

DEVINE INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED
JUNE 30, 2025

**DEVINE INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025**

TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page</u>
	CERTIFICATE OF BOARD	3
	Independent Auditor's Report	4-6
	Management's Discussion and Analysis	7-12
	<u>Basic Financial Statements</u>	
	Government Wide Statements:	
A-1	Statement of Net Position	13
B-1	Statement of Activities	14
	Governmental Fund Financial Statements:	
C-1	Balance Sheet	15
C-2	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	16
C-3	Statement of Revenues, Expenditures, and Changes in Fund Balance	17
C-4	Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	18
	Fiduciary Fund Financial Statements:	
E-1	Statement of Fiduciary Net Position	19
E-2	Statement of Changes in Fiduciary Fund Net Position	20
	Notes to the Financial Statements	21-48
	<u>Required Supplementary Information</u>	
G-1	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	49
G-2	Schedule of the District's Proportionate Share of the Net Pension Liability	50-51
G-3	Schedule of the District's Contributions for Pensions	52-53
G-4	Schedule of the District's Proportionate Share of the Net OPEB Liability	54-55
G-5	Schedule of the District's Contributions for Other Post-Employment Benefits	56-57
	Notes to Required Supplementary Information	58
	<u>Combining and Other Statements</u>	
	Nonmajor Governmental Funds:	
H-1	Combining Balance Sheet	59-62
H-2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	63-66
	<u>T.E.A. Required Schedules</u>	
J-1	Schedule of Delinquent Taxes Receivable	67-68
J-2	Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - Child Nutrition Program	69
J-3	Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - Debt Service Fund	70
J-4	Use of Funds Report - Select State Allotment Programs	71

TABLE OF CONTENTS (CONTINUED)

<u>Exhibit</u>		<u>Page</u>
	<u>Reports on Internal Controls, Compliance, and Federal Awards</u>	
	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>	72-73
	Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	74-76
	Schedule of Findings and Questioned Costs	77-78
	Summary Schedule of Prior Audit Findings	79
	Corrective Action Plan	80
K-1	Schedule of Expenditures of Federal Awards	81-82
	Notes on Accounting Policies for Federal Awards	83
	School's First Questionnaire	

CERTIFICATE OF BOARD

Devine Independent School District
Name of School District

Medina
County

163901
Co. Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) _____ approved _____ disapproved for the year ended June 30, 2025 at a meeting of the Board of Trustees of such school district on the _____ of _____, 2025.

Signature of Board Secretary

Signature of Board President

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

COLEMAN, HORTON & COMPANY, LLP

Certified Public Accountants

400 E. NOPAL STREET • UVALDE, TEXAS 78801-5305
www.colemanhortoncpa.com

DEBORAH V. McDONALD, CPA
DEREK L. WALKER, CPA
DUSTY R. ROUTH, CPA
MELINDA D. KORCZYNSKI, CPA

TEL (830) 278-6276
FAX (830) 278-6868
chc@colemanhortoncpa.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Devine Independent School District
Devine, Texas

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Devine Independent School 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.

Change in Accounting Principle

As described in Note W to the financial statements, in 2025, the District adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Devine Independent School 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 (GAAS) and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- * Exercise professional 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 Devine Independent School District's internal controls. 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 Devine Independent School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund, Schedule of the District's Proportionate Share of the Net Pension Liability, Schedule of District Contributions for Pensions, Schedule of the District's Proportionate Share of the Net OPEB Liability, and Schedule of the District Contributions for Other Post-Employment Benefits on pages 7-12 and 50-58 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 Government Accounting Standards Board (GASB), 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 an assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Devine Independent School District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Texas Education Agency (TEA) requires school districts to include certain information in the Annual Financial and Compliance Report in conformity with laws and regulations of the State of Texas. This information is in exhibits identified in the Table of Contents as Exhibits J-1, J-2, J-3, and J-4. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, 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 August 22, 2025, on our consideration of the Devine 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 the Devine 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 the Devine Independent School District's internal control over financial reporting and compliance.

Coleman, Horton and Company, LLP

Uvalde, Texas

August 22, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

The annual financial report of the Devine Independent School District (the District) is presented in six sections, Management's Discussion and Analysis (this part), Basic Financial Statements, Required Supplementary Information, Combining and Other Statements, T.E.A. Required Schedules and the reports on internal controls, compliance, and Federal Awards. This section of the District's annual financial report presents our discussion and analysis of the financial performance during the fiscal year ending June 30, 2025. Please read it in conjunction with the District's financial section, which follows.

Overview of the Basic Financial Statements

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.

Government-Wide Statements

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

- * *Governmental funds* - Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash, flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, then explain the relationship (or differences) between them.
- * *Fiduciary funds* - The District is the trustee, or *fiduciary*, for certain funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

Financial Highlights

* The District's combined net position was \$28,268,044 at June 30, 2025, an increase of \$1,894,365 from day-to-day operations and a decrease of \$709,320 to restate beginning net position due to the implementation of GASB 101 regarding compensated absences.

* During the year, the District's revenue was \$26,236,335 as reflected below:

Governmental Activities			
	Current Year	Prior Year	Change
a) Taxes	\$ 6,482,034	\$ 6,325,293	\$ 156,741
b) State aid	16,380,106	15,607,953	772,153
c) Federal aid	2,145,832	3,739,933	(1,594,101)
d) Investment earnings	725,634	464,601	261,033
e) Other	502,729	838,503	(335,774)
Total receipts	<u>\$ 26,236,335</u>	<u>\$ 26,976,283</u>	<u>\$ (739,948)</u>

* During the year, the District's expenses were \$24,341,970 as reflected below:

Governmental Activities			
	Current Year	Prior Year	Change
a) Instruction and instructional related	\$ 13,392,805	\$ 12,512,384	\$ 880,421
b) Instruction leadership/school leadership	1,409,738	1,549,330	(139,592)
c) Guidance, social work, health, transportation	1,833,562	1,816,221	17,341
d) Food services	1,061,302	1,104,824	(43,522)
e) Extracurricular activities	1,250,220	1,247,971	2,249
f) General administration	938,208	963,963	(25,755)
g) Plant maintenance, security, processing	3,503,062	3,359,599	143,463
h) Community services	32,803	67,822	(35,019)
i) Debt service and capital outlay	783,199	712,060	71,139
j) Payments to fiscal agent/shared service, tax collection	137,071	154,472	(17,401)
Total expenditures	<u>\$ 24,341,970</u>	<u>\$ 23,488,646</u>	<u>\$ 853,324</u>

- * The General Fund reported a fund balance this year of \$15,126,917, a decrease of \$413,966.
- * The Capital Projects Fund reported a fund balance of \$8,136,147, a decrease of \$3,260,259.
- * Non-major funds reported a fund balance of \$2,420,571, an increase of \$17,467.
- * The District's combined net position was \$28,268,044 at June 30, 2025, as reflected below:

	Governmental Activities		
	Current Year	Prior Year	Change
Current and other assets	\$ 28,785,275	\$ 32,035,552	\$ (3,250,277)
Capital and non-current assets	33,512,533	29,979,095	3,533,438
Total Assets	<u>\$ 62,297,808</u>	<u>\$ 62,014,647</u>	<u>\$ 283,161</u>
Deferred resource outflow	<u>\$ 3,178,829</u>	<u>\$ 3,842,111</u>	<u>\$ (663,282)</u>
Current Liabilities	\$ 2,336,093	\$ 2,144,360	\$ 191,733
Long term liabilities	29,724,150	30,859,348	(1,135,198)
Total Liabilities	<u>\$ 32,060,243</u>	<u>\$ 33,003,708</u>	<u>\$ (943,465)</u>
Deferred resource inflow	<u>\$ 5,148,350</u>	<u>\$ 5,770,051</u>	<u>\$ (621,701)</u>
Net position:			
Net investment in capital assets	\$ 22,546,444	\$ 21,141,097	\$ 1,405,347
Restricted	2,228,663	2,185,224	43,439
Unrestricted	3,492,937	3,756,678	(263,741)
Total Net Position	<u>\$ 28,268,044</u>	<u>\$ 27,082,999</u>	<u>\$ 1,185,045</u>

- * Property tax rates were reduced 3.01 cents for the past year. The assessed value increased during the past year by \$18,272,443. The tax levy decreased by \$36,069.
- * State revenue increased for the year by \$772,153.
- * Federal revenue decreased by \$1,594,101.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget several times. Even with these adjustments, actual expenditures were \$1,916,804 below final budget amounts. The most significant positive variance resulted from staffing and budget efficiencies. Resources available were \$594,027 above final budgeted amounts.

- * Local revenue was more than originally budgeted.
- * State funding was more than expected.
- * Federal revenue was more than expected.

Capital Assets and Debt Administration

Capital Assets

Capital assets for the District at the end of fiscal year June 30, 2025 amounted to \$33,512,533. It is the District's policy to charge off as a current expenditure any purchase less than \$5,000. The total capital assets recorded were land and its improvements, buildings, equipment and vehicles, construction in progress, and right-to-use lease assets, as reflected below:

District's Capital Assets

	Governmental Activities		
	Current Year	Prior Year	Change
Land	\$ 711,520	\$ 711,520	\$ -
Buildings and improvements	45,890,795	44,710,953	1,179,842
Equipment	4,419,385	4,378,939	40,446
Right to use lease assets - equipment	119,516	119,516	-
Construction in progress	4,387,765	649,294	3,738,471
Totals at historical cost	\$ 55,528,981	\$ 50,570,222	\$ 4,958,759
Total accumulated depreciation	(22,016,448)	(20,591,127)	(1,425,321)
Net capital assets	<u>\$ 33,512,533</u>	<u>\$ 29,979,095</u>	<u>\$ 3,533,438</u>

Long-term Liabilities

During the past year, the District's long-term liabilities decreased by \$498,377.

