>3 105 747</u>	<u>1 169 596</u>	<u>-</u>	<u>4 275 343</u>
4000	TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 5 172 608</u>	<u>\$ 1 568 195</u>	<u>\$ -</u>	<u>\$ 6 740 803</u>

See independent auditor's report.

LUFKIN INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 August 31, 2024

EXHIBIT H-2

DATA CONTROL CODES		SPECIAL REVENUE FUNDS	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS (SEE EXHIBIT C-1)
	Revenues:				
5700	Local and intermediate sources	\$ 907 190	\$ 5 476 448	\$ 105 703	\$ 6 489 341
5800	State program revenues	1 913 066	919 794	-	2 832 860
5900	Federal program revenues	15 807 466	-	-	15 807 466
5020	TOTAL REVENUES	<u>18 627 722</u>	<u>6 396 242</u>	<u>105 703</u>	<u>25 129 667</u>
	Expenditures:				
0011	Instruction	6 770 090	-	-	6 770 090
0012	Instructional resources and media services	43 643	-	-	43 643
0013	Curriculum and staff development	1 221 632	-	-	1 221 632
0021	Instructional leadership	1 369 741	-	-	1 369 741
0023	School leadership	1 547 666	-	-	1 547 666
0031	Guidance, counseling, and evaluation services	396 637	-	-	396 637
0032	Social work services	78 457	-	-	78 457
0033	Health services	48 207	-	-	48 207
0035	Food service	5 805 689	-	-	5 805 689
0036	Cocurricular/extracurricular activities	136 194	-	-	136 194
0041	General administration	12 328	-	-	12 328
0051	Facilities maintenance and operations	587 113	-	-	587 113
0052	Security and monitoring services	36 216	-	-	36 216
0061	Community services	173 062	-	-	173 062
0071	Debt service	1 998	6 646 694	-	6 648 692
0081	Facilities acquisition and construction	905 337	-	4 007 575	4 912 912
6030	TOTAL EXPENDITURES	<u>19 134 010</u>	<u>6 646 694</u>	<u>4 007 575</u>	<u>29 788 279</u>
1100	EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(506 288)</u>	<u>(250 452)</u>	<u>(3 901 872)</u>	<u>(4 658 612)</u>
	Other Financing Sources:				
7915	Transfer in	37 970	-	-	37 970
7080	TOTAL OTHER FINANCING SOURCES	<u>37 970</u>	<u>-</u>	<u>-</u>	<u>37 970</u>
1200	NET CHANGE IN FUND BALANCES	(468 318)	(250 452)	(3 901 872)	(4 620 642)
0100	Fund balances - Beginning	3 574 065	1 420 048	3 901 872	8 895 985
3000	FUND BALANCES - ENDING	<u>\$ 3 105 747</u>	<u>\$ 1 169 596</u>	<u>\$ -</u>	<u>\$ 4 275 343</u>

See independent auditor's report.

LUFKIN INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 August 31, 2024

DATA CONTROL CODES		211	217	219	224	225
		ESEA TITLE I GRANT	ESEA TITLE I IMPROV.	TITLE I PART D	IDEA - PART B FORMULA GRANT	IDEA - PART B PRESCHOOL GRANT
	ASSETS					
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
1240	Due from other governments	256 627	10 365	4 746	159 839	460
1260	Due from other funds	-	-	-	-	-
1290	Other receivables, net	-	-	-	-	-
1300	Inventories	-	-	-	-	-
1000	TOTAL ASSETS	<u>\$ 256 627</u>	<u>\$ 10 365</u>	<u>\$ 4 746</u>	<u>\$ 159 839</u>	<u>\$ 460</u>
	LIABILITIES					
2110	Accounts payable	\$ 27 102	\$ -	\$ 264	\$ 15 519	\$ -
2150	Other payable	-	-	-	-	-
2160	Accrued wages payable	142 681	-	-	108 393	-
2170	Due to other funds	86 844	10 365	4 482	35 927	460
2300	Unearned revenue	-	-	-	-	-
2000	TOTAL LIABILITIES	<u>256 627</u>	<u>10 365</u>	<u>4 746</u>	<u>159 839</u>	<u>460</u>
	FUND BALANCES					
	Nonspendable Fund Balances:					
3410	Inventories	-	-	-	-	-
	Restricted Fund Balances:					
3450	Restricted for food service	-	-	-	-	-
3490	Other restricted fund balance	-	-	-	-	-
3000	TOTAL FUND BALANCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 256 627</u>	<u>\$ 10 365</u>	<u>\$ 4 746</u>	<u>\$ 159 839</u>	<u>\$ 460</u>

See independent auditor's report.

