

CROSBY INDEPENDENT SCHOOL DISTRICT

Annual Financial Report

**For the Year Ended
June 30, 2025**



14670 FM 2100, Crosby, TX 77532

CROSBY INDEPENDENT SCHOOL DISTRICT

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CERTIFICATE OF BOARD

Crosby Independent School District

Name of School District

Harris

County

101-906

Co. - Dist. No.

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

President of the Board

Secretary of the Board



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Crosby Independent School District

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 Crosby Independent School District (the "District") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

To the Board of Trustees
Crosby Independent School District

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule L-1 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

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

Houston, Texas
November 17, 2025



CROSBY INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

As the management of Crosby Independent School District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with the notes to the basic financial statements and the financial statements themselves to enhance their understanding of the District's financial condition.

Financial Highlights

- The District's total combined net position at June 30, 2025 was \$69,691,138. Of this amount, a deficit of \$4,043,403 (unrestricted net position) exists, which includes recognition of the District's pension and other post-employment benefits (OPEB) liabilities and related deferred inflows/outflows, which is a negative impact to unrestricted net position of \$39,561,282. Overall, the District's net position increased by \$13,910,916 when compared to the previous year.
- For the fiscal year ended June 30, 2025, the District's general fund reported a total fund balance of \$42,927,757, of which \$111,455 is nonspendable for inventories and prepaid items and \$29,966,302 is unassigned.
- At the end of the fiscal year, the District's governmental funds reported combined ending fund balances of \$124,952,696, a decrease from the previous year of \$29,857,661.

Overview of The Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and supplementary in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

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

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

The governmental activities of the District include instruction, instructional resources and media services, curriculum and instructional staff development, instructional leadership, school leadership, guidance, counseling, and evaluation services, health services, student transportation, food service, extracurricular activities, general administration, plant maintenance and operations, security and monitoring services, data processing services, community services, interest on long-term debt, payments to shared services arrangements, and other governmental charges.

CROSBY INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Fund Financial Statements

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

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The District maintains 24 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and capital projects fund, which are considered to be major funds. Data from the other 21 governmental funds are combined into a single, aggregated presentation titled nonmajor governmental funds.

Proprietary Funds

The District maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses internal service funds to account for the management of its retained risks for workers compensation. Because the service benefits governmental functions, it has been included within governmental activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found as noted in the table of contents of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of students. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the District's own programs. The basic fiduciary fund financial statements can be found as noted in the table of contents of this report.

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information and supplementary information, which includes schedules required by the Texas Education Agency. Such information can be found as noted in the table of contents of this report.

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

Financial Analysis of The District as A Whole

The District's combined net position was \$69,691,138 at June 30, 2025. Table 1 focuses on net position while Table 2 shows the revenues and expenses that changed the net position balance during the fiscal year ended June 30, 2025.

Table 1
Net Position

	Governmental Activities		
	2025	2024	Change
Assets and Deferred Outflows of Resources:			
Assets:			
Current and other assets	\$ 140,599,966	\$ 167,223,376	\$ (26,623,410)
Capital assets	171,132,028	152,839,019	18,293,009
Deferred outflows of resources	19,839,804	21,276,360	(1,436,556)
Total Assets and Deferred Outflows of Resources	331,571,798	341,338,755	(9,766,957)
Liabilities and Deferred Inflows of Resources:			
Liabilities:			
Current liabilities	12,686,950	10,656,609	2,030,341
Long term liabilities	234,097,396	255,232,797	(21,135,401)
Deferred inflows of resources	15,096,314	19,669,127	(4,572,813)
Total Liabilities and Deferred Inflows of Resources	261,880,660	285,558,533	(23,677,873)
Net Position:			
Net investment in capital assets	67,204,548	41,584,028	25,620,520
Restricted	6,529,993	19,935,312	(13,405,319)
Unrestricted	(4,043,403)	(5,739,118)	1,695,715
Total Net Position	\$ 69,691,138	\$ 55,780,222	\$ 13,910,916

The District reported an increase of \$14,393,782 in net position from the prior year which is discussed in the analysis of changes in net position (see Table 2).

The District's current and other assets decreased by \$26,623,410 due primarily to using current resources for the early extinguishment/defeasance of bonds and continued spending on bond projects.

The District's capital assets increased by \$18,293,009 due to significant capital outlays for construction in progress related to bond projects, less depreciation expense of \$5,930,836.

The District's current liabilities increased by \$2,030,341 due to an increase in accounts payable due to timing of expenses at the end of the fiscal year.

The District's long-term liabilities decreased by \$21,135,401 due primarily to scheduled principal payments on bonds and other long-term debt, plus early extinguishment of Series 2014 bonds and defeasance of Series 2018 bonds (see Note 7).

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

Table 2
Changes in Net Position

	Governmental Activities		
	2025	2024	Change
Program Revenues			
Charges for services	\$ 1,575,100	\$ 1,541,705	\$ 33,395
Operating grants	11,614,369	15,430,754	(3,816,385)
General Revenues			
Property taxes	37,945,497	34,203,134	3,742,363
State Aid	44,971,203	45,607,999	(636,796)
Interest earnings	6,591,668	7,830,893	(1,239,225)
Miscellaneous	1,072,540	460,865	611,675
Total Revenues	103,770,377	105,075,350	(1,304,973)
Expenses			
Instruction and instruction-related services	49,109,850	47,226,265	1,883,585
Instructional and school leadership	4,806,799	4,537,033	269,766
Student support services	13,026,206	13,116,401	(90,195)
Administrative support services	2,979,736	2,908,349	71,387
Support services	10,203,324	9,333,371	869,953
Ancillary services	185,705	192,054	(6,349)
Debt service	8,691,272	9,140,706	(449,434)
Intergovernmental charges	373,703	365,759	7,944
Total Expenses	89,376,595	86,819,938	2,556,657
 Increase (Decrease) in Net Position	 13,910,916	 18,255,412	 (4,344,496)
 Beginning Net Position	 55,780,222	 37,524,810	 18,255,412
Ending Net Position	\$ 69,691,138	\$ 55,780,222	\$ 13,910,916

The District's total revenues decreased by \$1,304,973, or 1%, due to a decrease in federal grants when compared to the previous fiscal year.

The District's total expenses increased by \$2,556,657, or 3%, due to increased costs incurred for salaries and benefits primarily related to instruction and instruction-related services.

Financial Analysis of The District's Funds

At the close of the fiscal year ending June 30, 2025, the District's governmental funds reported a combined fund balance of \$124,952,696. This compares to a combined fund balance of \$154,810,357 at June 30, 2024.

The fund balance of the general fund at the end of the fiscal year was \$42,927,757, which represented a decrease of \$4,951,621 from the prior year due to increasing expenditures exceeding total revenues for property taxes and state funding.

The fund balance of the debt service fund at the end of the fiscal year was \$4,364,899, which represented a decrease of \$7,289,620 from the prior year due to the early extinguishment of Series 2014 bonds and defeasance of Series 2018 bonds (see Note 7).

The fund balance of the capital projects fund at the end of the fiscal year was \$73,738,589, which represented a decrease of \$17,702,958 from the prior year due to continued spending on bond-funded capital projects.

General Fund Budgetary Highlights

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

In accordance with State law and generally accepted accounting standards, the District prepares an annual budget for the general fund, the food service special revenue fund, and the debt service fund. The District budgets the capital projects fund for each *project*, which normally covers multiple years. Special revenue funds have budgets approved by the funding agency and are amended throughout the year as required.

During the period ended June 30, 2025, the District amended its budget as required by State law and to reflect current levels of revenue and anticipated expenses. The general fund's actual revenues exceeded budgetary amounts by \$640,725. Actual expenditures were less than budgeted amounts by \$3,446,230.

Capital Assets

The District's investment in capital assets for its governmental type activities as of June 30, 2025, includes land, buildings and improvements, furniture and equipment, construction in progress, the intangible right-to-use lease assets, and the intangible right-to-use subscription assets. Capital assets, net of depreciation/amortization, increased by \$18,293,009 from the prior year due to the District incurring depreciation expense in the amount of \$5,930,836 during the fiscal year. The following table summarizes the investment in capital assets as of June 30, 2025 and 2024:

	2025	2024
Land	\$ 3,660,902	\$ 3,660,902
Construction in progress	25,902,979	4,080,126
Buildings and improvements	220,410,209	218,831,671
Furniture and equipment	17,230,772	16,408,318
Lease assets	448,227	448,227
Subscription assets	275,209	275,209
	<u>267,928,298</u>	<u>243,704,453</u>
Accumulated depreciation/amortization	(96,796,270)	(90,865,434)
Net Capital Assets	<u><u>\$ 171,132,028</u></u>	<u><u>\$ 152,839,019</u></u>

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

Long-term Debt

At year end, the District had \$168,865,000 in general obligation bonds outstanding versus \$185,005,000 last year. The decrease was due to principal payments on debt in the amount of \$21,540,900, which includes the early extinguishment of Series 2014. The following table summarized the long-term debt balances as of June 30, 2025 and 2024:

	2025	2024
Bonds payable	\$ 183,912,373	\$ 201,871,180
Maintenance tax notes	7,526,091	15,424,764
Arbitrage payable	2,837,526	1,189,128
Compensated absences	1,067,569	428,638
Leases	274,893	362,524
SBITAs	49,720	152,989
Net pension liability	24,219,953	25,659,546
Net OPEB liability	14,209,271	10,144,028
	<u><u>\$ 234,097,396</u></u>	<u><u>\$ 255,232,797</u></u>

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

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

Economic Factors and Next Year's Budget and Rates

The District's budgeted expenditures in the General Fund for the 2025-2026 school year total \$77,883,115 and the District's Board of Trustees adopted an M & O tax rate of \$0.75520 and an I & S rate of \$0.48000 for a combined rate of \$1.23520.

Contacting the District's Financial Management

This financial report is intended to provide a general overview of the District's finances for all those with an interest in this information. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Crosby Independent School District, P.O. Box 2009, Crosby, Texas, 77532-2009.

BASIC FINANCIAL STATEMENTS



CROSBY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2025
Exhibit A-1

Data Control Codes		Governmental Activities
	Assets	
1110	Cash and cash equivalents	\$ 120,060,298
1220	Property taxes	4,048,541
1230	Allowance for doubtful accounts	(161,941)
1240	Due from other governments	15,463,173
1267	Due from fiduciary funds	302
1290	Other receivables	939,984
1300	Inventories, at cost	147,290
1410	Prepaid items	102,319
	Capital assets not subject to depreciation:	
1510	Land	3,660,902
1580	Construction in progress	25,902,979
	Capital assets net of depreciation:	
1520	Buildings and improvements	137,032,721
1530	Furniture and equipment	4,161,911
1550	Right-to-use assets	373,515
1000	Total Assets	311,731,994
	Deferred Outflows of Resources	
	Deferred charge on refunding	6,042,590
	Pension related	6,283,220
	OPEB related	7,513,994
1700	Total Deferred Outflows of Resources	19,839,804
	Liabilities	
2110	Accounts payable	4,323,863
2140	Interest payable	2,347,998
2150	Payroll deductions and withholdings payables	434,127
2160	Accrued wages payable	5,316,192
2180	Due to other governments	212
2200	Accrued expenditures	165,445
2300	Unearned revenue	99,113
	Noncurrent Liabilities:	
2501	Due within one year - bonds, maintenance tax notes, leases, SBITAs	6,558,182
	Due in more than one year:	
2502	Bonds, maintenance tax notes, leases, SBITAs	189,109,990
2540	Net pension liability	24,219,953
2545	Net OPEB liability	14,209,271
2000	Total Liabilities	246,784,346
	Deferred Inflows of Resources	
	Deferred gain on refunding	167,042
	Pension related	869,284
	OPEB related	14,059,988
2600	Deferred Inflows of Resources	15,096,314
	Net Position	
3200	Net investment in capital assets	67,204,548
	Restricted for:	
3850	Debt service	3,396,251
3890	Grant funds	3,133,742
3900	Unrestricted	(4,043,403)
3000	Total Net Position	\$ 69,691,138



CROSBY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025
Exhibit B-1

					Net (Expense) Revenue and Changes in Net Position Primary Government
Data Control Codes	Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
	Governmental Activities:				
11	Instruction	\$ 46,996,561	\$ 57,393	\$ 4,055,348	\$ (42,883,820)
12	Instructional resources and media services	407,669	22,373	4,637	(380,659)
13	Curriculum development and instructional staff development	1,705,620	515	128,839	(1,576,266)
21	Instructional leadership	1,003,331	-	184,618	(818,713)
23	School leadership	3,803,468	15,440	41,451	(3,746,577)
31	Guidance, counseling, and evaluation services	3,297,622	272	1,189,899	(2,107,451)
33	Health services	454,007	1,384	224,490	(228,133)
34	Student transportation	2,806,284	-	152,030	(2,654,254)
35	Food services	3,759,365	954,299	2,956,470	151,404
36	Extracurricular activities	2,708,928	254,938	12,601	(2,441,389)
41	General administration	2,979,736	-	153,641	(2,826,095)
51	Facilities maintenance and operations	8,172,676	267,480	73,545	(7,831,651)
52	Security and monitoring services	1,291,956	1,006	166,054	(1,124,896)
53	Data processing services	738,692	-	561	(738,131)
61	Community services	185,705	-	52,554	(133,151)
72	Interest on long-term debt	8,691,272	-	2,217,631	(6,473,641)
93	Payments to member districts of shared service arrangements	96,500	-	-	(96,500)
99	Other intergovernmental charges	277,203	-	-	(277,203)
TG	Total Governmental Activities	\$ 89,376,595	\$ 1,575,100	\$ 11,614,369	(76,187,126)
General Revenues:					
Taxes:					
MT	Property taxes, levied for general purposes				23,236,658
DT	Property taxes, levied for debt service				14,708,839
SF	State-aid formula grants				44,971,203
IE	Investment earnings				6,591,668
MI	Miscellaneous				1,072,540
TR	Total General Revenues				90,580,908
CN	Change in net position				14,393,782
NB	Net Position - Beginning, as Previously Presented				55,780,222
PA	Restatement				(482,866)
	Net Position, Beginning, as Restated				55,297,356
NE	Net Position - Ending				\$ 69,691,138