District's Long-Term Debt

	Governmental Activities		
	Current Year	Prior Year	Change
Bonds payable	\$ 17,470,000	\$ 18,420,000	\$ (950,000)
Bond premiums	1,369,791	1,433,455	(63,664)
Loans payable	470,000	580,000	(110,000)
Right-to-use lease assets payable	28,656	68,655	(39,999)
Compensated Absences	733,941	68,655	665,286
Total bonds and loans payable	<u>\$ 20,072,388</u>	<u>\$ 20,570,765</u>	<u>\$ (498,377)</u>

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

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

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 15,708,487
1120 Current Investments	9,737,447
1220 Property Taxes - Delinquent	1,308,267
1230 Allowance for Uncollectible Taxes	(130,826)
1240 Due from Other Governments	2,143,907
1410 Prepayments	17,993
Capital Assets:	
1510 Land	711,520
1520 Buildings, Net	26,925,275
1530 Furniture and Equipment, Net	1,459,900
1550 Right-to-Use Leased Assets, Net	28,073
1580 Construction in Progress	4,387,765
1000 Total Assets	<u>62,297,808</u>
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Charge for Refunding	236,211
1705 Deferred Outflow Related to TRS Pension	1,272,099
1706 Deferred Outflow Related to TRS OPEB	1,670,519
1700 Total Deferred Outflows of Resources	<u>3,178,829</u>
LIABILITIES	
2110 Accounts Payable	246,762
2140 Interest Payable	333,103
2150 Payroll Deductions and Withholdings	158,360
2160 Accrued Wages Payable	1,510,454
2177 Due to Fiduciary Funds	95
2200 Accrued Expenses	80,480
2300 Unearned Revenue	6,839
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	1,151,393
Due in More than One Year:	
2502 Bonds, Notes, Loans, Leases, etc.	18,920,995
2540 Net Pension Liability (District's Share)	5,540,938
2545 Net OPEB Liability (District's Share)	4,110,824
2000 Total Liabilities	<u>32,060,243</u>
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	683,977
2606 Deferred Inflow Related to TRS OPEB	4,464,373
2600 Total Deferred Inflows of Resources	<u>5,148,350</u>
NET POSITION	
3200 Net Investment in Capital Assets and Right-to-Use Lease Assets	22,546,444
Restricted:	
3820 Restricted for Federal and State Programs	818,944
3850 Restricted for Debt Service	1,409,719
3900 Unrestricted	3,492,937
3000 Total Net Position	<u><u>\$ 28,268,044</u></u>

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

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

FOR THE YEAR ENDED JUNE 30, 2025

				Net (Expense)	
				Revenue and	
				Changes in Net	
Data		Program Revenues		Position	
Control	1	3	4	6	
Codes			Operating	Primary Gov.	
	Expenses	Charges for	Grants and	Governmental	
		Services	Contributions	Activities	
Primary Government:					
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 12,567,717	\$ 65,331	\$ 1,090,184	\$ (11,412,202)
12	Instructional Resources and Media Services	236,553	-	-	(236,553)
13	Curriculum and Instructional Staff Development	588,535	-	238,655	(349,880)
21	Instructional Leadership	232,550	-	29,045	(203,505)
23	School Leadership	1,177,188	-	83,955	(1,093,233)
31	Guidance, Counseling, and Evaluation Services	1,049,424	-	6,729	(1,042,695)
33	Health Services	210,413	-	-	(210,413)
34	Student (Pupil) Transportation	573,725	-	-	(573,725)
35	Food Services	1,061,302	272,922	853,479	65,099
36	Extracurricular Activities	1,250,220	139,900	-	(1,110,320)
41	General Administration	938,208	-	-	(938,208)
51	Facilities Maintenance and Operations	2,788,802	14,790	20,986	(2,753,026)
52	Security and Monitoring Services	178,675	-	609,059	430,384
53	Data Processing Services	535,585	-	35,385	(500,200)
61	Community Services	32,803	-	241	(32,562)
72	Debt Service - Interest on Long-Term Debt	765,388	-	-	(765,388)
73	Debt Service - Bond Issuance Cost and Fees	17,811	-	-	(17,811)
95	Payments to Juvenile Justice Alternative Ed. Prg.	5,427	-	-	(5,427)
99	Other Intergovernmental Charges	131,644	-	-	(131,644)
[TP]	TOTAL PRIMARY GOVERNMENT:	\$ 24,341,970	\$ 492,943	\$ 2,967,718	(20,881,309)
Data					
Control					
Codes					
	General Revenues:				
	Taxes:				
MT	Property Taxes, Levied for General Purposes			4,820,396	
DT	Property Taxes, Levied for Debt Service			1,661,638	
SF	State Aid - Formula Grants			14,750,853	
GC	Grants and Contributions not Restricted			807,367	
IE	Investment Earnings			725,634	
MI	Miscellaneous Local and Intermediate Revenue			9,786	
TR	Total General Revenues			22,775,674	
CN	Change in Net Position			1,894,365	
NB	Net Position - Beginning as Previously Reported			27,082,999	
PA	Prior Period Adjustment			(709,320)	
	Net Position - Beginning as Restated and Adjusted			26,373,679	
NE	Net Position - Ending			\$ 28,268,044	

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

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

Data Control Codes	10 General Fund	60 Capital Projects	Other Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 13,545,728	\$ -	\$ 2,162,759	\$ 15,708,487
1120 Investments - Current	1,325,901	8,255,785	155,761	9,737,447
1220 Property Taxes - Delinquent	1,023,244	-	285,023	1,308,267
1230 Allowance for Uncollectible Taxes	(102,324)	-	(28,502)	(130,826)
1240 Due from Other Governments	2,000,817	-	143,090	2,143,907
1260 Due from Other Funds	132,133	-	-	132,133
1410 Prepayments	17,993	-	-	17,993
1000 Total Assets	<u>\$ 17,943,492</u>	<u>\$ 8,255,785</u>	<u>\$ 2,718,131</u>	<u>\$ 28,917,408</u>
LIABILITIES				
2110 Accounts Payable	\$ 93,911	\$ 117,184	\$ 35,667	\$ 246,762
2150 Payroll Deductions and Withholdings Payable	158,360	-	-	158,360
2160 Accrued Wages Payable	1,496,367	-	14,087	1,510,454
2170 Due to Other Funds	129,774	2,454	-	132,228
2200 Accrued Expenditures	77,997	-	2,483	80,480
2300 Unearned Revenue	-	-	6,839	6,839
2000 Total Liabilities	<u>1,956,409</u>	<u>119,638</u>	<u>59,076</u>	<u>2,135,123</u>
DEFERRED INFLOWS OF RESOURCES				
2601 Unavailable Revenue - Property Taxes	860,166	-	238,484	1,098,650
2600 Total Deferred Inflows of Resources	<u>860,166</u>	<u>-</u>	<u>238,484</u>	<u>1,098,650</u>
FUND BALANCES				
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	818,944	818,944
3470 Capital Acquisition and Contractual Obligation	-	8,136,147	-	8,136,147
3480 Retirement of Long-Term Debt	-	-	1,409,719	1,409,719
Committed Fund Balance:				
3510 Construction	1,201,900	-	-	1,201,900
3545 Other Committed Fund Balance	-	-	191,908	191,908
3600 Unassigned Fund Balance	13,925,017	-	-	13,925,017
3000 Total Fund Balances	<u>15,126,917</u>	<u>8,136,147</u>	<u>2,420,571</u>	<u>25,683,635</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 17,943,492</u>	<u>\$ 8,255,785</u>	<u>\$ 2,718,131</u>	<u>\$ 28,917,408</u>

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

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

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$ 25,683,635
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$50,570,222 and the accumulated depreciation was \$(20,591,127). In addition, long-term liabilities, including bonds, loans and leases payable of \$(19,068,656), are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.	10,910,439
2 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2025 capital outlays of \$5,832,097 and debt principal payments of \$1,099,998 is to increase net position.	6,932,095
3 The 2025 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(2,097,770)
4 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of \$(5,540,938), a deferred resource inflow related to TRS in the amount of \$(683,977), and a deferred resource outflow related to TRS in the amount of \$1,272,099. The net effect of including the GASB 68 recognition is to decrease net position.	(4,952,816)
5 Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75 in the amount of \$(4,110,824), a deferred resource inflow in the amount of \$(4,464,373), and a deferred resource outflow in the amount of \$1,670,519. The net effect of including the GASB 75 recognition is to decrease net position.	(6,904,678)
6 Various other reclassifications and recognitions are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable taxes receivable of \$1,098,650 as revenue, recognizing the liability associated with maturing long-term debt interest \$(333,103). Also, recognizing deferred bond charges of \$236,211, unamortized bond premium of \$(1,369,791), compensated absences per GASB 101 of \$(733,941), rounding of \$2 and removing the basis of assets disposed of \$(200,889). The net effect of these reclassifications and recognitions is to decrease net position.	(1,302,861)
29 Net Position of Governmental Activities	\$ 28,268,044

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

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

Data Control Codes	10 General Fund	60 Capital Projects	Other Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 5,226,701	\$ 521,885	\$ 1,957,239	\$ 7,705,825
5800 State Program Revenues	15,831,989	-	1,078,741	16,910,730
5900 Federal Program Revenues	57,191	-	2,088,641	2,145,832
5020 Total Revenues	21,115,881	521,885	5,124,621	26,762,387
EXPENDITURES:				
Current:				
0011 Instruction	10,936,310	-	1,096,490	12,032,800
0012 Instructional Resources and Media Services	205,407	-	-	205,407
0013 Curriculum and Instructional Staff Development	338,410	-	238,655	577,065
0021 Instructional Leadership	218,053	-	29,045	247,098
0023 School Leadership	1,115,157	-	145,937	1,261,094
0031 Guidance, Counseling, and Evaluation Services	1,111,413	-	6,729	1,118,142
0033 Health Services	203,900	-	-	203,900
0034 Student (Pupil) Transportation	792,107	-	-	792,107
0035 Food Services	-	-	1,139,757	1,139,757
0036 Extracurricular Activities	1,140,070	-	4,938	1,145,008
0041 General Administration	891,183	-	-	891,183
0051 Facilities Maintenance and Operations	2,551,517	-	20,986	2,572,503
0052 Security and Monitoring Services	142,816	-	36,820	179,636
0053 Data Processing Services	522,246	-	35,385	557,631
0061 Community Services	32,516	-	241	32,757
Debt Service:				
0071 Principal on Long-Term Liabilities	148,337	-	676,661	824,998
0072 Interest on Long-Term Liabilities	12,133	-	810,460	822,593
0073 Bond Issuance Cost and Fees	-	-	15,092	15,092
Capital Outlay:				
0081 Facilities Acquisition and Construction	1,031,201	3,782,144	572,239	5,385,584
Intergovernmental:				
0095 Payments to Juvenile Justice Alternative Ed. Prg.	5,427	-	-	5,427
0099 Other Intergovernmental Charges	131,644	-	-	131,644
6030 Total Expenditures	21,529,847	3,782,144	4,829,435	30,141,426
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(413,966)	(3,260,259)	295,186	(3,379,039)
OTHER FINANCING SOURCES (USES):				
8940 Payment to Bond Refunding Escrow Agent (Use)	-	-	(277,719)	(277,719)
1200 Net Change in Fund Balances	(413,966)	(3,260,259)	17,467	(3,656,758)
0100 Fund Balance - July 1 (Beginning)	15,540,883	11,396,406	2,403,104	29,340,393
3000 Fund Balance - June 30 (Ending)	\$ 15,126,917	\$ 8,136,147	\$ 2,420,571	\$ 25,683,635

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

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

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ (3,656,758)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2025 capital outlays of \$5,832,097 and debt principal payments of \$1,099,998 is to increase net position.	6,932,095
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(2,097,770)
The reporting of GASB 68 for the current year increased revenues in the amount of \$393,998 and increased expenses by \$(440,556). The result of these items is to decrease net position.	(46,558)
The reporting of GASB 75 for the current year decreased revenues by \$(924,622) and decreased expenses by \$1,650,822. The result of these items is to increase net position.	726,200
Various other reclassifications and recognitions are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include the change in unavailable taxes of \$205,461, the change in accrued interest of \$9,287, recording amortization on bond premium of \$63,663, recording amortization of loss on bond refunding of \$(15,747), recording the change in compensated absences of \$(24,621), rounding of \$2 and removing the basis of assets disposed of during the year of \$(200,889). The net effect of these reclassifications and recognitions is to increase net position.	37,156
Change in Net Position of Governmental Activities	\$ 1,894,365

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

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

	Total Custodial Funds
ASSETS	
Cash and Cash Equivalents	\$ 213,592
Due from Other Funds	<u>95</u>
Total Assets	<u>213,687</u>
LIABILITIES	
Accounts Payable	<u>955</u>
Total Liabilities	<u>955</u>
NET POSITION	
Restricted for Campus Activities	204,568
Restricted for Scholarships	<u>8,164</u>
Total Net Position	<u><u>\$ 212,732</u></u>

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

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

	Total Custodial Funds
ADDITIONS:	
Cocurricular Services or Activities	\$ 189,609
Earnings from Temporary Deposits	1,742
Contributions, Gifts and Donations	4,000
Total Additions	<u>195,351</u>
DEDUCTIONS:	
Professional and Contracted Services	4,500
Supplies and Materials	189,059
Total Deductions	<u>193,559</u>
Change in Fiduciary Net Position	1,792
Total Net Position - July 1 (Beginning)	<u>210,940</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 212,732</u></u>

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

DEVINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Devine Independent School District (the District) is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven-member Board of Trustees (the Board) elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in ***GASB Statement No. 76***; and it complies with the requirements of the appropriate version of Texas Education Agency's ***Financial Accountability System Resource Guide*** (the Resource Guide) and the requirements of contracts and grants of agencies from which it receives funds.