EXHIBIT H-3
PAGE 1 OF 3

226	240	242	244	255	263	265	270
IDEA B DISCR.	CHILD NUTRITION	SUMMER FEEDING PROGRAM	VOCATIONAL EDUCATION BASIC GRANT	TITLE II PART A TRAINING GRANT	TITLE III PART A LEP	TITLE IV, PART B 21 ST CENTURY COMMUNITY LC	RURAL AND LOW INCOME SCHOOLS
\$ -	\$ 1 772 925	\$ 63 293	\$ -	\$ -	\$ -	\$ -	\$ -
-	555 110	5 999	8 050	312 788	12 133	149 723	11 317
-	129 443	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	130 720	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 2 588 198</u>	<u>\$ 69 292</u>	<u>\$ 8 050</u>	<u>\$ 312 788</u>	<u>\$ 12 133</u>	<u>\$ 149 723</u>	<u>\$ 11 317</u>
\$ -	\$ 75 717	\$ -	\$ -	\$ 6 083	\$ 1 162	\$ 6 978	\$ 2 302
-	-	-	-	-	-	-	-
-	67 116	-	-	-	-	-	-
-	-	69 292	8 050	306 705	10 971	142 745	9 015
-	-	-	-	-	-	-	-
<u>-</u>	<u>142 833</u>	<u>69 292</u>	<u>8 050</u>	<u>312 788</u>	<u>12 133</u>	<u>149 723</u>	<u>-</u>
-	130 720	-	-	-	-	-	-
-	2 314 645	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>2 445 365</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 2 588 198</u>	<u>\$ 69 292</u>	<u>\$ 8 050</u>	<u>\$ 312 788</u>	<u>\$ 12 133</u>	<u>\$ 149 723</u>	<u>\$ 11 317</u>

LUFKIN INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS - CONTINUED
 August 31, 2024

DATA CONTROL CODES		274	279	282	284	287
		GEAR UP	TCLASS ESSER III	ESSER III ARP	IDEA B FORMULA ARP	STRONGER CONNECT GRANT
	ASSETS					
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
1240	Due from other governments	474 783	8 457	-	-	8 879
1260	Due from other funds	-	-	239	-	-
1290	Other receivables, net	1 800	-	-	-	-
1300	Inventories	-	-	-	-	-
1000	TOTAL ASSETS	<u>\$ 476 583</u>	<u>\$ 8 457</u>	<u>\$ 239</u>	<u>\$ -</u>	<u>\$ 8 879</u>
	LIABILITIES					
2110	Accounts payable	\$ 29 864	\$ -	\$ 239	\$ -	\$ 750
2150	Other payable	(100)	-	-	-	-
2160	Accrued wages payable	-	-	-	-	-
2170	Due to other funds	446 464	8 457	-	-	8 129
2300	Unearned revenue	355	-	-	-	-
2000	TOTAL LIABILITIES	<u>476 583</u>	<u>8 457</u>	<u>239</u>	<u>-</u>	<u>8 879</u>
	FUND BALANCES					
	Nonspendable Fund Balances:					
3410	Inventories	-	-	-	-	-
	Restricted Fund Balances:					
3450	Restricted for food service	-	-	-	-	-
3490	Other restricted fund balance	-	-	-	-	-
3000	TOTAL FUND BALANCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 476 583</u>	<u>\$ 8 457</u>	<u>\$ 239</u>	<u>\$ -</u>	<u>\$ 8 879</u>

See independent auditor's report.

288	289	315	410	427	428	429	435
TITLE IV PART A	TITLE VI PART A SUMMER SCHOOL	SSA IDEA-B DISCRE- TIONARY	TEXTBOOK FUND	READ TO SUCCEED	DYSLEXIA GRANT	OTHER STATE	SSA REGIONAL DAY SCHOOL FOR DEAF
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22 306	-	7 381	203 266	-	1 230	158 275	29 118
-	2 300	-	-	2 800	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 22 306</u>	<u>\$ 2 300</u>	<u>\$ 7 381</u>	<u>\$ 203 266</u>	<u>\$ 2 800</u>	<u>\$ 1 230</u>	<u>\$ 158 275</u>	<u>\$ 29 118</u>
\$ 687	\$ 69	\$ 445	\$ 141 469	\$ -	\$ -	\$ -	\$ 2 177
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
21 619	-	6 936	61 797	-	1 230	158 275	26 941
-	2 231	-	-	2 800	-	-	-
<u>22 306</u>	<u>2 300</u>	<u>7 381</u>	<u>203 266</u>	<u>2 800</u>	<u>1 230</u>	<u>158 275</u>	<u>29 118</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 22 306</u>	<u>\$ 2 300</u>	<u>\$ 7 381</u>	<u>\$ 203 266</u>	<u>\$ 2 800</u>	<u>\$ 1 230</u>	<u>\$ 158 275</u>	<u>\$ 29 118</u>