CROSBY INDEPENDENT SCHOOL DISTRICT
Exhibit C-1
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2025

Data Control Codes		General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
1110	Cash and cash equivalents	\$ 34,509,187	\$ 4,196,100	\$ 75,829,326	\$ 3,937,799	\$ 118,472,412
	Receivables:					
1220	Property taxes - delinquent	2,611,718	1,436,823	-	-	4,048,541
1230	Allowance for uncollectible taxes (credit)	(104,468)	(57,473)	-	-	(161,941)
1240	Due from other governments	14,087,794	139,045	-	1,236,334	15,463,173
1260	Due from other funds	460,783	29,754	-	6,615	497,152
1267	Due from others	302	-	-	-	302
1290	Other receivables	935,656	-	-	4,328	939,984
1300	Inventories, at cost	9,136	-	-	138,154	147,290
1410	Prepaid items	102,319	-	-	-	102,319
1000	Total Assets	\$ 52,612,427	\$ 5,744,249	\$ 75,829,326	\$ 5,323,230	\$ 139,509,232
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities						
2110	Accounts payable	\$ 1,956,970	\$ -	\$ 2,090,737	\$ 275,433	\$ 4,323,140
2150	Payroll deductions and withholdings	406,327	-	-	27,800	434,127
2160	Accrued wages payable	4,777,754	-	-	538,438	5,316,192
2170	Due to other funds	36,369	-	-	460,783	497,152
2180	Due to other governments	-	-	-	212	212
2300	Unearned revenue	-	-	-	99,113	99,113
2000	Total Liabilities	7,177,420	-	2,090,737	1,401,779	10,669,936
Deferred Inflows of Resources						
	Unavailable revenue - property taxes	2,507,250	1,379,350	-	-	3,886,600
2600	Deferred Inflows of Resources	2,507,250	1,379,350	-	-	3,886,600
Fund Balances						
Non-Spendable:						
3410	Inventories	9,136	-	-	-	9,136
3430	Prepaid items	102,319	-	-	-	102,319
Restricted:						
3450	Grant funds	-	-	-	3,133,742	3,133,742
3470	Capital projects	-	-	73,738,589	-	73,738,589
3480	Debt service	-	4,364,899	-	-	4,364,899
Committed:						
3545	Other purposes	-	-	-	787,709	787,709
Assigned:						
3590	Capital projects	12,850,000	-	-	-	12,850,000
3600	Unassigned	29,966,302	-	-	-	29,966,302
3000	Total Fund Balances	42,927,757	4,364,899	73,738,589	3,921,451	124,952,696
4000	Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 52,612,427	\$ 5,744,249	\$ 75,829,326	\$ 5,323,230	\$ 139,509,232

CROSBY INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF BALANCE SHEET FOR GOVERNMENTAL FUNDS TO
STATEMENT OF NET POSITION
June 30, 2025

Exhibit C-1R

Data Control Codes		
	Total Fund Balance, Governmental Funds	\$ 124,952,696
	Amounts reported for governmental activities in the statement of net position are different because:	
	Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.	
1	Capital assets	267,928,298
2	Accumulated depreciation/amortization	(96,796,270)
	Capital assets, net of accumulated depreciation	<u>171,132,028</u>
3	Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.	(1,132,058)
4	Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.	3,886,600
5	The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.	1,421,718
	Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.	
6	Bonds payable	(168,865,000)
7	Maintenance tax notes	(7,275,000)
8	Compensated absences	(1,067,569)
9	Leases payable	(274,893)
10	SBITAs payable	(49,720)
11	Accrued interest on long-term debt	(2,347,998)
12	Accreted interest on capital appreciation bonds	(8,221,460)
13	Arbitrage liability	(2,837,526)
14	Net pension liability	(24,219,953)
15	Net OPEB liability	(14,209,271)
	Total Long-Term Liabilities	<u>(229,368,390)</u>
	Governmental funds report the effect of premiums, discounts, and refundings and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
16	Deferred loss on refunding	6,042,590
17	Deferred gain on refunding	(167,042)
18	Premium on bonds/notes	(7,077,004)
	Total Premiums and Deferred Items	<u>(7,244,046)</u>
29	Total Net Position-Governmental Activities	<u><u>\$ 69,691,138</u></u>

CROSBY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2025

Exhibit C-2

Data Control Codes		General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
5700	Local, intermediate, and out-of-state	\$ 25,507,980	\$ 14,844,357	\$ 4,092,471	\$ 1,785,061	\$ 46,229,869
5800	State program revenues	48,471,626	1,818,928	-	1,380,727	51,671,281
5900	Federal program revenues	849,482	-	-	6,804,238	7,653,720
5020	Total Revenues	74,829,088	16,663,285	4,092,471	9,970,026	105,554,870
Expenditures						
Current:						
0011	Instruction	41,347,414	-	-	3,526,955	44,874,369
0012	Instruction resources and media services	374,771	-	-	48,124	422,895
0013	Curriculum and instructional staff development	1,691,261	-	-	112,043	1,803,304
0021	Instructional leadership	896,895	-	-	173,442	1,070,337
0023	School leadership	3,956,796	-	-	39,007	3,995,803
0031	Guidance, counseling and evaluation services	2,386,991	-	-	1,144,229	3,531,220
0033	Health services	760,431	-	-	46,009	806,440
0034	Student transportation	2,721,095	-	-	138,375	2,859,470
0035	Food services	-	-	-	4,037,330	4,037,330
0036	Extracurricular activities	2,000,444	-	-	278,021	2,278,465
0041	General administration	3,002,435	-	-	1,025	3,003,460
0051	Facilities maintenance and operations	7,859,524	-	-	57,609	7,917,133
0052	Security and monitoring services	1,186,961	-	-	167,078	1,354,039
0053	Data processing services	785,935	-	-	-	785,935
0061	Community services	17,009	-	-	129,296	146,305
Debt service:						
0071	Principal on long-term debt	8,055,900	13,485,000	-	-	21,540,900
0072	Interest on long-term debt	674,630	7,552,870	-	-	8,227,500
0073	Bond issuance costs and fees	1,000	2,915,035	-	-	2,916,035
Capital outlay:						
0081	Facilities acquisition and construction	1,710,626	-	21,795,429	-	23,506,055
Intergovernmental:						
0093	Payments related to shared services arrangements	96,500	-	-	-	96,500
0099	Other intergovernmental charges	277,203	-	-	-	277,203
6030	Total Expenditures	79,803,821	23,952,905	21,795,429	9,898,543	135,450,698
1100	Excess (deficiency) of revenues over expenditures	(4,974,733)	(7,289,620)	(17,702,958)	71,483	(29,895,828)
Other Financing Sources (Uses)						
7912	Sale of real and personal property	35,704	-	-	2,463	38,167
7915	Transfers in	-	-	-	12,592	12,592
8911	Transfers out	(12,592)	-	-	-	(12,592)
7080	Total Other Financing Sources (Uses)	23,112	-	-	15,055	38,167
1200	Net change in fund balances	(4,951,621)	(7,289,620)	(17,702,958)	86,538	(29,857,661)
0100	Fund Balances - Beginning	47,879,378	11,654,519	91,441,547	3,834,913	154,810,357
3000	Fund Balances - Ending	\$ 42,927,757	\$ 4,364,899	\$ 73,738,589	\$ 3,921,451	\$ 124,952,696

CROSBY INDEPENDENT SCHOOL DISTRICT*Exhibit C-2R*

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025**

**Data
Control
Codes**

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund balances - Total Governmental Funds \$ (29,857,661)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

1	Capital outlay	24,223,845
2	Depreciation/amortization	(5,930,836)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

3	Earned but unavailable taxes	396,466
4	Gain on early extinguishment/defeasance of bonds	523,632

Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Principal payments:		
5	Bonds	13,485,000
6	Maintenance tax note	7,865,000
7	Leases	87,631
8	SBITAs	103,269
9	Advance defeasance on bonds	2,892,260

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

10	Accrued interest on long-term debt	430,500
11	Amortization of premiums and discounts	387,364
12	Amortization of deferred amounts of refunding	(313,687)
13	Accreted interest on long-term debt	704,224
14	Arbitrage expense	(1,648,398)
15	Compensated absences	(156,065)
16	Changes in net pension liabilities and related deferred inflows/outflows	(1,233,305)
17	Changes in net OPEB liabilities and related deferred inflows/outflows	2,057,599

18	Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.	376,944
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Change in Net Position of Governmental Activities \$ 14,393,782

CROSBY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2025

Exhibit D-1

	<u>Internal Service Fund</u>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 1,587,886
Total Assets	<u>\$ 1,587,886</u>
Liabilities:	
Current liabilities:	
Accounts payable	\$ 723
Accrued expenses	165,445
Total Liabilities	<u>\$ 166,168</u>
Net Position:	
Unrestricted	\$ 1,421,718
Total Net Position	<u>\$ 1,421,718</u>

CROSBY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2025

Exhibit D-2

	<u>Internal Service Fund</u>
Operating Revenues	
Charges for Services	\$ 520,637
Total Operating Revenues	<u>520,637</u>
Operating Expenses	
Payroll costs	<u>204,018</u>
Total Operating Expenses	<u>204,018</u>
Operating Income (Loss)	<u>316,619</u>
Non-Operating Revenues (Expenses)	
Earnings on investments	<u>60,325</u>
Total Non-Operating Revenues (Expenses)	<u>60,325</u>
Change in Net Position	376,944
Net Position - July 1 (Beginning)	<u>1,044,774</u>
Net Position - June 30 (Ending)	<u><u>\$ 1,421,718</u></u>



CROSBY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2025

Exhibit D-3

	Internal Service Fund
Cash Flows from Operating Activities:	
Cash received from interfund services provided	\$ 520,637
Cash payments for insurance claims	(49,714)
Cash payments to employees	(204,018)
Cash payments to suppliers for goods and services	(6,817)
Net Cash Provided by (Used for) Operating Activities	<u>260,088</u>
Cash Flows from Investing Activities:	
Proceeds from earnings on investments	<u>60,325</u>
Net Cash Provided by (Used for) Investing Activities	<u>60,325</u>
Net Increase (Decrease) in Cash and Cash Equivalents	320,413
Cash and Cash Equivalents, Beginning of Year	<u>1,267,473</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,587,886</u></u>
Operating Income (Loss)	\$ 316,619
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities:	
Increase (decrease) in accounts payable	(6,817)
Increase (decrease) in claims payable	(49,714)
Total Adjustments	<u>(56,531)</u>
Net Cash Provided by (Used for) Operating Activities	<u><u>\$ 260,088</u></u>

CROSBY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2025

Exhibit E-1

	<u>Custodial Fund</u>
Assets	
Cash and cash equivalents	\$ 124,473
Total Assets	<u><u>\$ 124,473</u></u>
Liabilities	
Accounts payable	\$ 169
Due to others	302
Due to student groups and others	1,262
Total Liabilities	<u><u>\$ 1,733</u></u>
Net Position	
Restricted	\$ 122,740
Total Net Position	<u><u>\$ 122,740</u></u>

CROSBY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2025

Exhibit E-2

	<u>Custodial Fund</u>
Additions	
Student activities	\$ 55,365
Total Additions	<u>55,365</u>
Deductions	
Student activities	<u>89,671</u>
Total Deductions	<u>89,671</u>
Change in net position	(34,306)
Net Position Beginning of Year	<u>157,046</u>
Net Position End of Year	<u><u>\$ 122,740</u></u>



Note 1 - Summary of Significant Accounting Policies

A. Reporting Entity

The Crosby Independent School District (the District) is governed by a seven-member board of trustees (the Board), which has governance responsibilities over all activities related to public elementary and secondary education within the District. Members of the Board are elected by the public, have authority to make decisions, appoint management and significantly influence operations, and have primary accountability for fiscal matters; the District is not included in any other governmental reporting entity. The accompanying financial statements present the District.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government (the District). All fiduciary activities are reported only in the fund financial statements. Governmental activities normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category—governmental and fiduciary—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

The **General Fund** is the District's primary operating fund. It accounts for all financial resources of the District, except those accounted for in another fund.

The **Debt Service Fund** is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

The **Capital Projects Fund** accounts for the acquisition and construction of the District's major capital facilities.

Additionally, the District reports the following fund types:

The **Nonmajor Special Revenue Funds** are used to account for the proceeds of specific revenue sources (other than those identified as a major fund) that are restricted or committed to expenditures for specific purposes.