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

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

Fair Value Measurement. The Devine Independent School District applies ***GASB Statement No. 72, Fair Value Measurement and Application***. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

Changes in Accounting and Changes To or Within the Financial Reporting Entity. As required by GASB Statement No 100, the District must disclose in these notes any change in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity. The impact of all of these changes are presented in the financial statements as an Adjustment and/or Restatement of the beginning net position, fund balance, or fund net position as applicable at the earliest period presented.

Change in Accounting Principle – The District implemented GASB Statement No. 101, Compensated Absences, for the year ended June 30, 2025. This statement redefined compensated absences to include local and state leave and clarified the criteria for recognizing liabilities for both used and unused leave. The District has restated its beginning net position in the government-wide Statement of Net Position, effectively decreasing net position as of July 1, 2024 by \$709,320. The District has recognized a liability for compensated absences that have been used but not yet paid, and these amounts are included in the long-term debt liability of the District.

A. REPORTING ENTITY

The Board is elected by the public and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by GASB in its Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the District nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants, and other intergovernmental revenues.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The "Charges for Services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include tuition paid by students not residing in the district, school lunch charges, etc. The "Grants and Contributions" column indicates amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act. If a revenue is not a program revenue, it is a general revenue used to support all of the District's functions. Taxes are always general revenues.

Interfund activities between governmental funds appear as due to/due froms on the Governmental Fund Balance Sheet and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due froms on the government-wide Statement of Net Position.

The fund financial statements provide reports on the financial condition and results of operations for two fund categories - governmental and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in government-wide statements. The District considers some governmental funds major and reports their financial condition and results of operations in a separate column.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities, and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 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, that is, when they are both measurable and available. The District considers them “available” if they will be collected within 60 days of the end of the fiscal year. 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.

Grant Funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

The Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The fund equity is segregated into invested in capital assets net of related debt, restricted net position, and unrestricted net position.

Fiduciary funds include Custodial Funds. Data from fiduciary funds are not included in the government-wide statements.

D. FUND ACCOUNTING

The District reports the following major governmental funds:

1. **The General Fund** - The General Fund is the District’s primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
2. **Capital Projects Fund** - The proceeds of long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

Additionally, the District reports the following fund type(s):

Governmental Funds:

1. **Special Revenue Funds** - The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.
2. **Debt Service Fund** - The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

Fiduciary Funds:

3. **Custodial Fund** - The District accounts for resources held for others in a custodial capacity in custodial funds. The District’s Custodial Fund is the student activity fund and scholarship fund.

E. FUND BALANCE POLICY

The District reports fund balances for governmental funds in classifications based primarily on the extent to which the district is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The **non-spendable** classification represents assets that will be consumed or “must be maintained intact” and therefore will never convert to cash, such as inventories of supplies and endowments. Provisions of laws, contracts, and grants specify how fund resources can be used in the **restricted** classification. The nature of these two classifications precludes a need for a policy from the Board of Trustees. However, the Board has adopted fund balance policies for the three unrestricted classifications – committed, assigned, and unassigned.

From time to time, the Board may commit fund balances by a majority vote in a scheduled meeting. The Board’s commitment may be modified or rescinded by a majority vote in a scheduled meeting. Board commitments cannot exceed the amount of fund balance that is greater than the sum of non-spendable and restricted fund balances since that practice would commit funds that the district does not have. Commitments may be for facility expansion or renovation, program modifications, wage and salary adjustments, financial cushions, and other purposes determined by the Board.

The Board may delegate authority to specified persons or groups to make assignments of certain fund balances by a majority vote in a scheduled meeting. The Board may modify or rescind its delegation of authority by the same action. The authority to make assignments shall be in effect until modified or rescinded by the Board, by majority vote in a scheduled meeting.

When the District incurs expenditures that can be made from either restricted or unrestricted balances, the expenditures should be charged to restricted balances. When the District incurs expenditures that can be made from either committed, assigned, or unassigned balances, the expenditures should be charged to unassigned, assigned then committed.

By a majority vote in a scheduled meeting the Board may commit fund balances and it may modify or rescind commitments. The Board may also delegate authority to persons or parties to assign fund balances in specific circumstances or funds.

F. OTHER ACCOUNTING POLICIES

1. The District records purchases of supplies as expenditures.
2. The District records its investments in Lone Star Investment Pool at fair value.
3. Deferred inflows accounted for on the balance sheet of the General Fund relates to uncollected property taxes less the amount of doubtful accounts, and the due to other governments relates to excess funds received from the Texas Education Agency over earned amounts.
4. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

5. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASB 87 for reporting leases, a right-to-use lease is defined as a contract that conveys control of another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. To be accounted for as a lease, the lease must meet the definition of a "long-term" lease provided in GASB 87. The right-to-use lease liability is reported in the government-wide statements. The lease liability is calculated as the present value of the reasonably certain expected payments to be made over the term of the lease and the interest included in the lease payment is recorded as an expense.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing resources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. With GASB 87, the initial measure of a new right-to-use lease arrangement is reported in government fund types as another financial source during the current period. Monthly payments are reported as principal and interest payments during the reporting period of the fund level statements.

6. Capital assets, which include land, buildings, furniture, and equipment are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Right-to-use lease assets are also reported in the applicable governmental column in the government-wide financial statements. Capitalization of right-to-use lease assets is determined by the significance of total future financial obligations for the lease when measured at inception of the lease term. The term of the lease must be the noncancelable period during which the District has the right to use the tangible asset(s) of another entity plus any periods in which either the lessee or the lessor has the sole option to extend the lease if it is reasonably certain the option will be exercised, plus any periods in which either the lessee or the lessor has the sole option to terminate the lease if it is reasonably certain the option will not be exercised by that party and must not meet the definition of a short-term lease under GASB 87. If the lease is in a governmental fund, the full amount of the lease asset will be reported as an expenditure in the fund level statements the year the agreement is made.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings, furniture and equipment, and lease assets of the District are depreciated using the straight-line method over the following estimated useful lives or, for the lease asset, for the term of the lease if the estimated useful life is longer than the term of the lease, if there is an option to purchase, which is expected to be exercised:

<u>Assets</u>	<u>Years</u>
Buildings	50
Vehicles	10
Equipment	5

7. In the fund financial statements, governmental funds report restrictions of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

8. The Data Control Codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. The Texas Education Agency (the Agency) requires school districts to display these codes in the financial statements filed with the Agency in order to ensure accuracy in building a Statewide data base for policy development and funding plans.
9. In addition to assets, the statement of financial position 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 that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District's deferred outflows of resources consist of differences between expected and actual actuarial experience (pension & OPEB), changes in actuarial assumptions (pension & OPEB), differences between projected and actual investment earnings (pension), change in proportion and differences between employer's contributions and the proportionate share of contributions (pension & OPEB), and contributions paid to TRS subsequent to the measurement date (pension & OPEB).
10. In addition to liabilities, the statement 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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Uncollected property taxes which are assumed collectible are reported in this category on the balance sheet for governmental funds. They are not reported in this category on the Government-Wide Statement of Net Position. In the government-wide financial statements, the District reports a deferred inflow of resources for differences between expected and actual actuarial experience (pension & OPEB), changes in actuarial assumptions (pension & OPEB), differences between projected and actual investment earnings (OPEB), and changes in proportion and differences between employer's contributions and the proportionate share of contributions (pension & OPEB).

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund, and the Food Service Fund, which is included in the Special Revenue Funds. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget Report appears in Exhibit G-1 and the other two reports are in Exhibits J-2 and J-3.

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

1. Prior to June 20, the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.

3. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. However, none of these were significant.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year-end. A reconciliation of fund balances for both appropriated budget and non-appropriated budget special revenue funds is as follows:

	June 30, 2025	
	<u>Fund Balance</u>	
Appropriated Budget Funds - Food Service Special Revenue Fund	\$ 818,944	
Committed Budget Funds - Campus Activity Fund	<u>191,908</u>	
All Special Revenue Funds	<u><u>\$ 1,010,852</u></u>	

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

District Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits: State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the District complies with this law, it has no custodial credit risk for deposits.

As of June 30, 2025, the District had funds on deposit of \$15,567,220 in excess of FDIC coverage, secured by pledged securities of the depository bank.

District Policies and Legal and Contractual Provisions Governing Investments

Compliance with the Public Funds Investment Act

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires a governmental entity 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.

Statutes authorize the entity to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers' acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Public Funds Investment Act (the Act) also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

As of June 30, 2025, the District had the following investments:

<u>Investment Type and Description</u>	<u>Credit Rating</u>	<u>Weighted Average Maturity</u>	<u>Fair Value</u>
LoneStar Investment Pool			
Corporate Overnight Fund	AAAm	32 Days	\$ 1,481,662
Corporate Overnight Plus Fund	AAAm	43 Days	<u>8,255,785</u>
Total Investments			<u>\$ 9,737,447</u>

Public Funds Investment Pools: Public funds investment pools in Texas (Pools) are established under the authority of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and are subject to the provisions of the Act. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the Pool and other persons who do not have a business relationship with the Pool and are qualified to advise the Pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

Lone Star

The **Lone Star Investment Pool** (Lone Star) is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Texas Government Code, Chapter 791, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. Lone Star is administered by First Public, a subsidiary of the Texas Association of School Boards (TASB), with Standish and American Beacon Advisors managing the investment and reinvestment of Lone Star's assets. State Street Bank provides custody and valuation services to Lone Star. All of the Board of Trustees' thirteen members are Lone Star participants by either being employees or elected officials of a participant. Lone Star has established an advisory board composed of both pool members and non-members. Lone Star is rated AAAm by Standard and Poor's. Lone Star has no limitations or restrictions on withdrawals. The District is invested in the Government Overnight Fund of Lone Star. Lone Star has 3 different funds: Government Overnight, Corporate Overnight, and Corporate Overnight Plus. Government Overnight and Corporate Overnight Funds maintain a net asset value of one dollar and the Corporate Overnight Plus Fund maintains a net asset value of one dollar. The Government Overnight and Corporate Overnight Funds value all investments at amortized cost and are operated in accordance with GASB 79. The Corporate Overnight Plus Fund values all investments at fair value and is operated in accordance with GASB 72.