LUFKIN INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS - CONTINUED
 August 31, 2024

EXHIBIT H-3
 PAGE 3 OF 3

DATA CONTROL CODES		461 CAMPUS ACTIVITY FUNDS	499 OTHER LOCAL SPECIAL REVENUE	TOTAL NONMAJOR SPECIAL REVENUE FUNDS (SEE EXHIBIT H-1)
	ASSETS			
1110	Cash and cash equivalents	\$ -	\$ -	\$ 1 836 218
1240	Due from other governments	-	-	2 400 852
1260	Due from other funds	216 466	419 934	771 182
1290	Other receivables, net	24 404	7 432	33 636
1300	Inventories	-	-	130 720
1000	TOTAL ASSETS	\$ 240 870	\$ 427 366	\$ 5 172 608
	LIABILITIES			
2110	Accounts payable	\$ 1 335	\$ 6 519	\$ 318 681
2150	Other payable	-	-	(100)
2160	Accrued wages payable	-	-	318 190
2170	Due to other funds	-	-	1 424 704
2300	Unearned revenue	-	-	5 386
2000	TOTAL LIABILITIES	1 335	6 519	2 066 861
	FUND BALANCES			
	Nonspendable Fund Balances:			
3410	Inventories	-	-	130 720
	Restricted Fund Balances:			
3450	Restricted for food service	-	-	2 314 645
3490	Other restricted fund balance	239 535	420 847	660 382
3000	TOTAL FUND BALANCES	239 535	420 847	3 105 747
4000	TOTAL LIABILITIES AND FUND BALANCES	\$ 240 870	\$ 427 366	\$ 5 172 608

See independent auditor's report.

LUFKIN INDEPENDENT SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS
 For the Year Ended August 31, 2024

DATA CONTROL CODES	211	217	219	224	225
	ESEA TITLE I GRANT	ESEA TITLE I IMPROV.	TITLE I PART D	IDEA - PART B FORMULA GRANT	IDEA - PART B PRESCHOOL GRANT
Revenues:					
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	3 401 383	62 437	35 584	1 357 828
5020	TOTAL REVENUES	<u>3 401 383</u>	<u>62 437</u>	<u>35 584</u>	<u>1 357 828</u>
Expenditures:					
0011	Instruction	990 258	22 205	35 584	1 320 226
0012	Instructional resources and media services	-	-	-	-
0013	Curriculum and staff development	1 054 743	38 248	-	-
0021	Instructional leadership	75 647	-	-	28 872
0023	School leadership	855 678	1 984	-	675
0031	Guidance, counseling, and evaluation services	313 832	-	-	6 622
0032	Social work services	78 457	-	-	-
0033	Health services	-	-	-	-
0035	Food services	-	-	-	-
0036	Curricular/extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring	-	-	-	-
0061	Community services	32 768	-	-	-
0071	Principal on long-term debt	-	-	-	1 433
0081	Facilities acquisition and construction	-	-	-	-
6030	TOTAL EXPENDITURES	<u>3 401 383</u>	<u>62 437</u>	<u>35 584</u>	<u>1 357 828</u>
4400	EXCESS REVENUE OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources:					
8911	Transfer out	-	-	-	-
7080	TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	NET CHANGE IN FUND BALANCE	-	-	-	-
0100	Fund balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report.

EXHIBIT H-4
PAGE 1 OF 3

226	240	242	244	255	263	265	270
IDEA B DISCR.	CHILD NUTRITION	SUMMER FEEDING PROGRAM	VOCATIONAL EDUCATION BASIC GRANT	TITLE II PART A TRAINING GRANT	TITLE III PART A LEP	TITLE IV, PART B 21 ST CENTURY COMMUNITY LC	RURAL AND LOW INCOME SCHOOLS
\$ -	\$ 311 787	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	173 295	-	-	-	-	-	-
179 304	5 729 581	74 489	140 125	451 393	146 742	1 356 442	294 962
<u>179 304</u>	<u>6 214 663</u>	<u>74 489</u>	<u>140 125</u>	<u>451 393</u>	<u>146 742</u>	<u>1 356 442</u>	<u>294 962</u>
179 304	-	-	140 125	359 249	144 534	497 511	255 360
-	-	-	-	-	-	-	-
-	-	-	-	5 138	-	-	15 730
-	-	-	-	87 006	195	213 035	23 872
-	-	-	-	-	-	644 303	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	5 731 199	74 490	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	2 013	1 593	-
-	-	-	-	-	-	-	-
-	905 337	-	-	-	-	-	-
<u>179 304</u>	<u>6 636 536</u>	<u>74 490</u>	<u>140 125</u>	<u>451 393</u>	<u>146 742</u>	<u>1 356 442</u>	<u>294 962</u>
-	(421 873)	(1)	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	(421 873)	(1)	-	-	-	-	-
-	2 867 238	1	-	-	-	-	-
<u>\$ -</u>	<u>\$ 2 445 365</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LUFKIN INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS - CONTINUED
 For the Year Ended August 31, 2024