The **Internal Service Fund** is used to account for workers' compensation risk management services provided throughout the District on a cost-reimbursement basis.

The **Custodial Fund** accounts for assets held by the District for student organizations.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated.

Note 1 - Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are 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.

The governmental fund financial statements are reported using the *current financial resources* measurement focus and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease and subscription-based technology arrangements (SBITA) liabilities, as well as expenditures related to compensated absences, claims and judgments, and postemployment benefits are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the District the right-to-use assets and SBITA assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases and SBITAs are reported as other financing sources.

Interest associated with the current fiscal period is considered to be susceptible to accrual and has been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand and bank demand or time and savings deposits and short term, highly liquid investments with original maturities of three months or less from the date of acquisition.

Investments

Investments for the District, except for certain investment pools, are reported at fair value. The District's investments in pools are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

TexPool, Lone Star and LOGIC have a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity. The District also has a treasury money market fund with Wells Fargo that is classified as a cash equivalent investment with a redemption period of one day.

Note 1 - Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (continued)

Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds”. All interfund transactions are eliminated on the government-wide financial statements.

All property taxes receivable are shown net of any allowance for uncollectible. The property tax receivable allowance is equal to 4% of outstanding property taxes at June 30, 2025.

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

If there is a constraint on how the eventual proceeds can be spent, the fund balance is classified to reflect that constraint (restricted, committed, or assigned), rather than included as part of nonspendable fund balance.

Capital Assets

Capital assets are tangible and intangible assets, which include buildings, building improvements, equipment, vehicles, right to use assets, and subscription-based information technology arrangements (SBITAs), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an estimated useful life more than one year and an initial, individual cost exceeding \$5,000.

As the District constructs or acquires capital assets each period, they are capitalized and reported at historical cost, except for intangible right-to-use lease and SBITAs. The measurement of the intangible right-to-use assets and SBITAs are discussed in their respective sections of this note. The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset’s capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets, excluding the intangible right-to-use assets and SBITAs, follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated or amortized. The other capital asset classes are depreciated/amortized using the straight-line method over the following estimated useful lives or amortization term as defined below:

Assets	Years
Buildings and improvements	5 to 50 years
Equipment and vehicles	5 to 20 years
Right-to-use lease asset	Lease term
Subscription asset	Subscription term

Note 1 - Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (continued)

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then. The District has two items that qualify for reporting in this category. They are deferred charge on bond refunding and deferred outflows related to TRS reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The item related to TRS represents the District's share of the unrecognized plan deferred outflow of resources which TRS uses in calculating the ending net pension and other post-employment benefit (OPEB) liabilities.

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for this reporting category. The first item, unavailable revenue from property taxes, is reported only in the governmental funds balance sheet. Under the modified accrual basis of accounting, these amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other items related to TRS represents the District's share of the unrecognized TRS plan deferred inflows of resources which TRS uses in calculating the ending net pension and other post-employment benefit (OPEB) liabilities. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Compensated Absences

A liability is recognized for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, the following types of leave qualify for liability recognition for compensated absences –*sick leave bank and state personal leave*. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. The District does not have a liability for local leave as it is noncumulative.

Sick Leave Bank

Employees may participate in the District's sick leave bank through contribution of local leave or state personal leave. Leave contributed to the bank is solely for the use of participating employees. An employee who is a member of the bank may request leave from the bank if the employee or a member of the employee's immediate family experiences a catastrophic illness or injury, and the employee has exhausted all paid leave and any applicable compensatory time. The Superintendent is responsible for developing regulations for the operation of the sick bank. A liability for the sick leave bank is calculated based on the average pay rate of participating employees and the amount of hours remaining in the bank.

State Personal Leave

Districts are required to provide employees with five days per year of state personal leave, in accordance with Texas Education Code 22.003(a), with no limit on accumulation and no restrictions on transfer among districts. An employee who retires from the District shall be eligible for payment for accumulated state personal leave if he or she has at least 5 years of service and a TRS retiree eligible. Employees with ten (10) or more consecutive years of service are reimbursed at his or her daily rate of pay, not to exceed the daily rate of a long-term certified substitute. Employees with five (5) consecutive years of service are reimbursed at 50% of his or her daily rate of pay, not to exceed 50% of the daily rate of a long-term degreed substitute. The estimated liability for the value of state personal leave that will be used by employees as time off and the estimated payment for accumulated leave upon retirement are both included in the liability for compensated absences.

Note 1 - Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (continued)

Pension and Other Post-Employment Benefits (OPEB)

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's 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.

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.

Leases and Subscription-Based Information Technology Arrangements (SBITAs)

The District is under contract for various leases for the right to use equipment and various SBITAs for the right to use subscription assets (software). The leases/SBITAs are noncancellable, and the District recognizes a long-term liability and an intangible right to use the assets in the government-wide financial statements. The District recognizes lease/SBITA liabilities with an initial, individual value of \$5,000 or more.

At the commencement of the lease/SBITA, the District initially measures the lease/SBITA liability at the present value of payments expected to be made during the lease/SBITA term. Subsequently, the liability is reduced by the principal portion of payments made. The right to use lease/SBITA asset is initially measured as the sum of (1) the initial liability amount, (2) payments made to the lease/SBITA vendor before commencement of the term, and (3) capitalizable implementation costs, less any incentives received from the vendor at or before the commencement of the term. Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected payments to present value, (2) lease/SBITA term, and (3) lease/SBITA payments.

- The District uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate.
- The term includes the noncancellable period of the lease/subscription and payments included in the measurement of the liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its leases/SBITAs and will remeasure the applicable asset and liability if certain changes occur that are expected to significantly affect the amount of the liability. Lease/SBITA assets are reported with other capital assets and lease/SBITA liabilities are reported with long-term debt on the statement of net position.

Note 1 - Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (continued)

Net Position Flow Assumption

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

Net Position

Net position represents the difference between assets, deferred outflows (inflows) of resources and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Fund Balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called "fund balance." The District's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes.

- *Nonspendable* fund balance represents amounts that are either not in a spendable form or are legally or contractually required to remain intact. If there is a constraint on how the eventual proceeds can be spent, the fund balance is classified to reflect that constraint (restricted, committed, or assigned), rather than included as part of nonspendable fund balance.
- *Restricted* fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers.
- *Committed* fund balance represents amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the District's Board of Trustees prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Board adopts another ordinance to remove or revise the limitation.
- *Assigned* fund balance represents amounts that are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the Superintendent, or designee, to assign fund balance. The Board may also assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.
- *Unassigned* fund balance represents the residual amount for the general fund that is not contained in the other classifications. The general fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

In the general fund, the District intends to maintain a minimum fund balance of 12.5% of the District's general fund annual operating expenditures. If a fund balance drops below 5%, the District plans to recover at a rate of 1% minimally, each year.

Note 1 - Summary of Significant Accounting Policies (continued)

E. Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes

Property taxes for the current calendar year are levied on approximately October 1 of each year and are payable by January 31 of the following year. Property tax receivables are recorded as of the date levied. Unpaid taxes become delinquent on February 1 and a tax lien on real property is created as of July 1 of each year.

Use of Estimates

The presentation 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, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

F. Data Control Codes

The Data Control Codes refer to the account code structure prescribed by Texas Education Agency (TEA) in the *Financial Accountability System Resource Guide*. TEA requires school districts to display these codes in the financial statements filed with TEA in order to ensure accuracy in building a statewide data base for policy development and funding plans.

G. Contingencies

The District participates in various federal grant programs. the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the District's compliance with applicable grant requirements will, in some cases, be established at a future date. The dollar amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the District anticipates such amounts, if any, will be immaterial.

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

Note 1 - Summary of Significant Accounting Policies (continued)

H. Risk Disclosures – Concentrations and Constraints

In accordance with GASB Statement No. 102, *Certain Risk Disclosures*, the District evaluates whether it has vulnerabilities due to concentrations or constraints that could make it susceptible to a substantial impact. A *concentration* is defined as a lack of diversity related to an aspect of a significant inflow or outflow of resources, such as reliance on a single revenue source or vendor. A *constraint* is a limitation imposed by an external party or by formal action of the government's highest level of decision-making authority, such as statutory spending caps or debt limits. The District assesses whether the concentration or constraint is known prior to issuance of the financial statements, whether it makes the District vulnerable to a substantial impact, and whether an event associated with the concentration or constraint has occurred, begun to occur, or is more likely than not to occur within 12 months of the issuance date. If all three criteria are met, the District discloses in the notes the nature of the concentration or constraint, the event or events that could cause a substantial impact, and the actions taken to mitigate the risk prior to issuance. If mitigating actions eliminate these conditions before issuance, disclosure is not required. The District had no concentrations or constraints meeting the requirements for disclosure.

I. Implementation of New Standards

GASB issued Statement No. 101, *Compensated Absences*, was issued in June 2022. The primary objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The requirements of this statement were implemented in 2025 and the impact is reflected in the financial statements. See Note 13 for more information.

GASB issued Statement No. 102, *Certain Risk Disclosures*, in December 2023. The primary objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The requirements of this statement were implemented in fiscal year 2025. See Note 1-H for more information.

Note 2 - Deposits and Investments

Cash Deposits

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas School Depository Act. The irrevocable standby letter of credit which complies with state law is in favor of the District. The letter of credit shall be in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The irrevocable standby letter of credit is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

Cash deposits of the District include all amounts deposited at the District's depository bank, including demand deposits, money market and certificates of deposit. The District's cash deposits at June 30, 2025 were entirely covered by FDIC insurance or by an irrevocable standby letter of credit in favor of the District.

Note 2 - Deposits and Investments (continued)

Investments

The District's investment policy is in accordance with the Public Funds Investment Act, the Public Funds Collateral Act, and federal and state laws. State law and District policy limits credit risk by allowing investing in 1) Obligations of the United States or its agencies which are backed by the full faith and credit of the United States, obligations of the State of Texas or its agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized statistical rating organization (NRSRO) not less than A or its equivalent; 2) Certificates of deposit issued by a broker or depository located in Texas which is insured by the FDIC or purchased through a broker who has an office located in Texas; 3) Fully collateralized repurchase agreements secured by obligations of the United States or its agencies not to exceed 90 days to maturity from the date of purchase; 4) Securities lending program as permitted by Government Code 2256.0115; 5) Bankers acceptances with a stated maturity of 270 days or fewer which are eligible for collateral for borrowing from a Federal Reserve Bank; 6) Commercial paper if it has a stated maturity of 270 days or fewer from the date of its issuance and is rated not less than A-1 or P-1 or an equivalent rating by at least: two nationally recognized credit rating agencies or one nationally recognized agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state; 7) No-load money market mutual funds which shall be registered with the Securities and Exchange Commission and have an dollar-weighted average stated maturity of 90 days or fewer; 8) No-load mutual funds which shall be registered with the Securities and Exchange Commission, have an average weighted maturity of less than two years, include investments that comply with the Public Funds Investment Act and are continuously rated not less than AAA by at least one NRSRO; 9) A guaranteed investment contract (for bond proceeds only) which meets the criteria and eligibility requirements established by the Public Funds Investment Act; 10) Public funds investment pools which meet the requirements of the Public Funds Investment Act.

The District's investment measurements and balances, weighted average maturity and credit risks of such investments are as follows:

	Fair Value / Amortized Cost	Less than 1 year	WAM	Percentage of Portfolio	S&P Credit Rating
Governmental Activities:					
Petty cash	\$ 300	\$ 300	1	0%	N/A
Bank deposits	3,939,877	3,939,877	1	3%	N/A
Local Government Investment Pools:					
TexPool	11,221,294	11,221,294	42	9%	AAAm
Texas CLASS	58,192,608	58,192,608	37	48%	AAAm
LOGIC	209,630	209,630	53	0%	AAAmmf
Lone Star	46,496,589	46,496,589	43	39%	AAAm
Local Government Investment Pools	116,120,121	116,120,121			
Total Governmental Activities	120,060,298	120,060,298			
Fiduciary Funds:					
Bank deposits	47,903	47,903	1	0%	N/A
TexPool	76,570	76,570	42	0%	AAAm
Total Fiduciary Funds	124,473	124,473			
Total Cash and Cash Equivalents	\$ 120,184,771	\$ 120,184,771	39	100%	

Note 2 - Deposits and Investments (continued)

Credit Risk

For fiscal year 2022, the District invested in TexPool, Lone Star, Texas Class and LOGIC. TexPool is duly chartered and administered by the State Comptroller's Office. Lone Star Investment Pool is duly chartered by the State of Texas Interlocal Cooperation Act and is administered by First Public, LLC, formerly the Texas Association of School Boards Financial Services. LOGIC is administered by First Southwest, a division of Hilltop Securities, and J.P. Morgan Investment Inc. Texas Class is administered by Public Trust Advisors, LLC with UMB Bank, N.A. as Custodian. The Treasury Money Market Fund is administered by Wells Fargo. The credit rating for these investment pools are noted in the preceding table.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The District monitors interest rate risk utilizing weighted average maturity analysis and specific identification. In accordance with its investment policy, the District reduces its exposure to declines in fair values by limiting the weighted average maturity of any internally created pool to no more than 180 days, and any individual investment not to exceed one year, unless specifically authorized by the Board of Trustees.

