Armstrong, Vaughan & Associates, P. C.
Certified Public Accountants

Communication with Those Charged with Governance

Smithville Independent School District
901 N.E. 6th Street
Smithville, Texas 78957

We have audited the financial statements of Smithville Independent School District as of and for the year ended August 31, 2026 and have issued our report thereon dated November 13, 2026. Professional standards require that we advise you of the following matters related to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated March 4, 2026, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of Smithville Independent School District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.

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Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies did not change during the year ended August 31, 2026.

No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. The most significant estimates affecting the financial statements are:

- Allowance for uncollectible ad valorem tax
- Estimated useful lives of capital assets
- Final State Allotment (Foundation School Program) for fiscal year 2026
- Accrued compensated absences more likely than not to be taken as leave or paid out upon termination
- Net Pension Liability, mortality rates, and investment return
- Net OPEB Liability, mortality rates, health care cost trends, and investment return

Management's estimate of the allowance for uncollectible accounts is based on history and age of outstanding accounts and approximates 23% of total delinquent receivables. Management's estimate of useful lives of capital assets are based on published industry guidance and professional judgment. The final adjustment to State School Foundation revenue is based on average daily attendance. Accrued compensated absences are estimated based on historical trends of state days earned and taken by employees. The estimates related to the Net Pension Liability and Net OPEB Liability are based on the actuarial study performed by Teacher Retirement System with no input from the District's management. We evaluated the key factors and assumptions used to develop the allowance for uncollectible accounts, estimated useful lives of capital assets, estimated final state allotment, net pension liability, and net OPEB liability in determining that they are reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting Smithville Independent School District's financial statements relates to the Teacher Retirement System of Texas.

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Significant Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all such misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. We proposed a significant entry to correct the posting of the refunding bonds for non-cash related transactions. Additionally, we assisted management in recording year-end adjustments such as updating capital asset balances, long-term debt, and Texas Education Agency funding adjustments after year end. This assistance is customary for the size of the District.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of our audit.

Representations Requested from Management

We have requested certain representations from management that are included in the management representation letter dated November 13, 2026.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. Management informed us that, and to our knowledge, there were no such consultations with other accountants regarding auditing and accounting matters.

Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing Smithville Independent School District’s audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the information and considered whether such information, or the manner of its presentation, was materially consistent with its presentation in the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

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Other Significant Matters, Findings, or Issues

In the normal course of our professional association with Smithville Independent School District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Smithville Independent School District's auditors.

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the audit committee, Board of Trustees and management of Smithville Independent School District and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,

Armstrong, Vaughan & Associates, P.C.

Armstrong, Vaughan & Associates, P.C.
November 13, 2026

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