DATA CONTROL CODES	274	279	282	284	287
DATA CONTROL CODES	GEAR UP	TCLASS ESSER III	ESSER III ARP	IDEA B FORMULA ARP	STRONGER CONNECT GRANT
Revenues:					
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	1 607 494	122 263	65 289	28 840
5020	TOTAL REVENUES	<u>1 607 494</u>	<u>122 263</u>	<u>65 289</u>	<u>28 840</u>
Expenditures:					
0011	Instruction	917 991	51 946	(268)	355 085
0012	Instructional resources and media services	-	-	-	-
0013	Curriculum and staff development	63 626	-	-	408
0021	Instructional leadership	612 554	70 317	-	28 432
0023	School leadership	2 760	-	-	-
0031	Guidance, counseling, and evaluation services	4 248	-	-	-
0032	Social work services	-	-	-	-
0033	Health services	-	-	48 207	-
0035	Food services	-	-	-	-
0036	Curricular/extracurricular activities	5 897	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	17 350	-
0052	Security and monitoring	-	-	-	-
0061	Community services	-	-	-	-
0071	Principal on long-term debt	418	-	-	-
0081	Facilities acquisition and construction	-	-	-	-
6030	TOTAL EXPENDITURES	<u>1 607 494</u>	<u>122 263</u>	<u>65 289</u>	<u>355 085</u>
1100	EXCESS REVENUE OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources:					
8911	Transfer out	-	-	-	-
7080	TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	NET CHANGE IN FUND BALANCE	-	-	-	-
0100	Fund balances - Beginning	-	-	-	-
3000	FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report.

288	289	315	410	427	428	429	435
TITLE IV PART A	TITLE VI PART A SUMMER SCHOOL	SSA IDEA-B DISCRE- TIONARY	TEXTBOOK FUND	READ TO SUCCEED	DYSLEXIA GRANT	OTHER STATE	SSA REGIONAL DAY SCHOOL FOR DEAF
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	805 424	1 860	23 429	610 979	298 079
<u>271 852</u>	<u>60 147</u>	<u>56 307</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>271 852</u>	<u>60 147</u>	<u>56 307</u>	<u>805 424</u>	<u>1 860</u>	<u>23 429</u>	<u>610 979</u>	<u>298 079</u>
48 977	4 134	56 307	805 424	1 860	-	-	274 420
-	-	-	-	-	-	-	-
15 310	-	-	-	-	23 429	5 000	-
205 345	-	-	-	-	-	-	23 659
2 220	6 013	-	-	-	-	-	-
-	50 000	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	569 763	-
-	-	-	-	-	-	36 216	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>271 852</u>	<u>60 147</u>	<u>56 307</u>	<u>805 424</u>	<u>1 860</u>	<u>23 429</u>	<u>610 979</u>	<u>298 079</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LUFKIN INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS - CONTINUED
 For the Year Ended August 31, 2024

EXHIBIT H-4
 PAGE 3 OF 3

DATA CONTROL CODES		461 CAMPUS ACTIVITY FUNDS	499 OTHER LOCAL SPECIAL REVENUE	TOTAL NONMAJOR SPECIAL REVENUE FUNDS (SEE EXHIBIT H-2)
	Revenues:			
5700	Local and intermediate sources	\$ 265 534	\$ 329 869	\$ 907 190
5800	State program revenues	-	-	1 913 066
5900	Federal program revenues	-	-	15 807 466
5020	TOTAL REVENUES	<u>265 534</u>	<u>329 869</u>	<u>18 627 722</u>
	Expenditures:			
0011	Instruction	150 437	149 502	6 770 090
0012	Instructional resources and media services	43 643	-	43 643
0013	Curriculum and staff development	-	-	1 221 632
0021	Instructional leadership	807	-	1 369 741
0023	School leadership	34 033	-	1 547 666
0031	Guidance, counseling, and evaluation services	-	21 935	396 637
0032	Social work services	-	-	78 457
0033	Health services	-	-	48 207
0035	Food services	-	-	5 805 689
0036	Curricular/extracurricular activities	22 283	108 014	136 194
0041	General administration	1 564	10 764	12 328
0051	Facilities maintenance and operations	-	-	587 113
0052	Security and monitoring	-	-	36 216
0061	Community services	2 762	133 926	173 062
0071	Principal on long-term debt	147	-	1 998
0081	Facilities acquisition and construction	-	-	905 337
6030	TOTAL EXPENDITURES	<u>255 676</u>	<u>424 141</u>	<u>19 134 010</u>
1100	EXCESS REVENUE OVER EXPENDITURES	<u>9 858</u>	<u>(94 272)</u>	<u>(506 288)</u>
	Other Financing Sources:			
7915	Transfer out	-	37 970	37 970
7080	TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>37 970</u>	<u>37 970</u>
1200	NET CHANGE IN FUND BALANCE	9 858	(56 302)	(468 318)
0100	Fund balances - Beginning	<u>229 677</u>	<u>477 149</u>	<u>3 574 065</u>
3000	FUND BALANCES - ENDING	<u>\$ 239 535</u>	<u>\$ 420 847</u>	<u>\$ 3 105 747</u>