The Pool is governed by a thirteen-member board of trustees made up of active participants in the Pool. The Board of Trustees has the responsibility of adopting and monitoring compliance with the investment policy, appointing investment officers, and overseeing the selection of an investment advisor, custodian, investment consultant, administrator, and other service providers. The Board of Trustees is also responsible for monitoring the performance of the Pool. Financial information for the Pool can be obtained by writing to Post Office Box 400, Austin, Texas, 78767-0400 or by calling 1-800-758-3927.

Additional policies and contractual provisions governing deposits and investments for the District are specified below:

Credit Risk: To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations, the District limits investments to state sponsored investment pools covered by the District's credit risk policy.

Custodial Credit Risk for Investments: To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party, the District requires counterparties to register the securities in the name of the District and hand them over to the District or its designated agent. This includes securities in securities lending transactions.

Concentration of Credit Risk: To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District limits investments to only approved investment instruments that ensure preservation of capital.

Interest Rate Risk: To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires the use of final and weighted average maturity limits and diversification.

Foreign Currency Risk for Investments: The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment by not investing in foreign currency.

Fair Value Measurements

The District categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investments at Fair Value	Fair Value	Fair Value Measurement Using:		
		Level 1	Level 2	Level 3
Public Funds Investment Pool	\$ 9,737,447	\$ -	\$ 9,737,447	\$ -
Total Investments, at Fair Value	<u>\$ 9,737,447</u>	<u>\$ -</u>	<u>\$ 9,737,447</u>	<u>\$ -</u>

B. 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 located in the District 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 31 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 school fiscal year.

C. DELINQUENT TAXES RECEIVABLE

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

D. INTERFUND BALANCES AND TRANSFERS

Interfund balances which are primarily for payroll clearing at June 30, 2025, consisted of the following amounts:

Due to General Fund From:

Capital Projects Fund	\$ 2,454
Intrafund	<u>129,679</u>
Total Due to General Fund From Other Funds	<u>\$ 132,133</u>

Due to Fiduciary Funds From:

General Fund	<u>\$ 95</u>
Total Due to Fiduciary Funds	<u>\$ 95</u>
Total	<u><u>\$ 132,228</u></u>

There were no interfund transfers during the year.

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at June 30, 2025, were as follows:

	<u>Property Taxes</u>	<u>Other Governments</u>	<u>Due From Other Funds</u>	<u>Other</u>	<u>Total Receivables</u>
Governmental Activities:					
General Fund	\$ 1,023,244	\$ 2,000,817	\$ 132,133	\$ -	\$ 3,156,194
Nonmajor Governmental Funds	<u>285,023</u>	<u>143,090</u>	<u>-</u>	<u>-</u>	<u>428,113</u>
Total Governmental Activities	<u>\$ 1,308,267</u>	<u>\$ 2,143,907</u>	<u>\$ 132,133</u>	<u>\$ -</u>	<u>\$ 3,584,307</u>
Amount not scheduled for collection during the subsequent year	<u>\$ 130,826</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 130,826</u>

Payables at June 30, 2025, were as follows:

	Accounts Payable	Salaries and Benefits	Due to Other Funds	Other	Total Payables
Governmental Activities:					
General Fund	\$ 93,911	\$ 1,732,724	\$ 129,774	\$ -	\$ 1,956,409
Capital Projects Fund	117,184	-	2,454	-	119,638
Nonmajor Governmental Funds	<u>35,667</u>	<u>16,570</u>	<u>-</u>	<u>-</u>	<u>52,237</u>
Total Governmental Activities	<u>\$ 246,762</u>	<u>\$ 1,749,294</u>	<u>\$ 132,228</u>	<u>\$ -</u>	<u>\$ 2,128,284</u>
Amount not scheduled for payment during the subsequent year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

F. CAPITAL ASSET ACTIVITY

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

	Beginning Balance	Additions	Retirements & Reclassifications	Ending Balance
Governmental activities:				
Land	\$ 711,520	\$ -	\$ -	\$ 711,520
Buildings and Improvements	44,710,953	43,110	1,136,732	45,890,795
Equipment	4,378,939	403,403	(362,957)	4,419,385
Right to use lease assets - equipment	119,516	-	-	119,516
Construction in progress	<u>649,294</u>	<u>5,385,584</u>	<u>(1,647,113)</u>	<u>4,387,765</u>
Total at historical cost	<u>\$ 50,570,222</u>	<u>\$ 5,832,097</u>	<u>\$ (873,338)</u>	<u>\$ 55,528,981</u>
Less accumulated depreciation				
Buildings and Improvements	\$ (17,476,146)	\$ (1,798,826)	\$ 309,452	\$ (18,965,520)
Equipment	(3,063,377)	(259,105)	362,997	(2,959,485)
Right to use lease assets - equipment	<u>(51,604)</u>	<u>(39,839)</u>	<u>-</u>	<u>(91,443)</u>
Total accumulated depreciation	<u>\$ (20,591,127)</u>	<u>\$ (2,097,770)</u>	<u>\$ 672,449</u>	<u>\$ (22,016,448)</u>
Governmental activities capital assets, net	<u>\$ 29,979,095</u>	<u>\$ 3,734,327</u>	<u>\$ (200,889)</u>	<u>\$ 33,512,533</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 1,325,292
Instructional Resources & Media Services	43,927
Curriculum & Instructional Staff Development	29,289
Health Services	19,773
Student (Pupil) Transportation	120,816
Cocurricular/Extracurricular Activities	139,120
General Administration	84,201
Plant Maintenance and Operations	335,352
Total Depreciation Expense	<u>\$ 2,097,770</u>

G. BONDS PAYABLE

Bonded indebtedness of the District is reflected in the Statement of Net Position, and current requirements for principal and interest expenditures are accounted for in the Debt Service Fund.

A summary of changes in bonds payable for the year ended June 30, 2025 is as follows:

Description	Final Maturity	Interest Rate Payable	Amounts Original Issue	Interest Current Year	Amounts Outstanding 7/1/2024	Issued	Retired/ Refunded	Amounts Outstanding 6/30/2025	Amounts due within one year
Unlimited Tax Refunding Bonds Series 2015	2038	2.00% - 4.00%	\$ 5,040,000	\$ 89,600	\$ 2,240,000	\$ -	\$ 485,000	\$ 1,755,000	\$ -
Unlimited Tax Refunding Bonds Series 2017	2040	4.00%	\$ 5,360,000	181,600	4,540,000	-	210,000	4,330,000	215,000
Unlimited Tax Refunding Bonds Series 2020	2035	2.35% - 4.90%	\$ 1,719,000	38,488	1,220,000	-	145,000	1,075,000	150,000
Unlimited Tax School Building Bonds Series 2024	2053	5.00%	\$ 10,420,000	500,739	10,420,000	-	110,000	10,310,000	255,000
Total All Bonds				<u>\$ 810,427</u>	<u>\$ 18,420,000</u>	<u>\$ -</u>	<u>\$ 950,000</u>	<u>\$ 17,470,000</u>	<u>\$ 620,000</u>

On May 30, 2024, the District defeased a portion of its Series 2015 general obligation bonds by placing cash and U.S. Treasury State and Local Government Series (SLGS) securities in a trust account with an escrow agent for the defeasance. Both cash and the SLGS have been irrevocably pledged to the payment of the outstanding bonds. The escrow agent has not been authorized to substitute the assets that are not essentially risk-free in the trust portfolio. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2025, \$500,000 of the defeased bonds remained outstanding. The defeased bonds have maturity dates of February 1, 2035, February 1, 2036, and February 1, 2037, and a call date of February 1, 2025.

On March 1, 2023, the District defeased a portion of its Series 2015 general obligation bonds by placing cash and U.S. Treasury SLGS in a trust account with an escrow agent for the defeasance. Both cash and the SLGS have been irrevocably pledged to the payment of the outstanding bonds. The escrow agent has not been authorized to substitute the assets that are not essentially risk-free in the trust portfolio. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2025, \$655,000 of the defeased bonds remained outstanding. The defeased bonds have maturity dates of February 1, 2037 and February 1, 2038, and a call date of February 1, 2025.

On April 5, 2022, the District defeased a portion of its Series 2015 general obligation bonds by placing cash and U.S. Treasury SLGS in a trust account with an escrow agent for the defeasance. Both cash and the SLGS have been irrevocably pledged to the payment of the outstanding bonds. The escrow agent has not been authorized to substitute the assets that are not essentially risk-free in the trust portfolio. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2025, \$350,000 of the defeased bonds remained outstanding. The defeased bonds have maturity dates of February 1, 2026, February 1, 2027 and February 1, 2028, and a call date of February 1, 2025.

On May 12, 2020, the District issued \$1,719,000 (refunding portion) of Unlimited Tax Refunding Bonds, Series 2020. The proceeds of the bonds were used for refunding the following Series:

Series	Maturities	Amounts	Average Interest Rate
U/L Tax Refunding Bonds Series 2010	2/1/2021 through 2/1/2035	\$ 1,285,000	3.85%
U/L Tax Refunding Bonds Series 2011	2/1/2021 through 2/1/2026	\$ 445,000	3.85%

The total bonds refunded had an average interest rate of 3.85% and were replaced with bonds that have an average interest rate of 3.00%. The cash flow savings to the District as a result of the refunding was \$348,896. The net present value savings is \$149,696. The proceeds of the refunding bonds were used to purchase U.S. Government securities. The securities were deposited in an irrevocable trust with an escrow agent to provide for certain debt service payments on the refunding bonds through 2035. As a result, those portions of the bonds refunded were considered defeased and the liability for those bonds has been removed from the District's long-term debt account group. The call date on the defeased bonds are as follows:

Series	Call Date
U/L Tax School Building Bonds Series 2010	2/1/2027
U/L Tax Refunding Bonds Series 2011	2/1/2027

Debt service requirements for general obligation bonds and refunding bonds are as follows:

Year Ending August 31,	Principal	Interest	Total Requirements
2026	\$ 620,000	\$ 790,283	\$ 1,410,283
2027	645,000	761,583	1,406,583
2028	675,000	731,673	1,406,673
2029	705,000	704,940	1,409,940
2030	730,000	677,158	1,407,158
2031-2035	3,840,000	2,933,560	6,773,560
2036-2040	3,415,000	2,183,700	5,598,700
2041-2045	2,130,000	1,507,500	3,637,500
2046-2050	2,725,000	918,250	3,643,250
2051-2053	1,985,000	201,750	2,186,750
Total	<u>\$ 17,470,000</u>	<u>\$ 11,410,397</u>	<u>\$ 28,880,397</u>

H. LONG-TERM LOANS PAYABLES

The District accounts for loans for maintenance purposes through the General Fund. Loans include notes made in accordance with the provisions of the Texas Education Code Section 45.108.