Concentration of Credit Risk

The District's investment policy does not limit an investment in any one issuer. The investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from over-concentration of assets in a specific class of investments, specific maturity, or specific issuer.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. District policy requires investments to be in the District's name or held by the District's agent in the District's name. The District is not exposed to custodial risk due to the investments are insured or registered, or securities held by the District or its agent in the District's name.

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or 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.

Note 3 - 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 property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon 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 revenue is considered available (1) when it becomes due or past due and receivable within the current period and (2) when it is expected to be collected during a 60-day period after the close of the school fiscal year.

Allowances for uncollectible tax receivables within the General Fund and Debt Service Fund 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.

Note 4 - Receivables

Receivables as of year-end for the District's individual and nonmajor funds, including the applicable allowances for uncollectible amounts, are as follows:

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
Property Taxes	\$ 2,611,718	\$ 1,436,823	\$ -	\$ 4,048,541
Due from other governments:				
Due from state	13,848,853	-	1,124,313	14,973,166
Due from other governmental entities	238,941	139,045	112,021	490,007
Due from others	302	-	-	302
Other	935,656	-	4,328	939,984
Gross Receivables	17,635,470	1,575,868	1,240,662	20,452,000
Less allowance for doubtful accounts	(104,468)	(57,473)	-	(161,941)
Net Total Receivables	\$ 17,531,002	\$ 1,518,395	\$ 1,240,662	\$ 20,290,059

Note 5 - Interfund Balances

Receivables/Payables

The composition of interfund balances as of June 30, 2025, is as follows:

	Interfund Balances		
	Receivable	Payable	Net
General Fund	\$ 460,783	\$ (36,369)	\$ 424,414
Debt Service Fund	29,754	-	29,754
Nonmajor Governmental Funds	6,615	(460,783)	(454,168)
Total	\$ 497,152	\$ (497,152)	\$ -

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

	Amounts due between Primary Government and Fiduciary Funds		
	Receivable	Payable	Net
General Fund	\$ 302	\$ -	\$ 302
Fiduciary Funds	-	(302)	(302)
Total	\$ 302	\$ (302)	\$ -

The outstanding balances between the Primary Government and Fiduciary Funds are presented as due to others in the basic financial statements.

Exhibit F-1

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

Depreciation expense was charged to governmental functions of the District as follows:

Note 6 - Capital Assets (continued)

The District had the following remaining commitments open to vendors related to capital projects as of June 30, 2025:

Project	Approved Construction Budget	Construction in Progress	Remaining Commitment
High School Addition	\$ 33,500,000	\$ 24,900,487	\$ 8,599,513
Sixth Grade Campus	47,750,000	122,400	47,627,600
Administration	8,000,000	52,698	7,947,302
SECO Cool Chillers	3,914,099	293,556	3,620,543
Playground Equipment	252,736	191,234	61,502
Marquees	472,480	342,604	129,876
	<u>\$ 93,889,315</u>	<u>\$ 25,902,979</u>	<u>\$ 67,986,336</u>

Note 7 - Long-term Liabilities

Changes in Long-term Liabilities

Changes in the District's long-term liabilities for the year ended June 30, 2025 are as follows:

	Balance, as Restated July 1, 2024	Additions	Retirements	Balance June 30, 2025	Due Within One Year
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 185,005,000	\$ -	\$ (16,140,000)	\$ 168,865,000	\$ 4,760,000
Premiums/discounts	7,940,496	-	(1,114,583)	6,825,913	-
Accreted interest	8,925,684	180,776	(885,000)	8,221,460	975,000
Total Bonds Payable	201,871,180	180,776	(18,139,583)	183,912,373	5,735,000
Maintenance tax notes:					
Tax notes	15,140,000	-	(7,865,000)	7,275,000	645,000
Premiums/discounts	284,764	-	(33,673)	251,091	-
Total Maintenance Tax Notes	15,424,764	-	(7,898,673)	7,526,091	645,000
Other liabilities:					
Arbitrage	1,189,128	1,648,398	-	2,837,526	-
Compensated absences*	911,504	156,065	-	1,067,569	38,861
Leases	362,524	-	(87,631)	274,893	89,601
SBITAs	152,989	-	(103,269)	49,720	49,720
Net pension liability*	25,659,546	-	(1,439,593)	24,219,953	-
Net OPEB liability*	10,144,028	4,065,243	-	14,209,271	-
Total Governmental Activities	\$ 255,715,663	\$ 6,050,482	\$ (27,668,749)	\$ 234,097,396	\$ 6,558,182

* The changes are net changes for the year.

The current requirements for general obligation bonds principal and interest expenditures are accounted for in the debt service fund. The current requirements for tax notes principal and interest expenditures are accounted for in the general fund. Compensated absences liabilities are generally paid from the general fund and appropriate special revenue funds.

The District's outstanding bonds payable contain a provision that in an event of default, outstanding amounts will be paid from the corpus of the Texas Permanent School Fund. The District's outstanding tax notes contain a provision that in an event of default, outstanding amounts become immediately due.

Note 7 - Long-term Liabilities (continued)

Current Year Activity

The District used \$2,306,600 of current resources in the debt service fund for the early redemption of Unlimited Tax School Building Bonds, Series 2014, which were due to be redeemed on May 13, 2025. The District reported \$2,280,000 of principal expenditures with \$26,600 of interest expenditures related to the transaction. As part of the transaction, \$425,721 of related premium was retired, resulting in a current period gain of \$425,721 reported in the Statement of Activities. The transaction resulted in net present value savings of \$591,400.

The District used \$2,842,260 of current resources in the debt service fund for the advance defeasance of Unlimited Tax School Building Bonds, Series 2018, which were due on February 15, 20248, and due to be redeemed on February 15, 2028. The carrying value of the refunded debt was \$2,990,171 (\$2,655,000 principal and \$335,171 premium) and exceeded the amount paid by \$97,911, resulting in a current period gain of \$97,911 reported in the Statement of Activities. The transaction resulted in net present value savings of \$2,815,990.

General Obligation Bonds

The District issues general obligation bonds to provide funds for the construction and equipment of school buildings, school buses and to refund general obligation bonds.

General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued as current interest bonds with various amounts of principal maturing each year. Rates may be fixed or variable. The following is a summary of the outstanding general obligation bonds for the fiscal year ended June 30, 2025:

Description	Interest	Date of Issue	Maturity	Original	Balance
	Rate		Date	Amounts Issued	Outstanding
Unlimited Tax School Building Bonds, Series 2015	3.50 - 4.00%	7/1/2015	2/15/2043	9,400,000	\$ 3,390,000
Unlimited Tax School Building Bonds, Series 2018	3.00 - 4.00%	2/1/2018	2/15/2048	20,010,000	16,300,000
Unlimited Tax Refunding Bonds, Series 2020	4.00 - 5.00%	12/17/2020	2/15/2043	65,045,000	58,775,000
Unlimited Tax Refunding Bonds, Series 2020	1.75 - 5.00%	12/17/2020	2/15/2043	1,975,000	1,975,000
Unlimited Tax Refunding Bonds, Series 2022	1.03 - 2.02%	6/9/2022	2/15/2029	13,965,000	10,030,000
Unlimited Tax School Building Bonds, Series 2023	2.00 - 4.00%	5/18/2023	2/15/2048	83,100,000	78,395,000
				<u>\$ 193,495,000</u>	<u>\$ 168,865,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

Fiscal Year	Principal	Interest	Totals
2026	\$ 4,760,000	\$ 6,082,682	\$ 10,842,682
2027	4,885,000	5,889,182	10,774,182
2028	4,605,000	5,687,232	10,292,232
2029	4,750,000	5,496,182	10,246,182
2030	2,250,000	5,296,232	7,546,232
2031 - 2035	32,515,000	24,221,171	56,736,171
2036 - 2040	38,030,000	18,874,909	56,904,909
2041 - 2045	46,185,000	11,964,214	58,149,214
2046 - 2050	30,885,000	2,476,950	33,361,950
	<u>\$ 168,865,000</u>	<u>\$ 85,988,754</u>	<u>\$ 254,853,754</u>

Note 7 - Long-term Liabilities (continued)

Defeased Bonds Outstanding

As of June 30, 2025, \$2,655,000 of defeased bonds remain outstanding related to Unlimited Tax School Building Bonds, Series 2018. The bonds will remain defeased until their redemption date of February 15, 2028.

Arbitrage

In accordance with the provisions of Section 148(f) of the Internal Revenue Code of 1986, as amended, bonds must satisfy certain arbitrage rebate requirements. Positive arbitrage is the excess of (1) the amount earned on investments purchased with bond proceeds over (2) the amount that such investments would have earned had such investments been invested at a rate equal to the yield on the bond issue. In order to comply with the arbitrage rebate requirements, positive arbitrage must be paid to the U.S. Treasury at the end of each five-year anniversary date of the bond issue. The District has estimated that it has an arbitrage liability in the amount of \$2,837,526 as of June 30, 2025.

Tax Notes

The District issued maintenance tax notes as current interest notes to provide funds for capital improvements and equipping facilities. The maintenance tax notes are secured by the proceeds of a continuing direct annual ad valorem tax levied for maintenance. The following is a summary of the outstanding tax notes for the fiscal year ended June 30, 2025:

Description	Interest Rate	Date of Issue	Maturity Date	Original Amounts Issued	Balance Outstanding
Maintenance Tax Notes, Series 2016	2.50-3.25%	2/15/2016	2/15/2036	\$ 9,255,000	\$ 5,820,000
Maintenance Tax Notes, Series 2017	3.000%	2/1/2017	2/15/2032	2,970,000	1,455,000
				<u>\$ 12,225,000</u>	<u>\$ 7,275,000</u>

Annual debt service requirements to maturity for the notes payable are as follows:

Fiscal Year	Principal	Interest	Totals
2026	\$ 645,000	\$ 213,432	\$ 858,432
2027	665,000	196,382	861,382
2028	685,000	178,782	863,782
2029	700,000	159,432	859,432
2030	725,000	139,668	864,668
2031 - 2035	3,245,000	380,040	3,625,040
2036 - 2040	610,000	19,826	629,826
	<u>\$ 7,275,000</u>	<u>\$ 1,287,562</u>	<u>\$ 8,562,562</u>

During fiscal year 2025, the District's Qualified School Construction Maintenance Tax Notes, Series 2010 were fully retired. The District had previously made deposits of \$680,000 into a cumulative sinking fund account on February 15 of each year with the final payment occurring in fiscal year 2025.

Note 7 - Long-term Liabilities (continued)

Leases

The District is under contract for noncancellable leases that convey control of the right to use equipment. The lease liabilities outstanding as of June 30, 2025, are as follows:

Description	Start Date	End Date	Interest Rate	Lease Liability		Right to Use Lease Asset		
				Original Amount	Liability as of June 30, 2025	Original Amount	Accumulated Amortization June 30, 2025	Net Amount June 30, 2025
Copy Machines	6/30/2023	6/30/2028	2.23%	\$ 448,227	\$ 274,893	\$ 448,227	\$ (180,037)	\$ 268,190

All amounts paid were previously included in the measurement of the lease liability and there were no other related outflows of resources for the period such as variable payments or termination penalties. In addition, there were no commitments incurred prior to commencement of any lease term and there were no impairment losses related to lease assets.

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

Fiscal Year	Principal	Interest	Total
2026	\$ 89,601	\$ 5,384	\$ 94,985
2027	91,616	3,369	94,985
2028	93,676	1,309	94,985
	<u>\$ 274,893</u>	<u>\$ 10,062</u>	<u>\$ 284,955</u>

Subscription-Based Information Technology Arrangements (SBITAs)

The District is under contract for noncancellable SBITAs that convey control of the right to use software. The SBITA liabilities outstanding as of June 30, 2025, are as follows:

Description	Start Date	End Date	Interest Rate	Subscription Liability		Subscription Asset		
				Original Amount	Liability as of June 30, 2025	Original Amount	Accumulated Amortization June 30, 2025	Net Amount June 30, 2025
Software	04/01/23	04/01/26	2.31%	\$ 88,253	\$ -	\$ 88,253	\$ (66,108)	\$ 22,145
Software	09/01/23	09/30/25	2.85%	82,162	27,380	82,162	(50,134)	32,028
Software	12/01/23	12/01/25	3.71%	40,948	-	40,948	(32,360)	8,588
Software	06/30/24	06/30/26	2.85%	63,846	22,340	63,846	(21,282)	42,564
				<u>\$ 275,209</u>	<u>\$ 49,720</u>	<u>\$ 275,209</u>	<u>\$ (169,884)</u>	<u>\$ 105,325</u>

All amounts paid were previously included in the measurement of the subscription liability and there were no other related outflows of resources for the period such as variable payments or termination penalties. In addition, there were no commitments incurred prior to commencement of any SBITA term and there were no impairment losses related to SBITA assets.