See independent auditor's report.

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

EXHIBIT H-5

DATA DATA CONTROL CODES		ENTERPRISE FUNDS				TOTAL NONMAJOR ENTERPRISE FUNDS (SEE EXHIBIT D-1)
		711 PANTHER BROAD- CASTING	712 PANTHER ADVERTISING	713 SPORTS FACILITIES RENTALS	714 LHS GYM FUND- RAISING	
	ASSETS					
1260	Due from other funds	\$ -	\$ 135 964	\$ 84 121	\$ 9 508	\$ 229 593
1290	Other receivables, net	8 800	9 250	-	-	18 050
1000	TOTAL ASSETS	<u>8 800</u>	<u>145 214</u>	<u>84 121</u>	<u>9 508</u>	<u>247 643</u>
	LIABILITIES					
2110	Accounts payable	2 580	2 280	-	-	4 860
2171	Due to other funds	10 487	-	-	-	10 487
2000	TOTAL LIABILITIES	<u>13 067</u>	<u>2 280</u>	<u>-</u>	<u>-</u>	<u>15 347</u>
	NET POSITION					
3900	Unrestricted	(4 267)	142 934	84 121	9 508	232 296
3000	TOTAL NET POSITION	<u>\$ (4 267)</u>	<u>\$ 142 934</u>	<u>\$ 84 121</u>	<u>\$ 9 508</u>	<u>\$ 232 296</u>

See independent auditor's report.

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

EXHIBIT H-6

DATA DATA CONTROL CODES		ENTERPRISE FUNDS				TOTAL NONMAJOR ENTERPRISE FUNDS (SEE EXHIBIT D-2)
		711 PANTHER BROAD- CASTING	712 PANTHER ADVERTISING	713 SPORTS FACILITIES RENTALS	714 LHS GYM FUND- RAISING	
	Revenues:					
5700	Local and intermediate sources	\$ 88 000	\$ 107 750	\$ 130 374	\$ 12 136	\$ 338 260
5800	State program revenues	4 585	-	4 116	-	8 701
5020	TOTAL REVENUES	<u>92 585</u>	<u>107 750</u>	<u>134 490</u>	<u>12 136</u>	<u>346 961</u>
	Expenses:					
6100	Payroll costs	70 949	-	56 289	-	127 238
6200	Professional and contracted services	40 600	21 877	42 376	-	104 853
6300	Supplies	-	25 307	266	3 628	29 201
6400	Other operating costs	3 125	10 167	3 604	-	16 896
6030	TOTAL EXPENSES	<u>114 674</u>	<u>57 351</u>	<u>102 535</u>	<u>3 628</u>	<u>278 188</u>
	OPERATING INCOME	<u>(22 089)</u>	<u>50 399</u>	<u>31 955</u>	<u>8 508</u>	<u>68 773</u>
	Other Financing Sources:					
	Operating transfers in (out)	(2 134)	-	-	-	(2 134)
	TOTAL OTHER FINANCING SOURCES	<u>(2 134)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2 134)</u>
1300	CHANGE IN NET POSITION	(24 223)	50 399	31 955	8 508	66 639
0100	Total net position - Beginning	<u>19 956</u>	<u>92 535</u>	<u>52 166</u>	<u>1 000</u>	<u>165 657</u>
3300	TOTAL NET POSITION - ENDING	\$ <u>(4 267)</u>	\$ <u>142 934</u>	\$ <u>84 121</u>	\$ <u>9 508</u>	\$ <u>232 296</u>

See independent auditor's report.