Description	Date of Issue Maturity	Fund Payable From	Interest Rate	Loan Amount	Current Year Interest	Amounts Outstanding 7/1/2024	Issued Current Year	Retired Current Year	Amounts Outstanding 6/30/2025	Amounts due within one year
Maintenance Tax Notes Series 2019	12/19 2/29	General Fund	1.95%	\$ 1,000,000	\$ 11,185	\$ 580,000	\$ -	\$ 110,000	\$ 470,000	\$ 115,000
					<u>\$ 11,185</u>	<u>\$ 580,000</u>	<u>\$ -</u>	<u>\$ 110,000</u>	<u>\$ 470,000</u>	<u>\$ 115,000</u>

Debt service requirements for loans payable are as follows:

Year Ended June 30,	General Obligations		Total
	Principal	Interest	Requirements
2026	\$ 115,000	\$ 9,165	\$ 124,165
2027	115,000	6,923	121,923
2028	120,000	4,680	124,680
2029	120,000	2,340	122,340
2030	-	-	-
Total	<u>\$ 470,000</u>	<u>\$ 23,108</u>	<u>\$ 493,108</u>

I. RIGHT-TO-USE LEASE LIABILITIES PAYABLE

The District leases multiple photocopy machines with agreements having 3-year terms. Payments of \$3,415 are made monthly, which consist of principal and imputed annual interest of 1.95%. No assets were pledged as collateral for these leases.

A summary of right-to-use lease asset arrangements for the year ended June 30, 2025, is as follows:

Description	Discount Rate	Original Lease Liability	Current Year Interest	Principal Balance at 7/1/2024	New Lease Agreement	Principal Paid This Year	Principal Balance at 6/30/2025	Principal Due Within One Year
Xerox Lease, April 2023	1.95%	\$ 87,026	\$ 741	\$ 51,299	\$ -	\$ 29,100	\$ 22,199	\$ 22,199
Xerox Lease, February 2023	1.95%	32,490	241	17,356	-	10,899	6,457	6,457
Totals			<u>\$ 982</u>	<u>\$ 68,655</u>	<u>\$ -</u>	<u>\$ 39,999</u>	<u>\$ 28,656</u>	<u>\$ 28,656</u>

Future principal and interest payments due to maturity as of the end of the fiscal year are as follows:

Due fiscal year ended June 30	Principal	Interest	Total
2026	\$ 28,656	\$ 223	\$ 28,879
2027	-	-	-
Total	<u>\$ 28,656</u>	<u>\$ 223</u>	<u>\$ 28,879</u>

J. CHANGES IN LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2025:

	Amounts Outstanding 7/1/2024	Additions	Deletions	Amounts Outstanding 6/30/2025	Due Within One Year
Bonds Payable	\$ 18,420,000	\$ -	\$ 950,000	\$ 17,470,000	\$ 620,000
Net Issuance Premium	1,433,455	-	63,664	1,369,791	-
Total Bonds Payable	<u>19,853,455</u>	<u>-</u>	<u>1,013,664</u>	<u>18,839,791</u>	<u>620,000</u>
Loans Payable	580,000	-	110,000	470,000	115,000
Right-to-Use Lease Assets Payable	68,655	-	39,999	28,656	28,656
Compensated Absences	709,320	24,621	-	733,941	387,737
	<u>\$ 21,211,430</u>	<u>\$ 24,621</u>	<u>\$ 1,163,663</u>	<u>\$ 20,072,388</u>	<u>\$ 1,151,393</u>

There are a number of limitations and restrictions contained in the general obligation bond indentures. Management has indicated that the District is in compliance with all significant limitations and restrictions at June 30, 2025.

K. COMPENSATED ABSENCES

The State of Texas has created a minimum personal leave program consisting of five days per year leave with no limit on accumulation and transferability among districts for every teacher regularly employed in Texas public schools. The leave is a liability of the District since it accumulates and thus is recorded as a long-term liability of the District on its government-wide financial statements.

Each District's local Board of Education is required to establish a leave plan. Local school districts may provide additional leave beyond the state minimum. The Devine Independent School District provides an additional five to seven days per year. Personal leave accumulates without limit and thus is recorded as a long-term liability of the District on its government-wide financial statements.

L. DEFINED BENEFIT PENSION PLAN

Plan Description. The District participates in a multiple-employer, cost-sharing, defined benefit pension 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 Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://www.trs.texas.gov/learning-resources/publications>; by writing to TRS at attention Finance Division, PO Box 149676, Austin, TX, 78714-0185, or by calling 1-800-223-8778.

Benefits Provided. TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees of Texas public and higher education and their beneficiaries. The pension formula is calculated as 2.3 percent (multiplier) multiplied by the average of the five highest annual creditable salaries, multiplied by years of credited service, to determine the annual standard annuity. For members who are grandfathered, the average of the three highest annual salaries is used instead. Normal service retirement is available 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. Early retirement is available at age 55 with 5 years of service credit, or prior to age 55 with 30 years of service credit. Additional early retirement provisions apply if member's age plus years of service total at least 80 but the member is under age 60 or 62, depending on date of employment, or if the member was grandfathered under a previous rule. There are no automatic post-employment benefit changes, including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs, may be granted by the Texas Legislature. In 2023, the Texas Legislature passed Senate Bill (SB) 10 and House Joint Resolution (HJR) 2, which provided eligible retirees with a one-time stipend and an ad hoc cost-of-living adjustment (COLA).

One-Time Stipends

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

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

Cost-of-Living Adjustment

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

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

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

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

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

The following table shows contribution rates by type of contributor for the fiscal years 2024 and 2025 and the contributions by type of contributions reported by TRS which were received by TRS during the TRS measurement year (FY 2024). The reported contributions from the member and the employers are included in the calculation of the district's proportionate share of the net pension liability.

Contributions Rates		
	2024	2025
Member	8.25%	8.25%
Non-Employer Contributing Entity (State)	8.25%	8.25%
Employers	8.25%	8.25%
District's Measurement Year Employer Contributions		\$ 511,182
District's Measurement Year Member Contributions		\$ 446,456
District's Measurement Year NECE (State) Contributions		\$ 790,223

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, 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, including public 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 or a privately sponsored source, from non-educational and general, or local funds.

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

- * All public schools, charter schools, and regional educational service centers must contribute 1.9 percent of the member's salary beginning in fiscal year 2024, 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.

Roll Forward. The actuarial valuation was performed as of August 31, 2023. Update procedures were used to roll forward the total pension liability to August 31, 2024.

Valuation Date	August 31, 2023 rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term Expected Rate	7.00%
	3.87%. The source for the rate is the Bond Buyers 20 Index which represents the estimated yield of a portfolio of 20 general obligation bonds maturing in 20 years based on a survey of municipal bond traders.
Municipal Bond Rate as of August 2024	
Last year ending August 31 in Projection	
Period (100 years)	2123
Inflation	2.30%
Salary Increases	2.95% to 8.95% including inflation
Ad-Hoc Post-Employment Benefit Changes	None

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

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

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

The long-term expected rate of return on pension plan investments is 7.00 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2024, are summarized below:

Asset Class	Target Allocation %**	Long-Term Expected Geometric Real Rate of Return***	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.00%	4.40%	1.00%
Non-U.S. Developed	13.00%	4.20%	0.80%
Emerging Markets	9.00%	5.20%	0.70%
Private Equity	14.00%	6.70%	1.20%
Stable Value			
Government Bonds	16.00%	1.90%	0.40%
Absolute Return*	5.00%	3.00%	0.20%
Stable Value Hedge Funds	0.00%	4.00%	0.00%
Real Return			
Real Estate	15.00%	6.60%	1.20%
Energy, Natural Resources & Infrastructure	6.00%	5.60%	0.40%
Commodities	0.00%	2.50%	0.00%
Risk Parity			
Risk Parity	8.00%	4.00%	0.40%
Asset Allocation Leverage			
Cash	2.00%	1.00%	0.00%
Asset Allocation Leverage	-6.00%	1.30%	-0.10%
Inflation Expectation			2.40%
Volatility Drag****			-0.70%
Expected Return	100%		7.90%

* Absolute Return includes Credit Sensitive Investments.

** Target allocations are based on the FY2024 policy model.

*** Capital Market Assumptions come from 2024 SAA Study CMA Survey (as of 12/31/2023).

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

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

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the net pension liability:	\$8,850,282	\$5,540,938	\$2,798,911

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2025, the District reported a liability of \$5,540,938 for its proportionate share of the TRS net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 5,540,938
State's proportionate share that is associated with the District	<u>8,565,588</u>
	<u><u>\$ 14,106,526</u></u>

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

At August 31, 2024, the employer's proportion of the collective net pension liability was 0.0090709875% which was a decrease of 0.0011122461% from its proportion measured as of August 31, 2023.

Changes In Actuarial Assumptions Since the Prior Actuarial Valuation – The actuarial assumptions and methods are the same as used in the determination of the prior year's net pension liability.

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

For the year ended June 30, 2025, the District recognized pension expense of \$1,023,731 and revenue of \$1,023,731 for support provided by the State in the Government-Wide Statement of Activities.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experience	\$ 305,409	\$ 43,261
Changes in actuarial assumptions	286,090	38,355
Net difference between projected and actual investment earnings	33,681	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	159,675	602,361
Contributions paid to TRS subsequent to the measurement date	487,244	-
Total	\$ 1,272,099	\$ 683,977

The District recognized \$487,244 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the measurement year ended August 31, 2025. The other amounts of the District's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement year ended August 31:	Pension Expense Amount
2025	\$ (103,731)
2026	488,462
2027	(13,091)
2028	(223,114)
2029	(47,648)
Thereafter	-

M. 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 TRS-Care program was established in 1986 by the Texas Legislature.

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

OPEB Plan Fiduciary Net Position. Detailed information about TRS-Care's fiduciary net position is available in the separately issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://www.trs.texas.gov/learning-resources/publications>; by writing to TRS at P.O. Box 149676, Austin, TX, 78714-0185; or by calling (800) 223-8778.

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

<u>Net OPEB Liability</u>	<u>Total</u>
Total OPEB Liability	\$ 35,168,178,563
Less: plan fiduciary net position	(4,816,646,311)
Net OPEB Liability	<u>\$ 30,351,532,252</u>
Net position as a percentage of total OPEB liability	13.70%

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

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

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

TRS-Care Monthly Premium Rates

	<u>Medicare</u>	<u>Non-Medicare</u>
Retiree*	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree* and Children	468	408
Retiree and Family	1,020	999

*or surviving spouse

Contributions. Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and school districts based upon 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 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65 percent of pay. Section 1575.204 establishes an employer contribution rate of not less than .25 percent or not more than .75 percent of the salary of each active employee of the public school. 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:

Contributions Rates

	<u>2024</u>	<u>2025</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%
District's Measurement Year Employer Contributions		\$ 123,027
District's Measurement Year Member Contributions		\$ 39,305
District's Measurement Year NECE (State) Contributions		\$ 154,151

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 to August 31, 2024. The actuarial valuation was determined using the following actuarial assumptions:

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2021. The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2023 TRS pension actuarial valuation that was rolled forward to August 31, 2024:

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

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2023 rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	3.87% as of August 31, 2024
Aging Factors	Costs - From Birth to Death". Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Expenses	
Salary Increases	2.95% to 8.95% including inflation
Ad-Hoc Post-Employment Benefit Changes	None

The initial medical trend rate was 6.75 percent for non-Medicare retirees. For Medicare retirees, trend rates are higher in the first two years due to anticipated growth but thereafter match those on non-Medicare retirees. The initial prescription drug trend rate was 7.25 percent for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25 percent over a period of 11 years.