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

FY	Principal	Interest	Total
2026	\$ 49,720	\$ 1,417	\$ 51,137
	<u>\$ 49,720</u>	<u>\$ 1,417</u>	<u>\$ 51,137</u>

Note 8 - Assigned Fund Balance

Fund balances in the General Fund as of June 30, 2025 were assigned by management in the amount of \$12,850,000 for the following purposes:

<u>Amount</u>	<u>Purpose</u>
\$ 850,000	Safety and Security Upgrades
4,000,000	Red Barn Renovation
8,000,000	Administration Renovation
<u>\$ 12,850,000</u>	

Note 9 - Risk Management

Property/Liability

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

Health Insurance

During the fiscal year ended June 30, 2025, employees of the District were covered by TRS-Active Care (the Plan), a statewide health coverage program for Texas public education employees implemented by the Teacher Retirement System of Texas (TRS). The District's contribution of \$150 per month is combined with the state contribution of \$75 per month per participating employee to be used for healthcare coverage premiums. Employees, at their option, authorized payroll deductions to pay remaining premium amounts. All premiums were paid to the TRS.

Workers' Compensation

The District established a new limited risk management program for workers' compensation in 2016, replacing the previously established program, by participating as a self-funded member of the Texas Public Schools Workers' Compensation Project (Pool). The Pool 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. As a self-funded member of the Pool, the District is solely responsible for all claim's costs, both reported and unreported. A third-party administrator provides administrative services to its self-funded members including claims administration and customer service. Premiums are paid into an internal service fund by the other funds and are available to pay claims, claim reserves, and administrative costs of the program.

Note 9 - Risk Management (continued)

Workers' Compensation (continued)

Liabilities of the fund are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities also include an estimated amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from stop-loss or subrogation, are another component of the claims liability estimate. The Texas Public Schools Workers' Compensation Project limits the Pool's liability to \$350,000 per occurrence with a maximum aggregate exposure of \$5,000,000. Settlements have not exceeded coverages for each of the past three fiscal years and there were no significant reductions in insurance coverage from the prior year. Changes in the balances of claims liabilities during the current fiscal year and two prior fiscal periods are as follows:

Fiscal Year	Beginning of Year Accrual	Current Year Estimates	Claims Payments	End of Year Accrual
2025	\$ 215,159	\$ -	\$ (49,714)	\$ 165,445
2024	206,765	16,788	(8,394)	215,159
2023	209,150	-	(2,385)	206,765

Note 10 - Litigation and Contingencies

The District participates in various federal grant programs. the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the District's compliance with applicable grant requirements will, in some cases, be established at a future date. The dollar amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the District anticipates such amounts, if any, will be immaterial.

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

Note 11 - Defined Benefit Pension Plan

Plan Description

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

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

Pension Plan Fiduciary Net Position

Detail information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the internet at <https://www.trs.texas.gov/learning-resources/publications>, or 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 (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered under a previous rule. There are no automatic post-employment benefit changes, including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs, can be granted by the Texas Legislature as noted in the Plan description above. Accordingly, the 2023 Texas Legislature passed Senate Bill (SB) 10 and House Joint Resolution (HJR) 2 to provide eligible retirees with a one-time stipend and an ad hoc 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.

Note 11 - Defined Benefit Pension Plan (continued)

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 this manner are determined by the TRS actuary.

Contributions

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

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

	Contribution Rates		Contribution Amounts
	September 1, 2024 to June 30, 2025	July 1, 2024 to August 31, 2024	
Active Employee	8.25%	8.25%	\$ 4,171,307
Non-Employer Contributing Entity (State)	8.25%	8.25%	2,581,530
District	8.25%	8.25%	2,301,143

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

Note 11 - Defined Benefit Pension Plan (continued)

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

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

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

- All public schools, charter schools, and regional education service centers must contribute 1.9% of the member's salary beginning in fiscal year 2024, gradually increasing to 2% in fiscal year 2025.
- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Note 11 - Defined Benefit Pension Plan (continued)

Actuarial Assumptions

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

Component	Result
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%
Municipal Bond Rate as of August 2024	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.
Last year ending August 31 in Projection Period (100 years)	2123
Inflation	2.30%
Salary Increases	2.95% to 8.95% including inflation
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

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

Discount Rate

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

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

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

Note 11 - Defined Benefit Pension Plan (continued)

Discount Rate (continued)

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 Allocation²	Long-Term Expected Geometric Real Rate of Return³	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 ¹	14.00%	6.70%	1.20%
Stable Value			
Government Bonds	16.00%	1.90%	0.40%
Absolute Return ¹	0.00%	4.00%	0.00%
Stable Value Hedge Funds	5.00%	3.00%	0.20%
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	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 ⁴			-0.70%
Expected Return	100.00%		7.90%

¹ Absolute Return includes Credit Sensitive Investments.

² Target allocations are based on the fiscal year 2024 policy model.

³ Capital Market Assumptions (CMA) come from 2024 AAA Study CMA Survey (as of 12/31/2023)

⁴ The volatility drag results from the conversion between arithmetic and geometric mean returns.

Note 11 - Defined Benefit Pension Plan (continued)

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net pension liability if the discount rate used was 1 percentage point lower than and 1 percentage point higher than the discount rate that was used (7.00%) in measuring the Net pension liability:

	Discount Rate		
	1% Decrease 6.00%	Current Rate 7.00%	1% Increase 8.00%
District's proportional share of the net pension liability	\$ 38,685,402	\$ 24,219,953	\$ 12,234,300

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

On June 30, 2025, the District reported a liability of \$24,219,953 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 24,219,953
State's proportionate share that is associated with the District	25,197,404
Total	<u>\$ 49,417,357</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 District'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 through August 31, 2024.

On August 31, 2024, the District's proportion of the collective Net Pension Liability was 0.0397%, which was an increase of 0.0023% from its proportion measured as of August 31, 2023.

Note 11 - Defined Benefit Pension Plan (continued)

Changes in Assumptions and Benefits Since the Prior Actuarial Valuation

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

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

The amount of pension expense recognized by the District in the reporting period was \$3,535,516.

For the year ended June 30, 2025, the District recognized pension expense of \$3,011,511 and revenue of \$3,011,511 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,334,971	\$ (189,098)
Changes of assumption	1,250,528	(167,653)
Net difference between projected and actual earnings on pension plan investments	147,224	-
Changes in proportion and differences between District contributions and proportionate share of contributions	1,619,927	(512,533)
District contributions subsequent to the measurement date of the net pension liability	1,930,570	-
Total	<u>\$ 6,283,220</u>	<u>\$ (869,284)</u>

The District recognized \$1,930,570 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:

Fiscal Year	Pension Expense	Balance of Deferred Outflows (Inflows)
2026	\$ 303,664	\$ 3,179,702
2027	2,915,176	264,526
2028	519,258	(254,732)
2029	(473,128)	218,396
2030	218,396	-
	<u>\$ 3,483,366</u>	

Note 12 - Defined Other Post-Employment Benefit Plan

Plan Description

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

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

OPEB Plan Fiduciary Net Position

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

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 postemployment benefit changes; including automatic COLAs.

Note 12 - Defined Other Post-Employment Benefit Plan (continued)

Benefits Provided (continued)

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

TRS-Care Monthly Premium Rates		
	Medicare	Non-Medicare
Retiree or Surviving Spouse	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree or Surviving Spouse and Children	468	408
Retiree and Family	1,020	999

Contributions

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of salary. Section 1575.204 establishes a public school contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the employer. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act, which is 0.75% of each active employee's pay for fiscal year 2025. The following table shows contributions to the TRS-Care plan by type of contributor.

	Contribution Rates		Contribution Amounts
	September 1, 2024 to June 30, 2025	July 1, 2024 to August 31, 2024	
Active Employee	0.65%	0.65%	\$ 332,892
Non-Employer Contributing Entity (State)	1.25%	1.25%	918,018
District:			
District, Excluding Federal/Private Funding	0.75%	0.75%	382,950
Federal/Private Funding	1.25%	1.25%	43,771
Total District			<u>426,721</u>
Total			<u>\$ 1,677,631</u>

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to. When hiring a TRS retiree, employers are required to pay TRS-Care, a monthly surcharge of \$535 per retiree.

Note 12 - Defined Other Post-Employment Benefit Plan (continued)

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:

Component	Result
Valuation Date	August 31, 2023, rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	3.87% as of August 31, 2024
Aging Factors	Based on the Society of Actuaries' 2013 Study "Health Care Costs - From Birth to Death".
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claim costs.
Projected Salary Increases	2.95% to 8.95% including inflation
Healthcare Trend Rates	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 of 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.
Election Rates	Normal Retirement: 62% participation rate prior to age 65 and 25% participation rate after age 65. Pre-65 retirees: 30% of pre-65 retirees are assumed to discontinue coverage at age 65.
Ad hoc post-employment benefit changes	None

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: (a) Rates of Mortality, (b) Rates of Retirement, (c) Rates of Termination, (d) Rates of Disability, (e) General Inflation, and (f) Wage Inflation.

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

Discount Rate

A single discount rate of 3.87% was used to measure the total OPEB liability. This was a decrease of 0.26% 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 Market Data/Yield Curve/ Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

Note 12 - Defined Other Post-Employment Benefit Plan (continued)

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.

	Discount Rate		
	1% Decrease 2.87%	Current Rate 3.87%	1% Increase 4.87%
District's proportional share of the net OPEB liability	\$ 16,881,278	\$ 14,209,271	\$ 12,050,249

Healthcare Trend Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1% less than and 1% greater than the assumed healthcare cost trend rate:

	Healthcare Cost Trend Rate		
	1% Decrease	Current Rate	1% Increase
District's proportional share of the net OPEB liability	\$ 11,571,342	\$ 14,209,271	\$ 17,646,756

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

On June 30, 2025, the District reported a liability of \$14,209,271 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 14,209,271
State's proportionate share that is associated with the District	17,804,024
Total	<u>\$ 32,013,295</u>

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

On August 31, 2024, the District's proportion of the collective Net OPEB Liability was 0.0468%, which was an increase of 0.0010% from its proportion measured as of August 31, 2023.

Changes Since the Prior Actuarial Valuation

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

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

Note 12 - Defined Other Post-Employment Benefit Plan (continued)

Changes of Benefit Terms Since the Prior Measurement Date

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

The amount of negative OPEB expense recognized by the District in the reporting period was \$1,630,816.

For the year ended June 30, 2025, the District recognized negative OPEB expense of \$2,314,194 and negative revenue of \$2,314,194 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 2,723,440	\$ (7,091,197)
Changes of assumption	1,818,619	(4,636,321)
Net difference between projected and actual earnings on OPEB plan investments	-	(39,791)
Changes in proportion and differences between District contributions and proportionate share of contributions	2,615,053	(2,292,679)
District contributions subsequent to the measurement date of the net OPEB liability	356,882	-
Total	<u>\$ 7,513,994</u>	<u>\$ (14,059,988)</u>

The District recognized \$356,882 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 OPEB 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:

Fiscal Year	OPEB Expense	Balance of Deferred Outflows (Inflows)
2026	\$ (2,000,672)	\$ (4,902,204)
2027	(1,357,116)	(3,545,088)
2028	(1,866,747)	(1,678,341)
2029	(1,183,236)	(495,105)
2030	(576,688)	81,583
Thereafter	81,583	-
	<u>\$ (6,902,876)</u>	

Medicare Part D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended June 30, 2025, 2024, and 2023, the subsidy payments received by TRS-Care on-behalf of the District were \$0, \$259,397, and \$246,847, respectively. These payments are recorded as equal revenues and expenditures in the governmental funds' financial statements of the District.

Note 13 - Restatement to Beginning Net Position

GASB Statement No. 101, *Compensated Absences* was implemented in the current fiscal year. In addition to the value of unused vacation time owed to employees upon separation of employment, the liability for compensated absences now includes recognition of an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years. The effects of the change in accounting principle are summarized below:

Governmental Activities:	
Beginning Net Position, as Previously Presented	\$ 55,780,222
Restatement, GASB 101 Implementation	<u>(482,866)</u>
Beginning Net Position, as Restated	<u><u>\$ 55,297,356</u></u>