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

EXHIBIT H-7

	ENTERPRISE FUNDS				TOTAL NONMAJOR ENTERPRISE FUNDS (SEE EXHIBIT D-3)
	711 PANTHER BROAD- CASTING	712 PANTHER ADVERTISING	713 SPORTS FACILITIES RENTALS	714 LHS GYM FUND- RAISING	
Cash Flows from Operating Activities:					
Cash received from user charges	\$ 89 984	\$ 98 500	\$ 142 199	\$ 12 136	\$ 342 819
Cash payments to employees	(43 131)	(43 225)	(95 953)	-	(182 309)
Cash payments to suppliers for goods and services	(44 719)	(55 275)	(46 246)	(12 136)	(158 376)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	2 134	-	-	-	2 134
Cash Flows from Noncapital Financing Activities:					
Transfer from other funds	(2 134)	-	-	-	(2 134)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	(2 134)	-	-	-	(2 134)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	-	-	-	-
Cash and cash equivalents - Beginning	-	-	-	-	-
CASH AND CASH EQUIVALENTS - ENDING	\$ -	\$ -	\$ -	\$ -	\$ -
Reconciliation of Operating Income to Net Cash Provided by Operating Activities					
Operating income	\$ (22 089)	\$ 50 399	\$ 31 955	\$ 8 508	\$ 68 773
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Change in Assets and Liabilities:					
(Increase) in due from other funds	17 331	(43 225)	(39 664)	(8 508)	(74 066)
Decrease (increase) in other receivables, net	(2 601)	(9 250)	7 709	-	(4 142)
Increase (decrease) in accounts payable	(994)	2 076	-	-	1 082
(Decrease) in due to other funds	10 487	-	-	-	10 487
TOTAL ADJUSTMENTS	24 223	(50 399)	(31 955)	(8 508)	(66 639)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 2 134	\$ -	\$ -	\$ -	\$ 2 134

See independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

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

YEAR ENDED AUGUST 31,	1 TAX RATES			2	3
	MAINTENANCE	DEBT SERVICE			ASSESSED/APPRaisal VALUE FOR SCHOOL TAX PURPOSES
2015 and prior years	Various	Various			Various
2016	1.1700	0.0430	\$		2 237 252 432
2017	1.1700	0.0430	\$		2 208 569 827
2018	1.1700	0.0430	\$		2 238 124 155
2019	1.1700	0.2800	\$		2 348 562 069
2020	1.0683	0.2500	\$		2 512 784 040
2021	1.0381	0.2860	\$		2 677 038 517
2022	0.9913	0.2620	\$		2 865 940 318
2023	0.9485	0.2150	\$		3 248 870 614
2024 (School year under audit)	0.7575	0.1700	\$		3 299 885 606

1000 TOTALS

TOTAL REFUND

EXHIBIT J-1

10 BEGINNING BALANCE 09/01	20 CURRENT YEAR'S TOTAL LEVY	31 MAINTENANCE COLLECTIONS	32 DEBT SERVICE COLLECTIONS	40 ENTIRE YEAR'S ADJUSTMENTS	50 ENDING BALANCE 08/31	99 TOTAL TAXES REFUNDED UNDER SECTION 26.1115(c)
\$ 423 921	\$ -	\$ 37 756	\$ 5 074	\$ (29 405)	\$ 351 686	
92 671	-	9 477	348	(1 181)	81 665	
103 724	-	11 137	407	(1 293)	90 887	
118 496	-	16 042	588	(1 090)	100 776	
163 231	-	21 736	5 196	(1 008)	135 291	
198 018	-	31 272	7 318	(1 827)	157 601	
268 983	-	69 923	19 258	(1 240)	178 562	
503 212	-	80 529	21 278	(56 398)	345 007	
982 102	-	150 464	34 071	(134 565)	663 002	
<u>-</u>	<u>30 606 439</u>	<u>22 639 890</u>	<u>5 080 381</u>	<u>(1 854 745)</u>	<u>1 031 423</u>	
<u>\$ 2 854 358</u>	<u>\$ 30 606 439</u>	<u>\$ 23 068 226</u>	<u>\$ 5 173 919</u>	<u>\$ (2 082 752)</u>	<u>\$ 3 135 900</u>	
						\$ <u><u>45 975</u></u>

LUFKIN INDEPENDENT SCHOOL DISTRICT
 NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
 BUDGETARY COMPARISON SCHEDULE
 For the Year Ended August 31, 2024