Discount Rate. A single discount rate of 3.87 percent was used to measure the total OPEB liability. This was a decrease of 0.26 percent in the discount rate since the previous year.

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

The source of the municipal bond rate is the Bond Buyer's "20-Bond GO Index" as of August 31, 2024, using the Fixed Income Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

Sensitivity of the Net OPEB Liability

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

	1% Decrease in Discount Rate (2.87%)	Discount Rate (3.87%)	1% Increase in Discount Rate (4.87%)
District's proportionate share of the Net OPEB Liability:	\$4,883,852	\$4,110,824	\$3,486,207

Healthcare Cost Trend Rates Sensitivity Analysis. The following schedule shows the impact of the OPEB liability if healthcare trend rate used was 1 percentage point less than and 1 percentage point greater than the health trend rates assumed:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the Net OPEB Liability:	\$3,347,207	\$4,110,824	\$5,105,309

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At June 30, 2025, the District reported a liability of \$4,110,824 for its proportionate share of the TRS Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 4,110,824
State's proportionate share that is associated with the District	<u>5,150,807</u>
Total	<u>\$ 9,261,631</u>

The Net OPEB Liability was measured as of August 31, 2023 and rolled forward to August 31, 2024 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The 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, 2023 thru August 31, 2024.

At August 31, 2024 the employer's proportion of the collective Net OPEB Liability was 0.0135440425% compared to 0.0151878773% as of August 31, 2023.

Changes in Actuarial Assumptions Since the Prior Actuarial Valuation – The following were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability (TOL) since the prior measurement period:

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

Changes in Benefit Terms: There were no changes in benefit terms since the prior measurement date.

For the year ended June 30, 2025, the District recognized OPEB expenses of \$669,510 and revenue \$669,510 for support provided by the State.

At June 30, 2025, the District reported its proportionate share of the TRS deferred outflows of resources and deferred inflows of resources related to Other Post-Employment Benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experience	\$ 787,907	\$ 2,051,524
Changes in actuarial assumptions	526,137	1,341,314
Net difference between projected and actual investment earnings	-	11,511
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	244,686	1,060,024
Contributions paid to TRS subsequent to the measurement date (To be calculated by employer)	111,789	-
Total	\$ 1,670,519	\$ 4,464,373

The District recognized \$111,789 as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the measurement year ended August 31, 2025. The other amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	OPEB Expense Amount	Balance of Deferred Outflows (Deferred Inflows)
2026	\$ (701,036)	\$ (2,204,607)
2027	(514,853)	(1,689,754)
2028	(537,500)	(1,152,254)
2029	(472,160)	(680,094)
2030	(347,669)	(332,425)
Thereafter	(332,425)	-

N. MEDICARE PART D - ON BEHALF PAYMENTS

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. Payments made on behalf of the District for fiscal years 2022, 2023, and 2024 were \$68,114, \$74,004, and \$92,434 respectively.

O. LITIGATION

The District is occasionally involved in various legal actions in the normal course of business. No provision for losses has been recorded in the accompanying combined financial statements.

P. COMMITMENTS AND CONTINGENCIES

The District participates in numerous state and Federal 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, if any, refunds of any money received may be required and the collectability of any related receivable at June 30, 2025 may be impaired. In the opinion of the District, there were no significant contingent liabilities relating to compliance with rules and regulations governing the respective grants, therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

As of June 30, 2025, the district has contractual commitments of \$9,763,932, which will be provided for in the 2025-2026 fiscal year.

Q. RECEIVABLES FROM OTHER GOVERNMENTS

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

<u>Fund</u>	<u>State Entitlements</u>	<u>Federal Grants</u>	<u>Other</u>	<u>Total</u>
General Fund	\$ 1,992,287	\$ -	\$ 8,530	\$ 2,000,817
Nonmajor Government Funds	<u>53,611</u>	<u>86,579</u>	<u>2,900</u>	<u>143,090</u>
Total	<u>\$ 2,045,898</u>	<u>\$ 86,579</u>	<u>\$ 11,430</u>	<u>\$ 2,143,907</u>

R. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

	General Fund	Capital Projects Fund	Special Revenue Fund	Debt Service Fund	Total
Property Taxes	\$ 4,647,271	\$ -	\$ -	\$ 1,596,872	\$ 6,244,143
Penalties, Interest and Other Tax-related Income	97,259	-	-	28,343	125,602
Tuition and Fees	50,267	-	-	-	50,267
Investment Income	192,069	521,885	-	11,680	725,634
Rent	14,790	-	-	-	14,790
Foundations, Gifts and Bequests	17,503	-	-	-	17,503
Insurance Recovery	100,000	-	-	-	100,000
Food Sales	-	-	272,922	-	272,922
Co-curricular / Campus Activities	92,646	-	47,254	-	139,900
Other	14,896	-	168	-	15,064
Total	<u>\$ 5,226,701</u>	<u>\$ 521,885</u>	<u>\$ 320,344</u>	<u>\$ 1,636,895</u>	<u>\$ 7,705,825</u>

S. UNAVAILABLE REVENUE

Unavailable revenue at year-end consisted of the following:

	General Fund	Other Funds	Total
Tax Revenue	<u>\$ 860,166</u>	<u>\$ 238,484</u>	<u>\$ 1,098,650</u>

T. WORKERS' COMPENSATION POOL

During the year ended June 30, 2025, the District met its statutory workers' compensation obligations through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Labor Code. The Fund's Workers' Compensation Program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members injured employees.

The Fund and its members are protected against higher-than-expected claims costs through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of \$2 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2024, the Fund carries a discounted reserve of \$50,247,590 for future development on reported claims and claims that have been incurred but not yet reported. For the year ended June 30, 2025, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions.

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

U. UNEMPLOYMENT COMPENSATION – SELF FUNDED

During the year ended June 30, 2025, the District met its statutory unemployment compensation obligations by participating as a self-funded member of the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and Chapter 504, Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

As a self-funded member of the TASB Risk Management Fund, the District is solely responsible for all unemployment compensation claim costs, both reported and unreported. The Fund provides administrative services to its self-funded members including claims administration and customer service.

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 the following year. The Fund's audited financial statements as of August 31, 2024, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

V. AUTO, LIABILITY, AND/OR PROPERTY PROGRAMS

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

Auto Liability

Auto Physical Damage

Cyber Liability & Security

Property

School Liability

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

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

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

W. CHANGES IN ACCOUNTING PRINCIPLE

The District implemented GASB Statement No. 101, *Compensated Absences*, for the year ended June 30, 2025.

Adjustments are shown below to the beginning net position:

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances				
					Government Wide
	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Governmental Activities
6/30/2024, as previously reported	\$ -	\$ -	\$ -	\$ -	\$ 27,082,999
Change from major to nonmajor fund	-	-	-	-	-
Change from nonmajor to major fund	-	-	-	-	-
Change in accounting principle	-	-	-	-	(709,320)
Error correction	-	-	-	-	-
6/30/2024 as adjusted or restated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,373,679</u>

REQUIRED SUPPLEMENTARY INFORMATION

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 5,335,515	\$ 5,034,460	\$ 5,226,701	\$ 192,241
5800 State Program Revenues	15,083,434	15,442,244	15,831,989	389,745
5900 Federal Program Revenues	40,000	45,150	57,191	12,041
5020 Total Revenues	20,458,949	20,521,854	21,115,881	594,027
EXPENDITURES:				
Current:				
0011 Instruction	11,246,754	11,365,618	10,936,310	429,308
0012 Instructional Resources and Media Services	225,917	215,047	205,407	9,640
0013 Curriculum and Instructional Staff Development	434,034	432,034	338,410	93,624
0021 Instructional Leadership	368,215	334,815	218,053	116,762
0023 School Leadership	1,257,865	1,245,082	1,115,157	129,925
0031 Guidance, Counseling, and Evaluation Services	1,137,446	1,145,946	1,111,413	34,533
0033 Health Services	219,437	219,437	203,900	15,537
0034 Student (Pupil) Transportation	552,424	863,424	792,107	71,317
0036 Extracurricular Activities	1,226,785	1,230,285	1,140,070	90,215
0041 General Administration	962,611	977,611	891,183	86,428
0051 Facilities Maintenance and Operations	2,732,876	2,815,076	2,551,517	263,559
0052 Security and Monitoring Services	218,500	218,500	142,816	75,684
0053 Data Processing Services	564,688	583,088	522,246	60,842
0061 Community Services	30,000	40,000	32,516	7,484
Debt Service:				
0071 Principal on Long-Term Liabilities	171,990	171,990	148,337	23,653
0072 Interest on Long-Term Liabilities	17,460	17,460	12,133	5,327
Capital Outlay:				
0081 Facilities Acquisition and Construction	1,398,988	1,406,238	1,031,201	375,037
Intergovernmental:				
0095 Payments to Juvenile Justice Alternative Ed. Prg.	7,000	10,000	5,427	4,573
0099 Other Intergovernmental Charges	155,000	155,000	131,644	23,356
6030 Total Expenditures	22,927,990	23,446,651	21,529,847	1,916,804
1200 Net Change in Fund Balances	(2,469,041)	(2,924,797)	(413,966)	2,510,831
0100 Fund Balance - July 1 (Beginning)	15,540,883	15,540,883	15,540,883	-
3000 Fund Balance - June 30 (Ending)	\$ 13,071,842	\$ 12,616,086	\$ 15,126,917	\$ 2,510,831

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

	FY 2025 Plan Year 2024	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022
District's Proportion of the Net Pension Liability (Asset)	0.009070988%	0.010183234%	0.009778353%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 5,540,938	\$ 6,994,899	\$ 5,805,157
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	8,565,588	10,260,315	10,042,719
Total	<u>\$ 14,106,526</u>	<u>\$ 17,255,214</u>	<u>\$ 15,847,876</u>
District's Covered Payroll	\$ 13,228,567	\$ 13,528,707	\$ 13,539,979
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	41.89%	51.70%	42.87%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.51%	73.15%	75.62%

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

FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015
0.009586221%	0.010060088%	0.01049661%	0.010720306%	0.011509859%	0.0112431%	0.0116804%
\$ 2,441,271	\$ 5,387,978	\$ 5,456,466	\$ 5,900,717	\$ 3,680,233	\$ 4,248,615	\$ 4,128,866
4,625,787	9,908,964	9,107,537	10,008,873	6,007,661	7,346,240	6,760,166
\$ 7,067,058	\$ 15,296,942	\$ 14,564,003	\$ 15,909,590	\$ 9,687,894	\$ 11,594,855	\$ 10,889,032
\$ 13,162,006	\$ 13,279,398	\$ 12,272,526	\$ 12,380,731	\$ 12,317,080	\$ 11,673,936	\$ 11,052,892
18.55%	40.57%	44.46%	47.66%	29.88%	36.39%	37.36%
88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%