REQUIRED SUPPLEMENTARY INFORMATION



CROSBY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2025

Exhibit G-1

Data Control Codes		Budgeted Amounts			Variance with Final Budget
		Original	Final	Actual	
Revenues					
5700	Local, intermediate, and out-of-state	\$ 23,595,488	\$ 25,022,363	\$ 25,507,980	\$ 485,617
5800	State program revenues	48,951,000	47,601,000	48,471,626	870,626
5900	Federal program revenues	1,565,000	1,565,000	849,482	(715,518)
5020	Total Revenues	74,111,488	74,188,363	74,829,088	640,725
Expenditures					
Current:					
0011	Instruction	43,041,159	42,921,509	41,347,414	1,574,095
0012	Instruction resources and media services	392,246	392,246	374,771	17,475
0013	Curriculum and instructional staff development	1,790,305	1,790,305	1,691,261	99,044
0021	Instructional leadership	908,214	900,783	896,895	3,888
0023	School leadership	3,955,308	3,974,183	3,956,796	17,387
0031	Guidance, counseling and evaluation services	2,330,342	2,397,773	2,386,991	10,782
0033	Health services	835,254	835,254	760,431	74,823
0034	Student transportation	2,994,878	2,994,878	2,721,095	273,783
0036	Extracurricular activities	2,261,068	2,280,832	2,000,444	280,388
0041	General administration	3,267,868	3,325,868	3,002,435	323,433
0051	Facilities maintenance and operations	8,044,859	8,044,859	7,859,524	185,335
0052	Security and monitoring services	1,115,124	1,198,467	1,186,961	11,506
0053	Data processing services	897,750	897,750	785,935	111,815
0061	Community services	35,471	35,471	17,009	18,462
Debt service:					
0071	Principal on long-term debt	895,759	8,129,461	8,055,900	73,561
0072	Interest on long-term debt	662,816	674,630	674,630	-
0073	Bond issuance costs and fees	55,067	44,551	1,000	43,551
Capital outlay:					
0081	Facilities acquisition and construction	158,500	1,946,731	1,710,626	236,105
Intergovernmental:					
0093	Payments related to shared services arrangements	96,500	96,500	96,500	-
0095	Payments to Juvenile Justice Alt. Ed. Prgm.	20,000	20,000	-	20,000
0099	Other intergovernmental charges	348,000	348,000	277,203	70,797
6030	Total Expenditures	74,106,488	83,250,051	79,803,821	3,446,230
1100	Excess (deficiency) of revenues over expenditures	5,000	(9,061,688)	(4,974,733)	4,086,955
Other Financing Sources (Uses)					
7912	Sale of real and personal property	5,000	5,000	35,704	30,704
8911	Transfers out	-	-	(12,592)	(12,592)
8949	Other uses	(10,000)	(10,000)	-	10,000
7080	Total Other Financing Sources (Uses)	(5,000)	(5,000)	23,112	28,112
	Net change in fund balances	-	(9,066,688)	(4,951,621)	4,115,067
0100	Fund Balance - Beginning	47,879,378	47,879,378	47,879,378	-
3000	Fund Balance - Ending	\$ 47,879,378	\$ 38,812,690	\$ 42,927,757	\$ 4,115,067

CROSBY INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

A. Budgets and Budgetary Accounting

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

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

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

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

CROSBY INDEPENDENT SCHOOL DISTRICT
Exhibit G-2
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN MEASUREMENT YEARS

	2024	2023	2022	2021	2020
District's proportion of the net pension liability	0.0397%	0.0374%	0.0385%	0.0360%	0.0354%
District's proportionate share of the net pension liability	\$ 24,219,953	\$ 25,659,546	\$ 22,878,568	\$ 9,172,737	\$ 18,935,911
State's proportionate share of the net pension liability associated with the District	25,197,404	29,895,865	27,007,524	12,689,032	26,443,384
Total	\$ 49,417,357	\$ 55,555,411	\$ 49,886,092	\$ 21,861,769	\$ 45,379,295
District's covered payroll (for Measurement Year)	\$ 48,470,642	\$ 45,240,054	\$ 44,064,904	\$ 54,791,753	\$ 53,578,488
District's proportionate share of the net pension liability as a percentage of its covered payroll	49.97%	56.72%	51.92%	16.74%	35.34%
Plan fiduciary net position as a percentage of the total pension liability *	77.51%	73.15%	75.65%	88.79%	75.54%
Plan's net pension liability as a percentage of covered payroll *	102.39%	122.32%	112.72%	51.08%	110.36%
	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.0360%	0.0409%	0.0374%	0.0336%	0.0323%
District's proportionate share of the net pension liability	\$ 18,719,667	\$ 22,500,858	\$ 11,953,552	\$ 12,688,305	\$ 11,429,108
State's proportionate share of the net pension liability associated with the District	25,368,891	32,105,118	19,031,719	21,022,958	19,600,726
Total	\$ 44,088,558	\$ 54,605,976	\$ 30,985,271	\$ 33,711,263	\$ 31,029,834
District's covered payroll (for Measurement Year)	\$ 53,503,293	\$ 52,116,034	\$ 50,779,368	\$ 47,658,971	\$ 46,141,521
District's proportionate share of the net pension liability as a percentage of its covered payroll	34.99%	43.17%	23.54%	26.62%	24.77%
Plan fiduciary net position as a percentage of the total pension liability *	75.24%	73.74%	82.17%	78.00%	78.43%
Plan's net pension liability as a percentage of covered payroll *	114.93%	126.11%	75.93%	92.75%	91.94%

The amounts are presented for each Plan year which ends the preceding August 31 of the District's fiscal year.

* Per Teacher Retirement System of Texas' annual comprehensive financial report.

CROSBY INDEPENDENT SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS

Exhibit G-3

	2025	2024	2023	2022	2021
Contractually required contributions	\$ 2,301,143	\$ 2,184,432	\$ 1,897,107	\$ 1,750,250	\$ 1,512,668
Contributions in relation to the					
contractual required contributions	2,301,143	2,184,432	1,897,107	1,750,250	1,512,668
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 50,561,285	\$ 48,001,485	\$ 44,872,745	\$ 43,814,623	\$ 41,977,425
Contributions as a percentage of					
covered payroll	4.55%	4.55%	4.23%	3.99%	3.60%
	2020	2019	2018	2017	2016
Contractually required contributions	\$ 1,425,866	\$ 1,294,013	\$ 1,368,942	\$ 994,987	\$ 1,065,900
Contributions in relation to the					
contractual required contributions	1,425,866	1,294,013	1,368,942	994,987	1,065,900
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 40,138,908	\$ 39,010,561	\$ 42,528,472	\$ 33,078,371	\$ 35,355,165
Contributions as a percentage of					
covered payroll	3.55%	3.32%	3.22%	3.01%	3.01%

Note: Fiscal year 2017 presents ten months of data due to the District changing its fiscal year-end to June to from August 31.

CROSBY INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION
TEACHER RETIREMENT SYSTEM OF TEXAS
For the Year Ended June 30, 2025

Changes of Assumptions

Measurement	
Year	Changes
2017	None
2018	The discount rate changed from 8.0% as of August 31, 2017 to a blended rate of 6.907% as of August 31, 2018. The long-term assumed rate of return changed from 8.0% as of August 31, 2017 to 7.25% as of August 31, 2018. Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. The total pension liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.
2019	None
2020	The state and employer contribution rate changed from 6.8% to 7.5%. The 1.5% public education employer contribution applied to just employers whose employees were not covered by OASDI in 2019 and it changed in 2020 to apply to all public schools, charter schools and regional education centers irrespective of participation in OASDI.
2021	The public education employer contribution rate changed from 1.5% in 2020 to 1.6% in 2021.
2022	The discount rate changed from 7.25% to 7.00%.
2023	None
2024	None

CROSBY INDEPENDENT SCHOOL DISTRICT
Exhibit G-4
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST EIGHT MEASUREMENT YEARS ¹

	2024	2023	2022	2021
District's proportion of the net OPEB liability	0.0468%	0.0458%	0.0479%	0.0447%
District's proportionate share of the net OPEB liability	\$ 14,209,271	\$ 10,144,028	\$ 11,463,807	\$ 17,227,554
State's proportionate share of the net OPEB liability associated with the District	17,804,024	12,240,329	13,984,044	23,081,083
Total	\$ 32,013,295	\$ 22,384,357	\$ 25,447,851	\$ 40,308,637
District's covered payroll (for Measurement Year)	\$ 48,470,642	\$ 45,240,054	\$ 44,064,904	\$ 54,791,753
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	29.32%	22.42%	26.02%	31.44%
Plan fiduciary net position as a percentage of the total OPEB liability *	13.70%	14.94%	11.52%	6.18%
Plan's net OPEB liability as a percentage of covered payroll *	67.98%	51.86%	59.10%	100.13%

	2020	2019	2018	2017
District's proportion of the net OPEB liability	0.0440%	0.0444%	0.0506%	0.0458%
District's proportionate share of the net OPEB liability	\$ 16,734,102	\$ 21,012,756	\$ 25,248,202	\$ 19,934,458
State's proportionate share of the net OPEB liability associated with the District	22,486,622	27,921,253	36,564,861	31,736,731
Total	\$ 39,220,724	\$ 48,934,009	\$ 61,813,063	\$ 51,671,189
District's covered payroll (for Measurement Year)	\$ 53,578,488	\$ 53,503,293	\$ 52,116,034	\$ 52,116,034
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	31.23%	39.27%	48.45%	38.25%
Plan fiduciary net position as a percentage of the total OPEB liability *	4.99%	2.66%	1.57%	0.91%
Plan's net OPEB liability as a percentage of covered payroll *	101.46%	135.21%	146.64%	132.55%

The amounts are presented for each Plan year which ends the preceding August 31 of the District's fiscal year.

* Per Teacher Retirement System of Texas' annual comprehensive financial report.

¹Ten years of data should be presented in this schedule but data is unavailable prior to measurement year 2017.

CROSBY INDEPENDENT SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST EIGHT FISCAL YEARS ¹

Exhibit G-5

	2025	2024	2023	2022
Contractually required contributions	\$ 426,721	\$ 421,735	\$ 393,571	\$ 383,112
Contributions in relation to the contractual required contributions	426,721	421,735	393,571	383,112
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 50,561,285	\$ 48,001,485	\$ 44,872,745	\$ 43,814,623
Contributions as a percentage of covered payroll	0.84%	0.88%	0.88%	0.87%
	2021	2020	2019	2018
Contractually required contributions	\$ 344,845	\$ 330,887	\$ 322,924	\$ 324,330
Contributions in relation to the contractual required contributions	344,845	330,887	322,924	324,330
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 41,977,425	\$ 40,138,908	\$ 39,010,561	\$ 42,528,472
Contributions as a percentage of covered payroll	0.82%	0.82%	0.83%	0.76%

¹Ten years of data should be presented in this schedule but data is unavailable prior to fiscal year 2018.
The District adopted GASB Statement No. 75 in fiscal year 2018.

CROSBY INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - OPEB
TEACHER RETIREMENT SYSTEM OF TEXAS
For the Year Ended June 30, 2025

Changes of Assumptions

Measurement Year	Discount Rate	Other Changes
2017	3.42%	Updated the health care trend rate assumption, and revised demographic and economic assumptions based on the TRS experience study.
2018	3.69%	Lowered the participation rates and updated the health care trend rate assumption.
2019	2.63%	Lowered the participation rate assumption for employees who retire after the age of 65, and lowered the ultimate health care trend rate assumption to reflect the repeal of the excise (Cadillac) tax on high-cost employer health plans.
2020	2.33%	Lowered the participation rate assumption for employees who retire after the age of 65, and lowered the ultimate health care trend rate assumption to reflect the repeal of the excise (Cadillac) tax on high-cost employer health plans.
2021	1.95%	N/A
2022	3.91%	Lowered the participation rates, and updated the healthcare trend rate assumption.
2023	4.13%	Revised demographic and economic assumptions based on the TRS experience study.
2024	3.87%	The tables used to model the impact of aging on the underlying claims were revised.

OTHER SUPPLEMENTARY INFORMATION

CROSBY INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2025

Exhibit H-1
Page 1 of 6

		206	211	224	225
Data					
Control					
Codes					
	Assets				
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
	Receivables:				
1240	Due from other governments	1,707	437,418	233,653	4,992
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1300	Inventories, at cost	-	-	-	-
1000	Total Assets	<u>\$ 1,707</u>	<u>\$ 437,418</u>	<u>\$ 233,653</u>	<u>\$ 4,992</u>
	Liabilities and Fund Balances				
	Liabilities				
2110	Accounts payable	\$ 159	\$ 13,563	\$ 25,461	\$ 209
	Payroll deductions				
2150	and withholdings	-	13,206	5,014	94
2160	Accrued wages payable	-	265,750	79,934	2,800
2170	Due to other funds	1,548	145,276	123,244	1,889
2180	Due to other governments	-	-	-	-
2300	Unearned revenue	-	(377)	-	-
2000	Total Liabilities	<u>1,707</u>	<u>437,418</u>	<u>233,653</u>	<u>4,992</u>
	Fund Balances:				
	Restricted:				
3450	Grant funds	-	-	-	-
	Committed:				
3545	Other purposes	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 1,707</u>	<u>\$ 437,418</u>	<u>\$ 233,653</u>	<u>\$ 4,992</u>

CROSBY INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2025

Exhibit H-1
Page 2 of 6

		240	244	255	263
Data Control Codes		School Breakfast Program and National School Lunch Program	Career and Technical Education	ESEA, Title II, Part A	Title III, Part A
	Assets				
1110	Cash and cash equivalents	\$ 3,017,643	\$ -	\$ -	\$ -
	Receivables:				
1240	Due from other governments	320,027	11,500	49,257	19,170
1260	Due from other funds	6,615	-	-	-
1290	Other receivables	-	-	-	-
1300	Inventories, at cost	138,154	-	-	-
1000	Total Assets	\$ 3,482,439	\$ 11,500	\$ 49,257	\$ 19,170
	Liabilities and Fund Balances				
	Liabilities				
2110	Accounts payable	\$ 160,694	\$ 1,064	\$ 1,888	\$ 763
	Payroll deductions				
2150	and withholdings	5,992	5	1,688	369
2160	Accrued wages payable	132,217	211	26,746	11,177
2170	Due to other funds	5,946	10,220	18,935	6,861
2180	Due to other governments	-	-	-	-
2300	Unearned revenue	40,980	-	-	-
2000	Total Liabilities	345,829	11,500	49,257	19,170
	Fund Balances:				
	Restricted:				
3450	Grant funds	3,136,610	-	-	-
	Committed:				
3545	Other purposes	-	-	-	-
3000	Total Fund Balances	3,136,610	-	-	-
4000	Total Liabilities and Fund Balances	\$ 3,482,439	\$ 11,500	\$ 49,257	\$ 19,170