EXHIBIT J-2

DATA CONTROL CODES		ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
	Revenues:				
5700	Local and intermediate sources	\$ 161 600	\$ 161 600	\$ 311 787	\$ 150 187
5800	State program revenues	43 000	74 633	173 295	98 662
5900	Federal program revenues	5 490 754	5 490 754	5 729 581	238 827
5020	TOTAL REVENUES	<u>5 695 354</u>	<u>5 726 987</u>	<u>6 214 663</u>	<u>487 676</u>
	Expenditures:				
0035	Food services	5 759 051	6 148 022	5 731 199	416 823
0081	Facilities acquisition and construction	910 427	906 335	905 337	998
6030	TOTAL EXPENDITURES	<u>6 669 478</u>	<u>7 054 357</u>	<u>6 636 536</u>	<u>417 821</u>
1100	EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(974 124)	(1 327 370)	(421 873)	905 497
0100	Fund balance - Beginning	<u>2 867 238</u>	<u>2 867 238</u>	<u>2 867 238</u>	<u>-</u>
3000	FUND BALANCE - ENDING	<u>\$ 1 893 114</u>	<u>\$ 1 539 868</u>	<u>\$ 2 445 365</u>	<u>\$ 905 497</u>

See independent auditor's report.

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

EXHIBIT J-3

DATA CONTROL CODES		ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
	Revenues:			
5700	Local and intermediate sources	\$ 5 787 201	\$ 5 476 448	\$ (310 753)
5800	State program revenues	814 906	919 794	104 888
5020	TOTAL REVENUES	6 602 107	6 396 242	(205 865)
	Expenditures:			
0071	Debt service	6 647 858	6 646 694	1 164
6030	TOTAL EXPENDITURES	6 647 858	6 646 694	1 164
1200	NET CHANGE IN FUND BALANCES	(45 751)	(250 452)	(204 701)
0100	Fund balance - Beginning	1 420 048	1 420 048	-
3000	FUND BALANCE - ENDING	\$ 1 374 297	\$ 1 169 596	\$ (204 701)

See independent auditor's report.

LUFKIN INDEPENDENT SCHOOL DISTRICT
STATE SUPPLEMENTAL ALLOTMENT COMPLIANCE
USE OF FUNDS REPORT
For the Year Ended August 31, 2024

EXHIBIT J-4

<u>DATA CONTROL CODES</u>		<u>RESPONSES</u>
	<u>Section A: Compensatory Education Programs</u>	
	Districts are required to use at least 55% of state compensatory education state allotment funds on direct program costs. Statutory Authority: Texas Education Code §48.104.	
AP1	Did your district expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the district have written policies and procedures for its state compensatory education program?	Yes
AP3	Total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$ <u>9 607 717</u>
AP4	Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24,26,28,29,30,34)	\$ <u>4 654 185</u>
	<u>Section B: Bilingual Education Programs</u>	
	Districts are required to use at least 55% of bilingual education state allotment funds on direct program costs. Statutory Authority: Texas Education Code §48.105.	
AP5	Did your district expend any bilingual education program state allotment funds during the district's fiscal year?	Yes
AP6	Does the district have written policies and procedures for its bilingual education program?	Yes
AP7	Total state allotment funds received for bilingual education programs during the district's fiscal year.	\$ <u>971 740</u>
AP8	Actual direct program expenditures for bilingual education programs during the district's fiscal year. (PICs 25 and 35)	\$ <u>601 911</u>

COMPLIANCE, INTERNAL CONTROL SECTION AND FEDERAL AWARDS

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

Board of Trustees
Lufkin Independent School District
Lufkin, Texas

Members of the Board of Trustees:

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 Lufkin Independent School District as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise the basic financial statements and have issued our report thereon dated December 19, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lufkin Independent School District's internal control over financial reporting (internal control) to determine the 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 Lufkin Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Lufkin Independent School 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 may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lufkin Independent School 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 determination of financial statement amounts. 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lufkin, Texas
December 19, 2025

Axley & Rode LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE

Board of Trustees
Lufkin Independent School District
Lufkin, Texas

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lufkin Independent School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Lufkin Independent School District's major federal programs for the year ended August 31, 2024. Lufkin Independent School 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, Lufkin Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Lufkin Independent School 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 Lufkin Independent School 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 Lufkin Independent School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Lufkin, Texas
December 19, 2025


CERTIFIED PUBLIC ACCOUNTANTS



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

A. Summary of the Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiency(s) identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

2. Federal Awards

Internal control over major programs:

Material control over major programs:

Material weakness(es) identified? Yes No

Significant deficiency(s) identified that are not considered to be material weaknesses? Yes None reported

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

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? Yes No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555/10.559	Child Nutrition Cluster

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

Auditee qualified as low-risk auditee? Yes No

B. Financial Statement Findings

None

C. Federal Award Findings and Questioned Costs

None

LUFKIN INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended August 31, 2024

FINDING/RECOMMENDATION	CURRENT STATUS	MANAGEMENT'S EXPLANATION IF NOT IMPLEMENTED
None		

LUFKIN INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
For the Year Ended August 31, 2024

There are no current year findings; therefore, a corrective action plan is not required.