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

	2025	2024	2023
Contractually Required Contribution	\$ 567,513	\$ 516,999	\$ 515,329
Contribution in Relation to the Contractually Required Contribution	(567,513)	(516,999)	(515,329)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 13,926,128	\$ 13,253,900	\$ 13,688,276
Contributions as a Percentage of Covered Payroll	4.08%	3.90%	3.76%

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

2022	2021	2020	2019	2018	2017	2016
\$ 442,449	\$ 415,683	\$ 414,740	\$ 368,221	\$ 369,247	\$ 372,758	\$ 345,861
(442,449)	(415,683)	(414,740)	(368,221)	(369,247)	(372,758)	(345,861)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 13,343,089	\$ 13,180,936	\$ 13,137,579	\$ 12,255,235	\$ 12,378,073	\$ 12,204,629	\$ 11,673,936
3.32%	3.15%	3.16%	3.00%	2.98%	3.05%	2.96%

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

	FY 2025 Plan Year 2024	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.013544043%	0.015187877%	0.015174943%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 4,110,824	\$ 3,362,339	\$ 3,633,489
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	5,150,807	4,057,178	4,432,286
Total	<u>\$ 9,261,631</u>	<u>\$ 7,419,517</u>	<u>\$ 8,065,775</u>
District's Covered Payroll	\$ 13,228,567	\$ 13,528,707	\$ 13,539,979
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	31.08%	24.85%	26.84%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	13.70%	14.94%	11.52%

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

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

FY 2022 Plan Year 2021		FY 2021 Plan Year 2020		FY 2020 Plan Year 2019		FY 2019 Plan Year 2018		FY 2018 Plan Year 2017	
0.015196733%		0.015882356%		0.015252707%		0.010124126%		0.015496601%	
\$	5,862,059	\$	6,037,601	\$	7,213,193	\$	7,470,272	\$	6,738,890
7,853,853		8,113,088		9,584,719		10,356,674		9,429,098	
\$	13,715,912	\$	14,150,689	\$	16,797,912	\$	17,826,946	\$	16,167,988
\$	13,162,006	\$	13,279,398	\$	12,272,526	\$	12,380,731	\$	12,317,080
44.54%		45.47%		58.78%		60.34%		54.71%	
6.18%		4.99%		2.66%		1.57%		0.91%	

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

	2025	2024	2023
Contractually Required Contribution	\$ 131,627	\$ 124,028	\$ 130,989
Contribution in Relation to the Contractually Required Contribution	(131,627)	(124,028)	(130,989)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 13,926,128	\$ 13,253,900	\$ 13,688,276
Contributions as a Percentage of Covered Payroll	0.95%	0.94%	0.96%

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

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

2022	2021	2020	2019	2018
\$ 127,174	\$ 115,409	\$ 115,016	\$ 107,857	\$ 101,728
(127,174)	(115,409)	(115,016)	(107,857)	(101,728)
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 13,343,089	\$ 13,180,936	\$ 13,137,579	\$ 12,255,235	\$ 12,378,073
0.95%	0.88%	0.88%	0.88%	0.82%

DEVINE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2025

A. Notes to Schedules for the TRS Pension

Changes of Benefit terms.

The Texas 2023 Legislature passed Senate Bill 10 (SB 10), which provided a stipend payment to certain retirees and variable ad hoc cost-of-living adjustments (COLA) to certain retirees in early fiscal year 2024. Due to its timing, the legislation and payments were not reflected in the August 31, 2023 actuarial valuation. Under the roll forward method, an adjustment was made to reflect the legislation in the rolled forward liabilities for the current measurement year, August 31, 2024. SB 10 and House Joint Resolution 2 (HJR 2) of the 88th Regular Legislative Session appropriated payments of \$1,645 billion for one-time stipends and \$3,355 billion for COLAs. This appropriation is treated as a supplemental contribution and included in other additions. Since the Legislature appropriated funds for this one-time stipend and COLA, there was no impact on the Net Pension Liability of TRS.

Changes of Assumptions.

There were no changes in assumptions.

B. Notes to Schedules for the TRS OPEB Plan

Changes in Benefits.

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

Changes in Assumptions.

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

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

COMBINING AND OTHER STATEMENTS

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

Data Control Codes		205	211	224	225
			ESEA I, A		
		Head Start	Improving Basic Program	IDEA - Part B Formula	IDEA - Part B Preschool
ASSETS					
1110	Cash and Cash Equivalents	\$ (15,730)	\$ (29,946)	\$ (28,001)	\$ (318)
1120	Investments - Current	-	-	-	-
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes	-	-	-	-
1240	Due from Other Governments	15,730	29,946	28,001	318
1000	Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	-	-	-	-
2200	Accrued Expenditures	-	-	-	-
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
2601	Unavailable Revenue - Property Taxes	-	-	-	-
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3480	Retirement of Long-Term Debt	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	270 ESEA V, B,2 Rural & Low Income	282 ESSER III ARP Act	289 Other Federal Special Revenue Funds	385 Visually Impaired SSVI	397 Advanced Placement Incentives
\$ 837,005	\$ (1,298)	\$ (3,607)	\$ -	\$ -	\$ (2,115)	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5,564	1,298	3,607	-	-	2,115	-	-
<u>\$ 842,569</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,055	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14,087	-	-	-	-	-	-	-
2,483	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>23,625</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
818,944	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>818,944</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ 842,569	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

Data Control Codes		410 State Instructional Materials	429 School Safety Standards	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds
ASSETS					
1110	Cash and Cash Equivalents	\$ 6,839	\$ (23,880)	\$ 191,908	\$ 930,857
1120	Investments - Current	-	-	-	-
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes	-	-	-	-
1240	Due from Other Governments	-	52,492	-	139,071
1000	Total Assets	<u>\$ 6,839</u>	<u>\$ 28,612</u>	<u>\$ 191,908</u>	<u>\$ 1,069,928</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ 28,612	\$ -	\$ 35,667
2160	Accrued Wages Payable	-	-	-	14,087
2200	Accrued Expenditures	-	-	-	2,483
2300	Unearned Revenue	6,839	-	-	6,839
2000	Total Liabilities	<u>6,839</u>	<u>28,612</u>	<u>-</u>	<u>59,076</u>
DEFERRED INFLOWS OF RESOURCES					
2601	Unavailable Revenue - Property Taxes	-	-	-	-
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	818,944
3480	Retirement of Long-Term Debt	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	191,908	191,908
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>191,908</u>	<u>1,010,852</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 6,839</u>	<u>\$ 28,612</u>	<u>\$ 191,908</u>	<u>\$ 1,069,928</u>

599		Total	
Debt		Nonmajor	
Service		Governmental	
Fund		Funds	
\$	1,231,902	\$	2,162,759
	155,761		155,761
	285,023		285,023
	(28,502)		(28,502)
	4,019		143,090
\$	<u>1,648,203</u>	\$	<u>2,718,131</u>
\$	-	\$	35,667
	-		14,087
	-		2,483
	-		6,839
	<u>-</u>		<u>59,076</u>
	238,484		238,484
	<u>238,484</u>		<u>238,484</u>
	-		818,944
	1,409,719		1,409,719
	-		191,908
	<u>1,409,719</u>		<u>2,420,571</u>
\$	<u>1,648,203</u>	\$	<u>2,718,131</u>

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

Data Control Codes	205 Head Start	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	220,472	410,802	343,370	4,562
5020 Total Revenues	220,472	410,802	343,370	4,562
EXPENDITURES:				
Current:				
0011 Instruction	220,472	246,402	328,865	4,562
0013 Curriculum and Instructional Staff Development	-	155,578	732	-
0021 Instructional Leadership	-	8,581	7,248	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	-	6,525	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	-	241	-	-
Debt Service:				
0071 Principal on Long-Term Liabilities	-	-	-	-
0072 Interest on Long-Term Liabilities	-	-	-	-
0073 Bond Issuance Cost and Fees	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	220,472	410,802	343,370	4,562
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
8940 Payment to Bond Refunding Escrow Agent (Use)	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	270 ESEA V, B,2 Rural & Low Income	282 ESSER III ARP Act	289 Other Federal Special Revenue Funds	385 Visually Impaired SSVI	397 Advanced Placement Incentives
\$ 273,090	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11,790	-	-	-	-	-	1,424	204
841,689	21,692	62,497	7,472	152,094	23,991	-	-
1,126,569	21,692	62,497	7,472	152,094	23,991	1,424	204
-	14,871	5,220	-	11,768	-	1,424	-
-	-	51,900	7,472	-	22,973	-	-
-	6,821	5,377	-	-	1,018	-	-
-	-	-	-	83,955	-	-	-
-	-	-	-	-	-	-	204
1,139,757	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	20,986	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	35,385	-	-	-
-	-	-	-	-	-	-	-
1,661	-	-	-	-	-	-	-
34	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,141,452	21,692	62,497	7,472	152,094	23,991	1,424	204
(14,883)	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(14,883)	-	-	-	-	-	-	-
833,827	-	-	-	-	-	-	-
\$ 818,944	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

Data Control Codes	410 State Instructional Materials	429 School Safety Standards	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ 47,254	\$ 320,344
5800 State Program Revenues	256,600	609,059	-	879,077
5900 Federal Program Revenues	-	-	-	2,088,641
5020 Total Revenues	256,600	609,059	47,254	3,288,062
EXPENDITURES:				
Current:				
0011 Instruction	256,600	-	6,306	1,096,490
0013 Curriculum and Instructional Staff Development	-	-	-	238,655
0021 Instructional Leadership	-	-	-	29,045
0023 School Leadership	-	-	61,982	145,937
0031 Guidance, Counseling, and Evaluation Services	-	-	-	6,729
0035 Food Services	-	-	-	1,139,757
0036 Extracurricular Activities	-	-	4,938	4,938
0051 Facilities Maintenance and Operations	-	-	-	20,986
0052 Security and Monitoring Services	-	36,820	-	36,820
0053 Data Processing Services	-	-	-	35,385
0061 Community Services	-	-	-	241
Debt Service:				
0071 Principal on Long-Term Liabilities	-	-	-	1,661
0072 Interest on Long-Term Liabilities	-	-	-	34
0073 Bond Issuance Cost and Fees	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	572,239	-	572,239
6030 Total Expenditures	256,600	609,059	73,226	3,328,917
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(25,972)	(40,855)
OTHER FINANCING SOURCES (USES):				
8940 Payment to Bond Refunding Escrow Agent (Use)	-	-	-	-
1200 Net Change in Fund Balance	-	-	(25,972)	(40,855)
0100 Fund Balance - July 1 (Beginning)	-	-	217,880	1,051,707
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ 191,908	\$ 1,010,852