CROSBY INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2025

Exhibit H-1
Page 3 of 6

Data Control Codes		265	279	282	289
		Title IV, Part B	Texas COVID Learning Acceleration Supports (TCLAS)	Elementary and Secondary School Emergency Relief Fund III (ESSER III)	Federally Funded Special Revenue Funds
	Assets				
1110	Cash and cash equivalents	\$ -	\$ 52,600	\$ -	\$ 9,869
	Receivables:				
1240	Due from other governments	110,879	-	-	46,589
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1300	Inventories, at cost	-	-	-	-
1000	Total Assets	<u>\$ 110,879</u>	<u>\$ 52,600</u>	<u>\$ -</u>	<u>\$ 56,458</u>
	Liabilities and Fund Balances				
	Liabilities				
2110	Accounts payable	\$ 2,029	\$ -	\$ -	\$ 42,632
	Payroll deductions				
2150	and withholdings	946	-	-	474
2160	Accrued wages payable	17,104	-	-	2,111
2170	Due to other funds	93,668	52,600	-	-
2180	Due to other governments	-	-	-	-
2300	Unearned revenue	-	-	-	11,241
2000	Total Liabilities	<u>113,747</u>	<u>52,600</u>	<u>-</u>	<u>56,458</u>
	Fund Balances:				
	Restricted:				
3450	Grant funds	(2,868)	-	-	-
	Committed:				
3545	Other purposes	-	-	-	-
3000	Total Fund Balances	<u>(2,868)</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 110,879</u>	<u>\$ 52,600</u>	<u>\$ -</u>	<u>\$ 56,458</u>

CROSBY INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2025

Exhibit H-1
Page 4 of 6

		397	410	428	429
Data Control Codes		Advanced Placement Initiatives	State Instructional Materials Fund	Read to Succeed License Plate Program	State Funded Special Revenue Funds
Assets					
1110	Cash and cash equivalents	\$ 204	\$ 115	\$ 39	\$ -
	Receivables:				
1240	Due from other governments	-	-	-	-
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1300	Inventories, at cost	-	-	-	-
1000	Total Assets	<u>\$ 204</u>	<u>\$ 115</u>	<u>\$ 39</u>	<u>\$ -</u>
Liabilities and Fund Balances					
Liabilities					
2110	Accounts payable	\$ -	\$ -	\$ -	\$ -
	Payroll deductions				
2150	and withholdings	-	-	-	-
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	-	-	-	-
2180	Due to other governments	-	-	-	-
2300	Unearned revenue	204	115	39	-
2000	Total Liabilities	<u>204</u>	<u>115</u>	<u>39</u>	<u>-</u>
Fund Balances:					
	Restricted:				
3450	Grant funds	-	-	-	-
	Committed:				
3545	Other purposes	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 204</u>	<u>\$ 115</u>	<u>\$ 39</u>	<u>\$ -</u>

CROSBY INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2025

Exhibit H-1
Page 5 of 6

		461	492	495	498
Data Control Codes		Campus Activity Funds	New	Miscellaneous Local Grants	Crosby Education Foundation
Assets					
1110	Cash and cash equivalents	\$ 809,629	\$ -	\$ 47,383	\$ 118
	Receivables:				
1240	Due from other governments	-	1,142	-	-
1260	Due from other funds	-	-	-	-
1290	Other receivables	2,293	-	-	-
1300	Inventories, at cost	-	-	-	-
1000	Total Assets	<u>\$ 811,922</u>	<u>\$ 1,142</u>	<u>\$ 47,383</u>	<u>\$ 118</u>
Liabilities and Fund Balances					
Liabilities					
2110	Accounts payable	\$ 24,001	\$ 335	\$ 482	\$ 118
	Payroll deductions				
2150	and withholdings	-	12	-	-
2160	Accrued wages payable	-	388	-	-
2170	Due to other funds	-	407	189	-
2180	Due to other governments	212	-	-	-
2300	Unearned revenue	-	-	46,712	-
2000	Total Liabilities	<u>24,213</u>	<u>1,142</u>	<u>47,383</u>	<u>118</u>
Fund Balances:					
	Restricted:				
3450	Grant funds	-	-	-	-
	Committed:				
3545	Other purposes	787,709	-	-	-
3000	Total Fund Balances	<u>787,709</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 811,922</u>	<u>\$ 1,142</u>	<u>\$ 47,383</u>	<u>\$ 118</u>

CROSBY INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2025

Exhibit H-1
Page 6 of 6

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Data Control Codes		Region IV School Support Grant	Total Nonmajor Governmental Funds
Assets			
1110	Cash and cash equivalents	\$ 199	\$ 3,937,799
	Receivables:		
1240	Due from other governments	-	1,236,334
1260	Due from other funds	-	6,615
1290	Other receivables	2,035	4,328
1300	Inventories, at cost	-	138,154
1000	Total Assets	\$ 2,234	\$ 5,323,230
Liabilities and Fund Balances			
Liabilities			
2110	Accounts payable	\$ 2,035	\$ 275,433
	Payroll deductions		
2150	and withholdings	-	27,800
2160	Accrued wages payable	-	538,438
2170	Due to other funds	-	460,783
2180	Due to other governments	-	212
2300	Unearned revenue	199	99,113
2000	Total Liabilities	2,234	1,401,779
Fund Balances:			
	Restricted:		
3450	Grant funds	-	3,133,742
	Committed:		
3545	Other purposes	-	787,709
3000	Total Fund Balances	-	3,921,451
4000	Total Liabilities and Fund Balances	\$ 2,234	\$ 5,323,230

CROSBY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2025

Exhibit H-2

Page 1 of 6

		206	211	224	225
Data Control Codes		ESEA Title X, Part C	ESEA, Title I, Part A	IDEA - Part B, Formula	IDEA - Part B, Preschool
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	4,269	1,536,106	1,363,717	25,231
5020	Total Revenues	4,269	1,536,106	1,363,717	25,231
Expenditures					
Current:					
0011	Instruction	4,269	1,480,488	232,833	25,231
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	4,994	1,508	-
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	6,194	-	-
0031	Guidance, counseling and evaluation services	-	-	1,129,376	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food services	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0061	Community services	-	44,430	-	-
6030	Total Expenditures	4,269	1,536,106	1,363,717	25,231
1100	Excess (deficiency) of revenues over expenditures	-	-	-	-
Other Financing Sources (Uses)					
7912	Sale of real and personal property	-	-	-	-
7915	Transfers in	-	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	-	-
1200	Net change in fund balances	-	-	-	-
0100	Fund Balances - Beginning	-	-	-	-
3000	Fund Balances - Ending	\$ -	\$ -	\$ -	\$ -

CROSBY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2025

Exhibit H-2

Page 2 of 6

		240	244	255	263
Data Control Codes		School Breakfast Program and National School Lunch Program	Career and Technical Education	ESEA, Title II, Part A	Title III, Part A
Revenues					
5700	Local, intermediate, and out-of-state	\$ 1,116,090	\$ -	\$ -	\$ -
5800	State program revenues	21,470	-	-	-
5900	Federal program revenues	2,945,808	93,949	257,356	102,322
5020	Total Revenues	4,083,368	93,949	257,356	102,322
Expenditures					
Current:					
0011	Instruction	-	-	252,668	102,322
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	-	4,688	-
0021	Instructional leadership	-	93,949	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food services	4,037,330	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	57,609	-	-	-
0052	Security and monitoring services	-	-	-	-
0061	Community services	-	-	-	-
6030	Total Expenditures	4,094,939	93,949	257,356	102,322
1100	Excess (deficiency) of revenues over expenditures	(11,571)	-	-	-
Other Financing Sources (Uses)					
7912	Sale of real and personal property	2,463	-	-	-
7915	Transfers in	371	-	-	-
7080	Total Other Financing Sources (Uses)	2,834	-	-	-
1200	Net change in fund balances	(8,737)	-	-	-
0100	Fund Balances - Beginning	3,145,347	-	-	-
3000	Fund Balances - Ending	\$ 3,136,610	\$ -	\$ -	\$ -

CROSBY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2025

Exhibit H-2

Page 3 of 6

		265	279	282	289
Data Control Codes			Texas COVID Learning Acceleration Supports (TCLAS)	Elementary and Secondary School Emergency Relief Fund III (ESSER III)	Federally Funded Special Revenue Funds
		Title IV, Part B			
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	166,849	29,342	203,542	75,747
5020	Total Revenues	166,849	29,342	203,542	75,747
Expenditures					
Current:					
0011	Instruction	88,367	29,342	107,246	17,961
0012	Instruction resources and media services	-	-	1,506	-
0013	Curriculum and instructional staff development	2,722	-	93,281	2,124
0021	Instructional leadership	78,628	-	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	-	-	1,509	12,652
0033	Health services	-	-	-	43,010
0034	Student transportation	-	-	-	-
0035	Food services	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0061	Community services	-	-	-	-
6030	Total Expenditures	169,717	29,342	203,542	75,747
1100	Excess (deficiency) of revenues over expenditures	(2,868)	-	-	-
Other Financing Sources (Uses)					
7912	Sale of real and personal property	-	-	-	-
7915	Transfers in	-	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	-	-
1200	Net change in fund balances	(2,868)	-	-	-
0100	Fund Balances - Beginning	-	-	-	-
3000	Fund Balances - Ending	\$ (2,868)	\$ -	\$ -	\$ -

CROSBY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2025

Exhibit H-2

Page 4 of 6

		397	410	428	429
Data Control Codes		Advanced Placement Initiatives	State Instructional Materials Fund	Read to Succeed License Plate Program	State Funded Special Revenue Funds
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	1,054,807	42	304,408
5900	Federal program revenues	-	-	-	-
5020	Total Revenues	-	1,054,807	42	304,408
Expenditures					
Current:					
0011	Instruction	-	1,054,807	-	1,050
0012	Instruction resources and media services	-	-	42	-
0013	Curriculum and instructional staff development	-	-	-	-
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	138,375
0035	Food services	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	164,983
0061	Community services	-	-	-	-
6030	Total Expenditures	-	1,054,807	42	304,408
1100	Excess (deficiency) of revenues over expenditures	-	-	-	-
Other Financing Sources (Uses)					
7912	Sale of real and personal property	-	-	-	-
7915	Transfers in	-	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	-	-
1200	Net change in fund balances	-	-	-	-
0100	Fund Balances - Beginning	-	-	-	-
3000	Fund Balances - Ending	\$ -	\$ -	\$ -	\$ -

CROSBY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2025

Exhibit H-2

Page 5 of 6

		461	492	495	498
Data Control Codes		Campus Activity Funds	New	Miscellaneous Local Grants	Crosby Education Foundation
Revenues					
5700	Local, intermediate, and out-of-state	\$ 575,771	\$ 1,142	\$ 22,603	\$ 65,000
5800	State program revenues	-	-	-	-
5900	Federal program revenues	-	-	-	-
5020	Total Revenues	575,771	1,142	22,603	65,000
Expenditures					
Current:					
0011	Instruction	114,271	1,142	14,958	-
0012	Instruction resources and media services	46,576	-	-	-
0013	Curriculum and instructional staff development	1,073	-	-	-
0021	Instructional leadership	-	-	-	-
0023	School leadership	32,143	-	-	-
0031	Guidance, counseling and evaluation services	567	-	-	-
0033	Health services	2,882	-	-	-
0034	Student transportation	-	-	-	-
0035	Food services	-	-	-	-
0036	Extracurricular activities	278,021	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	2,095	-	-	-
0061	Community services	-	-	7,645	77,221
6030	Total Expenditures	477,628	1,142	22,603	77,221
1100	Excess (deficiency) of revenues over expenditures	98,143	-	-	(12,221)
Other Financing Sources (Uses)					
7912	Sale of real and personal property	-	-	-	-
7915	Transfers in	-	-	-	12,221
7080	Total Other Financing Sources (Uses)	-	-	-	12,221
1200	Net change in fund balances	98,143	-	-	-
0100	Fund Balances - Beginning	689,566	-	-	-
3000	Fund Balances - Ending	\$ 787,709	\$ -	\$ -	\$ -

CROSBY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2025

Exhibit H-2

Page 6 of 6

499

Data Control Codes		Region IV School Support Grant	Total Nonmajor Governmental Funds
Revenues			
5700	Local, intermediate, and out-of-state	\$ 4,455	\$ 1,785,061
5800	State program revenues	-	1,380,727
5900	Federal program revenues	-	6,804,238
5020	Total Revenues	4,455	9,970,026
Expenditures			
Current:			
0011	Instruction	-	3,526,955
0012	Instruction resources and media services	-	48,124
0013	Curriculum and instructional staff development	1,653	112,043
0021	Instructional leadership	865	173,442
0023	School leadership	670	39,007
0031	Guidance, counseling and evaluation services	125	1,144,229
0033	Health services	117	46,009
0034	Student transportation	-	138,375
0035	Food services	-	4,037,330
0036	Extracurricular activities	-	278,021
0041	General administration	1,025	1,025
0051	Facilities maintenance and operations	-	57,609
0052	Security and monitoring services	-	167,078
0061	Community services	-	129,296
6030	Total Expenditures	4,455	9,898,543
1100	Excess (deficiency) of revenues over expenditures	-	71,483
Other Financing Sources (Uses)			
7912	Sale of real and personal property	-	2,463
7915	Transfers in	-	12,592
7080	Total Other Financing Sources (Uses)	-	15,055
1200	Net change in fund balances	-	86,538
0100	Fund Balances - Beginning	-	3,834,913
3000	Fund Balances - Ending	\$ -	\$ 3,921,451