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

EXHIBIT K-1

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	(2) FEDERAL ALN NUMBER	(3) PASS THROUGH GRANTOR	(4) FEDERAL EXPENDITURES
Child Nutrition Cluster			
U.S. Department of Agriculture:			
Passed Through Texas Education Agency:			
School Breakfast Program	10.553	71402301	\$ 296 688
School Breakfast Program	10.553	71402401	1 024 043
National School Lunch Program	10.555	71302301	824 582
National School Lunch Program	10.555	71302401	3 211 935
Passed Through Texas Department of Agriculture:			
National School Lunch Program	10.555	806780706	2 532
National School Lunch Program (Non-cash)	10.555	806780706	369 801
Summer Food Service Program	10.559	806780706	74 489
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>5 804 070</u>
U.S. Department of Health and Human Services:			
Medicaid Cluster			
Passed Through Texas Health & Human Services Commission:			
Medicaid Administrative Claiming	93.778	HHS000537900187	18 897
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>18 897</u>
U.S. Department of Education:			
Passed Through Texas Education Agency:			
ESEA, Title I, Part A - Foundation	84.010A	24610101003903	3 563 830
ESEA, Title I, Part D – Prevention and Intervention	84.010A	246101397110046	37 279
ESEA, Title I, Part A - Improving Basic Programs	84.010A	24610101003903	65 638
Career and Technical Education - Basic Grant	84.048	24420006003903	146 624
Special Education (IDEA) Cluster			
Passed Through Texas Education Agency:			
IDEA - Part B, Formula	84.027A	66002406	58 428
IDEA - Part B, Formula	84.027A	66002412	120 876
IDEA - Part B, Formula	84.027A	246600010039036600	1 417 323
IDEA - Part B, Preschool	84.173A	246610010039036610	10 379
IDEA - Part B, ARP	84.027X	225350020039035000	355 085
IDEA - Part B, SSA Discretionary	84.027A	246600110039036000	58 992
TOTAL SPECIAL EDUCATION CLUSTER			<u>2 021 083</u>
Title IV, Part B - 21 st Century Community Learning Centers	84.287	246950307110031	1 420 511
Direct Program:			
Gaining Early Awareness & Readiness for Undergraduate Programs	84.334		1 322 819
Passed Through University of Texas:			
Gaining Early Awareness & Readiness for Undergraduate Programs	84.334	P334A220031	344 329
Passed Through Texas Education Agency:			
ESEA, Title V, Part B, Subpart 2 - Rural & Low Income School Grant Program	84.358	24696001003903	309 975
ESEA, Title III, Part A - English Language Acquisition & Language Enhancement	84.365	24671001003903	152 823
ESEA, Title II, Part A - Teacher & Principal Training & Recruitment	84.367	24694501003903	470 336
ESEA, Title II, Part A - Teacher & Principal Training & Recruitment	84.367	246945157110012	4 096
Stronger Connectivity Grant	84.424		30 300
ESEA, Title IV, Part A, Subpart 1 - Student Support & Academic Enrichment Program	84.424	23680101003903	285 752
ESSER III ARP	84.425U	21528001003903	72 721
TCLASS ESSER III	84.425U	21528042003903	130 872
Capacity Contract Service	84.027A		50 000
Title IV, Part A, Subpart 1	84.424A	24680101003903	10 147
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>10 439 135</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 16 262 102</u>

See notes to the Schedule of Expenditures of Federal Awards.

LUFKIN INDEPENDENT SCHOOL DISTRICT
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended August 31, 2024

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Lufkin Independent School District (District) under programs of the federal government for the year ended August 31, 2024. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200 *Uniform Administrative Requirements, Cost Principles, and audit Requirements for Federal Awards* (Uniform Guidance).

Because the Schedule presents only a selected portion of the operations of the district, it is not intended to and does not present the financial position or changes in net position of the District. Therefore, some amounts may differ from amounts presented in, or used in the preparation of the financial statements. Federal awards received directly from federal agencies as well as federal awards passed through other governmental agencies are included on the Schedule.

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.

Indirect Cost Rate

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

Reconciliation to Exhibit C-2

The reconciliation of the Schedule to federal program revenues reported in Exhibit C-2 is as follows:

Total federal awards per the Schedule	\$	16 262 102
Other Federal Revenue:		
E-rate		448 373
School Health and Related Services (SHARS)		394 698
Federal Forest Receipts		28 347
TOTAL FEDERAL PROGRAM REVENUES PER EXHIBIT C-2	\$	17 133 520

LUFKIN INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REQUIRED RESPONSES TO SELECTED
 SCHOOL FIRST INDICATORS
 As of August 31, 2024

EXHIBIT L-1

DATA
CONTROL
CODES

RESPONSES

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