	599		Total
	Debt		Nonmajor
	Service		Governmental
	Fund		Funds
\$	1,636,895	\$	1,957,239
	199,664		1,078,741
	-		2,088,641
	1,836,559		5,124,621
	-		1,096,490
	-		238,655
	-		29,045
	-		145,937
	-		6,729
	-		1,139,757
	-		4,938
	-		20,986
	-		36,820
	-		35,385
	-		241
	675,000		676,661
	810,426		810,460
	15,092		15,092
	-		572,239
	1,500,518		4,829,435
	336,041		295,186
	(277,719)		(277,719)
	58,322		17,467
	1,351,397		2,403,104
\$	1,409,719	\$	2,420,571

T.E.A. REQUIRED SCHEDULES

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

Last 10 Years Ended	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2016 and prior years	Various	Various	\$ Various
2017	1.170000	0.200000	416,989,927
2018	1.170000	0.200000	427,306,496
2019	1.170000	0.165000	451,933,408
2020	1.068300	0.160000	482,540,259
2021	1.027200	0.200000	513,711,758
2022	0.879000	0.240000	579,914,965
2023	0.854600	0.240000	671,174,216
2024	0.727000	0.240000	688,584,399
2025 (School year under audit)	0.696900	0.240000	706,856,842
1000 TOTALS			
8000 Total Taxes Refunded Under Section 26.1115, Tax Code			

(10) Beginning Balance 7/1/2024	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2025	(99) Taxes Refunded Under Section 26.1115c
\$ 170,137	\$	\$ 4,170	\$ 630	\$ (10,480)	\$ 154,857	
29,068		1,097	188	(324)	27,459	
23,600		2,317	396	(324)	20,563	
28,584		2,334	329	(501)	25,420	
39,142		4,739	709	(759)	32,935	
45,926		7,557	1,471	(1,192)	35,706	
73,738		13,857	3,775	(1,736)	54,370	
253,527		24,227	6,794	(13,333)	209,173	
452,289		70,662	23,236	(88,445)	269,946	
	6,622,542	4,544,384	1,563,700	(36,620)	477,838	
<u>\$ 1,116,011</u>	<u>\$ 6,622,542</u>	<u>\$ 4,675,344</u>	<u>\$ 1,601,228</u>	<u>\$ (153,714)</u>	<u>\$ 1,308,267</u>	

\$ -

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 262,000	\$ 262,000	\$ 273,090	\$ 11,090
5800 State Program Revenues	10,000	10,000	11,790	1,790
5900 Federal Program Revenues	845,000	845,000	841,689	(3,311)
5020 Total Revenues	1,117,000	1,117,000	1,126,569	9,569
EXPENDITURES:				
Current:				
0035 Food Services	1,117,000	1,245,967	1,139,757	106,210
Debt Service:				
0071 Principal on Long-Term Liabilities	-	2,000	1,661	339
0072 Interest on Long-Term Liabilities	-	200	34	166
6030 Total Expenditures	1,117,000	1,248,167	1,141,452	106,715
1200 Net Change in Fund Balances	-	(131,167)	(14,883)	116,284
0100 Fund Balance - July 1 (Beginning)	833,827	833,827	833,827	-
3000 Fund Balance - June 30 (Ending)	\$ 833,827	\$ 702,660	\$ 818,944	\$ 116,284

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 1,537,928	\$ 1,537,928	\$ 1,636,895	\$ 98,967
5800 State Program Revenues	302,176	302,176	199,664	(102,512)
5020 Total Revenues	1,840,104	1,840,104	1,836,559	(3,545)
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Liabilities	675,000	675,000	675,000	-
0072 Interest on Long-Term Liabilities	810,427	810,427	810,426	1
0073 Bond Issuance Cost and Fees	2,000	22,000	15,092	6,908
6030 Total Expenditures	1,487,427	1,507,427	1,500,518	6,909
1100 Excess of Revenues Over Expenditures	352,677	332,677	336,041	3,364
OTHER FINANCING SOURCES (USES):				
8940 Payment to Bond Refunding Escrow Agent (Use)	-	(277,720)	(277,719)	1
1200 Net Change in Fund Balances	352,677	54,957	58,322	3,365
0100 Fund Balance - July 1 (Beginning)	1,351,397	1,351,397	1,351,397	-
3000 Fund Balance - June 30 (Ending)	\$ 1,704,074	\$ 1,406,354	\$ 1,409,719	\$ 3,365

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

Section A: Compensatory Education Programs

AP1	Did your district expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the district have written policies and procedures for its state compensatory education program?	Yes
AP3	Total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$1,685,299
AP4	Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24,26,28,29,30)	\$1,185,345

Section B: Bilingual Education Programs

AP5	Did your district expend any bilingual education program state allotment funds during the district's fiscal year?	Yes
AP6	Does the district have written policies and procedures for its bilingual education program?	Yes
AP7	Total state allotment funds received for bilingual education programs during the district's fiscal year.	\$47,432
AP8	Actual direct program expenditures for bilingual education programs during the district's fiscal year. (PIC 25)	\$41,287

FEDERAL SECTION

COLEMAN, HORTON & COMPANY, LLP

Certified Public Accountants

400 E. NOPAL STREET • UVALDE, TEXAS 78801-5305
www.colemanhortoncpa.com

DEBORAH V. McDONALD, CPA
DEREK L. WALKER, CPA
DUSTY R. ROUTH, CPA
MELINDA D. KORCZYNSKI, CPA

TEL (830) 278-6276
FAX (830) 278-6868
chc@colemanhortoncpa.com

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

To the Board of Trustees
Devine Independent School District
Devine, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Devine Independent School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Devine Independent School District's basic financial statements, and have issued our report thereon dated August 22, 2025.

Report on Internal Control over Financial Reporting

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Devine 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Coleman, Horton and Company, LLP

Uvalde, Texas
August 22, 2025

COLEMAN, HORTON & COMPANY, LLP

Certified Public Accountants

400 E. NOPAL STREET • UVALDE, TEXAS 78801-5305
www.colemanhortoncpa.com

DEBORAH V. McDONALD, CPA
DEREK L. WALKER, CPA
DUSTY R. ROUTH, CPA
MELINDA D. KORCZYNSKI, CPA

TEL (830) 278-6276
FAX (830) 278-6868
chc@colemanhortoncpa.com

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

To the Board of Trustees
Devine Independent School District
Devine, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Devine Independent School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Devine Independent School District's major federal programs for the year ended June 30, 2025. Devine 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, Devine 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 June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Coleman, Horton and Company, LLP

Uvalde, Texas

August 22, 2025

DEVINE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

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 X No

Significant deficiencies identified that are not considered to be material weakness? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes X No

Significant deficiencies identified that are not considered to be material weakness? Yes X 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 Section 200 of the Uniform Guidance? Yes X No

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

CFDA #84.010A

Title I, Part A, Improving Basic Programs

CFDA #84.367A

Title II, Part A, Supporting Effective Instruction

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

Auditee qualified as low-risk auditee? X Yes No

DEVINE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

B. Financial Statement Findings

-----None noted-----

C. Federal Award Findings and Questioned Costs

-----None noted-----

DEVINE INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025

A. Findings/Status

-----None Noted-----

DEVINE INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2025

-----None noted-----

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

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal Assistance Listing No.	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010 A	24-610101163901	\$ 66,327
ESEA, Title I, Part A - Improving Basic Programs	84.010 A	25-610101163901	344,475
Total Assistance Listing Number 84.010			410,802
*IDEA - Part B, Formula	84.027 A	24-6600011639016600	55,899
*IDEA - Part B, Formula	84.027 A	25-6600011639016600	287,471
Total Assistance Listing Number 84.027			343,370
*IDEA - Part B, Preschool	84.173 A	24-6610011639016610	409
*IDEA - Part B, Preschool	84.173 A	25-6610011639016610	4,153
Total Assistance Listing Number 84.173			4,562
Total Special Education Cluster (IDEA)			347,932
Career and Technical - Basic Grant	84.048 A	24-420006163901	300
Career and Technical - Basic Grant	84.048 A	25-420006163901	21,392
Total Assistance Listing Number 84.048			21,692
ESEA, Title V, Part B.2 - Rural & Low Income Prog.	84.358 B	24-696001163901	7,472
ESEA, Title II, Part A, Teacher Principal Training	84.367 A	24-694501163901	6,293
ESEA, Title II, Part A, Teacher Principal Training	84.367 A	25-694501163901	56,204
Total Assistance Listing Number 84.367			62,497
Title IV, Part A, Subpart 1	84.424 A	24-6801163901	3,124
Title IV, Part A, Subpart 1	84.424 A	25-6801163901	20,867
Total Assistance Listing Number 84.424			23,991
COVID 19 - ESSER III - School Emergency Relief	84.425 D	21-528001163901	152,094
Total Passed Through Texas Education Agency			1,026,480
TOTAL U.S. DEPARTMENT OF EDUCATION			1,026,480
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Texas Health and Human Services Commission</u>			
Medicaid Administrative Claiming Program - MAC	93.778	HHS000537900056	5,361
Total Medicaid Cluster			225,833
Total Passed Through Texas Health and Human Services Commission			5,361
<u>Passed Through Texas Education Agency</u>			
Head Start	93.600	205475405	62,931
Head Start	93.600	205475405	157,541
Total Assistance Listing Number 93.600			220,472
			225,833
Total Passed Through Texas Education Agency			220,472
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			225,833
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the Texas Department of Agriculture</u>			
*School Breakfast Program	10.553	71402501	222,653
*National School Lunch Program - Cash Assistance	10.555	71302501	568,458
*National School Lunch Prog. - Non-Cash Assistance	10.555	N/A	50,108

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

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
Total Assistance Listing Number 10.555			618,566
Total Child Nutrition Cluster			841,219
Warehouse Distribution Fees Reimbursement	10.560	246TX312N2533	470
Total Passed Through the Texas Department of Agriculture			841,689
TOTAL U.S. DEPARTMENT OF AGRICULTURE			841,689
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 2,094,002

*Clustered Programs

**The above amounts do not include SHARS receipts of \$51,830, which is included as federal revenue in the General Fund.

DEVINE INDEPENDENT SCHOOL DISTRICT
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

- * For all Federal programs, the District uses the fund types specified in Texas Education Agency's ***Financial Accountability System Resource Guide***. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.
- * The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund or, in some instances, in the General Fund which are Governmental Fund type funds.

With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned.

- * The District must submit to the pass-through entity, no later than 90 calendar days (or an earlier date as agreed upon by the pass-through entity and the District) after the end date of the period of performance, all financial, performance, and other reports as required by the terms and conditions of the Federal award. The Federal awarding agency or pass-through entity may approve extensions when requested and justified by the non-Federal entity, as applicable (2 CFR 200.344(a)).

Unless the Federal awarding agency or pass-through entity authorizes an extension, a non-Federal entity must liquidate all financial obligations incurred under the Federal award no later than 120 calendar days after the end date of the performance as specified in the terms and conditions of the Federal award (2 CFR 200.344(b)).

- * CFDA numbers for commodity assistance are the CFDA numbers of the programs under which USDA donated the commodities.

SCHOOLS FIRST QUESTIONNAIRE

DEVINE INDEPENDENT SCHOOL DISTRICT

Fiscal Year 2025

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