REQUIRED TEA SCHEDULES



CROSBY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
For the Year Ended June 30, 2025

Exhibit J-1

	1	2	3	10	20	31	32	40	50	99
	Tax Rates		Net	Beginning	Current	Maintenance	Debt Service		Ending	Total Taxes
Fiscal	Maintenance	Debt Service	Assessed	Balance	Year	Tax	Tax		Balance	Refunded
Year			Value	7/01/2024	Levy	Collections	Collections	Adjustments	6/30/2025	Under Section
										26.1115(c)
2016 and										
prior	Various	Various	Various	\$ 725,675	\$ -	\$ 21,558	\$ 6,254	\$ (7,084)	\$ 690,779	
2017	1.1700	0.5000	\$ 1,606,094,132	66,847	-	1,751	749	(525)	63,822	
2018	1.1700	0.5000	1,671,335,749	123,016	-	3,405	1,455	(525)	117,631	
2019	1.1700	0.4800	1,760,500,180	102,827	-	4,908	2,013	(58)	95,848	
2020	1.0683	0.4800	1,843,055,758	130,253	-	12,473	5,604	869	113,045	
2021	0.9983	0.4800	2,029,405,109	178,917	-	18,584	8,935	2,739	154,137	
2022	0.9603	0.4800	2,377,720,475	307,878	-	59,529	29,755	6,270	224,864	
2023	0.9429	0.4800	2,693,336,285	592,084	-	144,677	73,650	(28,528)	345,229	
2024	0.7575	0.4800	2,724,073,616	1,408,060	-	319,159	202,240	(336,319)	550,342	
2025	0.7552	0.4800	3,046,594,074		37,631,530	21,972,875	13,965,811	-	1,692,844	
1000 Totals				<u>\$ 3,635,557</u>	<u>\$ 37,631,530</u>	<u>\$ 22,558,919</u>	<u>\$ 14,296,466</u>	<u>\$ (363,161)</u>	<u>\$ 4,048,541</u>	
8000 Taxes Refunded										<u>\$ 39,070</u>

CROSBY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – CHILD NUTRITION FUND
For the Year Ended June 30, 2025

Exhibit J-2

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Local and intermediate sources	\$ 853,500	\$ 1,103,500	\$ 1,116,090	\$ 12,590
State program revenues	62,500	63,670	21,470	(42,200)
Federal program revenues	2,607,582	2,717,582	2,945,808	228,226
Total Revenues	3,523,582	3,884,752	4,083,368	198,616
Expenditures				
Current:				
Student transportation	250	250	-	250
Food services	3,894,951	4,269,418	4,037,330	232,088
Facilities maintenance and operations	60,000	60,000	57,609	2,391
Total Expenditures	3,955,201	4,329,668	4,094,939	234,729
Other Financing Sources (Uses)				
Sale of real and personal property	-	-	2,463	2,463
Transfers in	-	-	371	371
Total Other Financing Sources (Uses)	-	-	2,834	2,834
Net change in fund balances	(431,619)	(444,916)	(8,737)	436,179
Fund Balance - Beginning	3,145,347	3,145,347	3,145,347	-
Fund Balance - Ending	\$ 2,713,728	\$ 2,700,431	\$ 3,136,610	\$ 436,179

CROSBY INDEPENDENT SCHOOL DISTRICT*Exhibit J-3***SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE****BUDGET AND ACTUAL – DEBT SERVICE FUND***For the Year Ended June 30, 2025*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Local and intermediate sources	\$ 13,360,000	\$ 14,700,000	\$ 14,844,357	\$ 144,357
State program revenues	1,340,000	2,510,180	1,818,928	(691,252)
Total Revenues	<u>14,700,000</u>	<u>17,210,180</u>	<u>16,663,285</u>	<u>(546,895)</u>
Expenditures				
Debt Service:				
Principal on long-term debt	7,898,242	13,485,000	13,485,000	-
Interest on long-term debt	6,773,758	7,552,870	7,552,870	-
Other debt service fees	28,000	2,927,130	2,915,035	12,095
Total Expenditures	<u>14,700,000</u>	<u>23,965,000</u>	<u>23,952,905</u>	<u>12,095</u>
Net change in fund balances	-	(6,754,820)	(7,289,620)	(534,800)
Fund Balance - Beginning	<u>11,654,519</u>	<u>11,654,519</u>	<u>11,654,519</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 11,654,519</u>	<u>\$ 4,899,699</u>	<u>\$ 4,364,899</u>	<u>\$ (534,800)</u>

CROSBY INDEPENDENT SCHOOL DISTRICT*Exhibit J-4***COMPENSATORY EDUCATION PROGRAM AND BILINGUAL EDUCATION PROGRAM COMPLIANCE RESPONSES***For the Year Ended June 30, 2025*

Data		
Codes	Section A: Compensatory Education Programs	Responses
AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$ 6,017,935
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30)	\$ 4,185,837
	Section B: Bilingual Education Programs	
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$ 1,023,690
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PIC 25)	\$ 777,857

CROSBY INDEPENDENT SCHOOL DISTRICT
REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
For the Year Ended June 30, 2025

Schedule L-1

SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments.) Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued. Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	Yes
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants,	No
SF7	Did the school district post the required financial information on its website in accordance with	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal	\$ 8,221,460

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



FEDERAL AWARDS SECTION



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

To the Board of Trustees
Crosby Independent School District

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

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

To the Board of Trustees
Crosby Independent School District

Purpose of this Report

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

Houston, Texas
November 17, 2025

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

To the Board of Trustees
Crosby Independent School District

Report on Compliance for Each Major Federal Program

Opinion On Each Major Program

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

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, GAS, and the Uniform Guidance, we

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

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

Report on Internal Control Over Compliance

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

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

To the Board of Trustees
Crosby Independent School District

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

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

Houston, Texas
November 17, 2025



CROSBY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2025

I. Summary of Auditors' Results

Financial Statements	
Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No
Federal Awards	
Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance with major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs:	
Name of Federal Program or Cluster	Assistance Listing Numbers
U.S. Department of Education:	
Special Education Cluster	84.027A, 84.173A
Dollar Threshold Considered Between Type A and Type B Federal Programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

CROSBY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended June 30, 2025

II. Financial Statement Findings

None Reported

III. Federal Awards Findings and Questioned Costs

None reported

CROSBY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2025

Exhibit K-1

Fund	(2A) Pass Through Entity Identifying Number	(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Assistance Listing Number	(3) Federal Expenditures
		U.S. Department of Agriculture		
		Passed Through Texas Department of Agriculture:		
240	NT4XL1YGLGCS	<i>NSLP Commodities Non-cash Assistance</i>	10.555	\$ 223,090
		Passed Through Texas Education Agency:		
240	71402401	<i>School Breakfast Program</i>	10.553	630,165
240	71402401	<i>School Breakfast Program - SSO</i>	10.553	9,434
240	71302401	<i>National School Lunch Program</i>	10.555	2,055,561
240	71302401	<i>National School Lunch Program - SSO</i>	10.555	21,492
		<i>Total Child Nutrition Cluster (ALN 10.555, 10.553)</i>		<u>2,939,742</u>
		Passed Through Texas Department of Agriculture:		
240	NT4XL1YGLGCS	<i>State Administrative Expense (SAE) Funds</i>	10.560	6,066
		Total Department of Agriculture		<u>2,945,808</u>
		U.S. Department of Education		
		Passed Through Texas Education Agency:		
211	24610101101906	<i>ESEA Title I, Part A-Improving Basic Programs</i>	84.010A	181,578
211	25610101101906	<i>ESEA Title I, Part A-Improving Basic Programs</i>	84.010A	1,403,088
		<i>Total ALN 84.010</i>		<u>1,584,666</u>
224	246600011019066600	<i>IDEA-B Formula</i>	84.027A	70,356
224	256600011019066000	<i>IDEA-B Formula</i>	84.027A	1,333,263
225	246610011019066610	<i>IDEA-B Preschool</i>	84.173A	310
225	256610011019066610	<i>IDEA-B Preschool</i>	84.173A	25,718
		<i>Total Special Education Cluster (ALN 84.027, 84.173)</i>		<u>1,429,647</u>
244	25420006101906	<i>Career and Technical-Basic Grant</i>	84.048A	96,919
206	244600057110017	<i>Texas Education For Homeless Children Youth</i>	84.196A	4,404
255	24694501101906	<i>ESEA Title II, Part A-Teacher and Principal Training and Recruiting</i>	84.367A	1,872
255	25694501101906	<i>ESEA Title II, Part A-Teacher and Principal Training and Recruiting</i>	84.367A	263,621
		<i>Total ALN 84.367</i>		<u>265,493</u>
263	24671001101906	<i>Title III, Part A-English Language Acquisition and Language Enhancement</i>	84.365A	997
263	25671001101906	<i>Title III, Part A-English Language Acquisition and Language Enhancement</i>	84.365A	99,234
263	25671003101906	<i>Title III, Part A-Immigrant</i>	84.365A	5,325
		<i>Total ALN 84.365</i>		<u>105,556</u>
282	21528001101906	<i>COVID-19 - ARP ESSER III</i>	84.425U	230,190
279	21528042101906	<i>COVID-19 - TCLAS-ESSER III</i>	84.425U	33,378
		<i>Total ALN 84.425</i>		<u>263,568</u>
289	24680101101906	<i>ESEA Title IV, Part A-Subpart I</i>	84.424A	13,052
289	25680101101906	<i>ESEA Title IV, Part A-Subpart I</i>	84.424A	64,677
		<i>Total ALN 84.424</i>		<u>77,729</u>
		Passed Harris County Department of Education:		
265	246950337110049	<i>Nita M. Lowey, 21st CCLC, Cycle 12 Year 1</i>	84.287	6,177
265	256950337110024	<i>Nita M. Lowey, 21st CCLC, Cycle 12 Year 2</i>	84.287	160,672
		<i>Total ALN 84.287</i>		<u>166,849</u>
		Total U.S. Department of Education		<u>3,994,831</u>
		U.S. Department of Health and Human Services		
		Passed Through Texas Health and Human Services Commission:		
199	HHS000537900160	<i>Medicaid Administrative Claiming (MAC)</i>	93.778	30,169
		<i>Total Medicaid Cluster (ALN 93.778)</i>		<u>30,169</u>
		Total U.S. Department of Health And Human Services		<u>30,169</u>
		Total Expenditures of Federal Awards		<u>\$ 6,970,808</u>

Note 1 - Summary of Significant Accounting Policies

The District accounts for all awards under federal programs in the General and Special Revenue Funds in accordance with the Texas Education Agency's *Financial Accountability System Resource Guide*. These programs are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

Expenditures reported on the Schedule of Expenditures of Federal Awards are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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. Generally, unused balances are returned to the grantor at the close of specified project periods.

All federal grants are subject to review by the grantor agencies. Any expenditures identified by the grantor agencies as disallowed could require reimbursement to the grantor agency from the District's general fund.

Note 2 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the District under programs of the federal government for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Uniform Guidance. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

Note 3 - Reconciliation to Basic Financial Statements

The following is a reconciliation of expenditures of federal awards program per Exhibit K-1 and expenditures reported on Exhibit C-2:

Total shown on Schedule of Expenditures of Federal Awards	\$ 6,970,808
Other Federal Revenue Accounted for in Governmental Funds:	
Medicaid SHARS	174,131
E-rate	37,430
Junior ROTC	84,413
Interest Rate Subsidy on Build America Bonds	386,938
	<u>682,912</u>
Total Federal Revenue - Exhibit C-2	<u>\$ 7,653,720</u>

Note 4 - General Fund Expenditures

Federal Awards reported in the general fund are summarized as follows:

Federal Revenues in General Fund:	
Medicaid SHARS	\$ 174,131
E-rate	37,430
Junior ROTC	84,413
Interest Rate Subsidy on Build America Bonds	386,938
Medicaid Administrative Claims	30,169
Indirect Costs:	
Texas Education For Homeless Children Youth	135
ESEA Title I, Part A-Improving Basic Programs	48,560
IDEA-B Formula	39,902
IDEA-B Preschool	797
Career and Technical-Basic Grant	2,970
ESEA Title II, Part A-Teacher and Principal Training and Recruiting	8,137
Title III, Part A-English Language Acquisition and Language Enhancement	3,234
COVID-19-TCLAS-ESSER III	4,036
COVID-19-ARP ESSER III	26,648
ESEA Title IV, Part A-Subpart I	1,982
Total Indirect Costs	<u>136,401</u>
Total Federal Revenues in General Fund:	<u><u>\$ 849,482</u></u>

CROSBY INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2025

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

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

I. Prior Audit Findings

None Noted

CROSBY INDEPENDENT SCHOOL DISTRICT

CORRECTIVE ACTION PLAN

For the Year Ended June 30, 2025

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

I. Corrective Action Plan

Not Applicable

