

Financial Statement Audit and Federal Single Audit

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT
FISCAL YEAR 2025



RESPONSIBILITY FOR FINANCIAL STATEMENTS AND THE FINANCIAL STATEMENT AUDIT

Party	Role
Management	Responsible for internal control and the preparation of the financial statements.
Board of Trustees	Responsible for ensuring that management meets its responsibility for internal control and financial reporting
Board Finance Liaisons	Assists the Board of Trustees in overseeing that management meets its responsibility for internal control and financial reporting.
Independent Auditors	Accumulate the evidence necessary to support an opinion on the fair presentation of the financial statements.

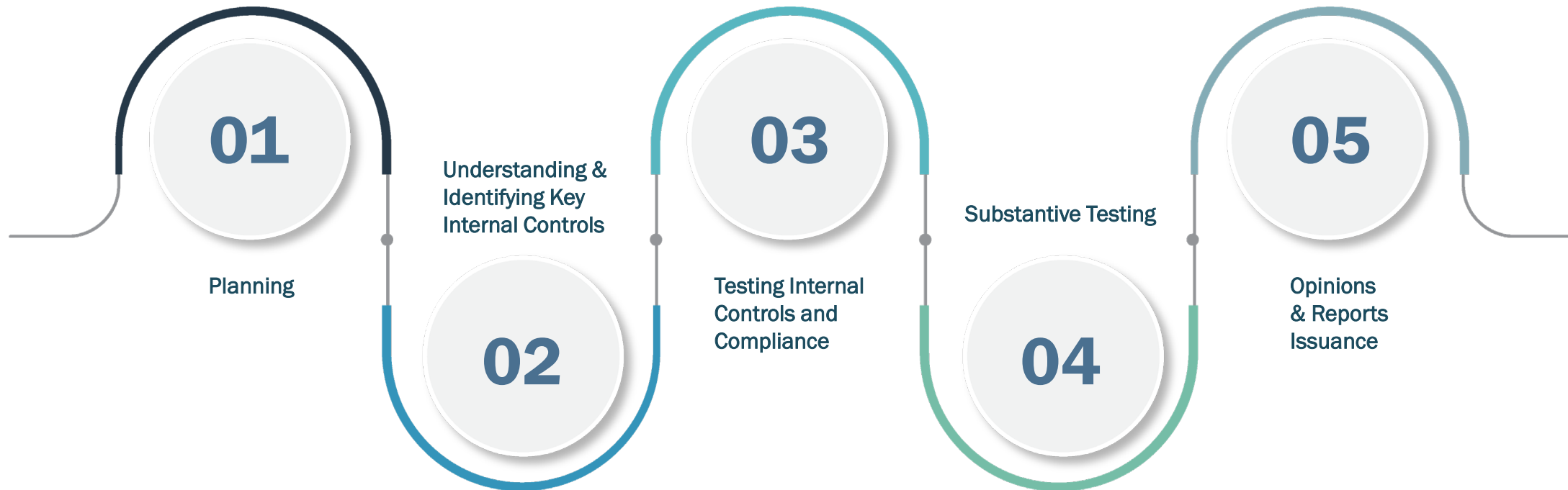
FINANCIAL STATEMENT AUDIT

- The purpose of a financial statement audit is to provide users of financial statements with reasonable assurance that they can rely upon those financial statements to make informed decisions.
- The independent audit is an evaluation of the reliability of the District's financial statements, *not* an assessment of its economic well-being.
 - The financial statement audit includes activity as of and for the year ended June 30, 2025. The audit does not opine or comment on management's financial forecast of future fiscal periods.
- The independent auditor's goal is:
 - To obtain *reasonable assurance* concerning the fair presentation of financial statements, *not* absolute certainty.
 - For the financial statements to be free from *material* misstatements (misstatements that are significant enough to *matter* to the user of the financial statements).

INDEPENDENT AUDITOR'S RESPONSIBILITY FOR THE VARIOUS CONTENTS OF AN ANNUAL COMPREHENSIVE FINANCIAL REPORT

Item	Status	Responsibility
Introductory section	Unaudited	Read for consistency
Managements discussion and analysis	Required supplementary information (RSI)	Conduct limited procedures (inquiries and comparisons)
Basic financial statements	Audited	Render an opinion on fair presentation
General fund budgetary comparison, pension, and OPEB information	Required supplementary information (RSI)	Conduct limited procedures (inquiries and comparisons)
Combining and individual fund statements, other budgetary comparisons, and required TEA schedules	Other supplementary information (OSI)	Render an opinion on fair presentation in relation to the basic financial statements
Statistical section	Unaudited	Read for consistency

THE AUDIT PROCESS



INTERNAL CONTROLS OVER CRITICAL AREAS

- Human Resources
- Payroll
- Procurement
- Accounts Payable
- Information Technology
- Significant Revenue Sources
- Attendance
- Financial Close and Reporting
- Tax Office

PURPOSE OF THE AUDIT – THE OPINION ON THE REPORT



AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

Clean Report



- Unmodified or “Clean” Opinion
- Audit conducted in accordance with Generally Accepted Auditing Standards and *Government Auditing Standards*
- Pages 3-5 the Annual Comprehensive Financial Report (ACFR)

AUDITOR'S REPORT ON INTERNAL CONTROL AND COMPLIANCE

Clean Report



- Internal control over financial reporting
 - No material weakness identified
 - No significant deficiencies reported
- No instances of noncompliance material to the financial statements were noted
- Pages 151-153 of the Annual Comprehensive Financial Report (ACFR)

FEDERAL SINGLE AUDIT MAJOR PROGRAMS

FISCAL YEAR 2025 AND PRIOR TWO FISCAL YEARS

2024 - 2025

- Schedule of Expenditures of Federal Awards = \$42.3MM
- Major Programs:
 - Special Education Cluster - \$7.3 MM
 - Title II, Part A – Supporting Effective Instruction - \$1.7MM
 - Title IV, Part A - \$1.0MM

2023 - 2024

- Schedule of Expenditures of Federal Awards = \$59.5MM
- Major Programs:
 - Elementary and Secondary School Emergency Relief (ESSER) - \$16.5MM
 - Title I, Part A – Improving Basic Programs - \$12.1MM

2022 - 2023

- Schedule of Expenditures of Federal Awards = \$99.5MM
- Major Programs:
 - Child Nutrition Cluster - \$19.3MM
 - Elementary and Secondary School Emergency Relief (ESSER) - \$55.1MM
 - Title III, Part A – ELA - \$1.3MM

FEDERAL SINGLE AUDIT REPORT

Clean Report



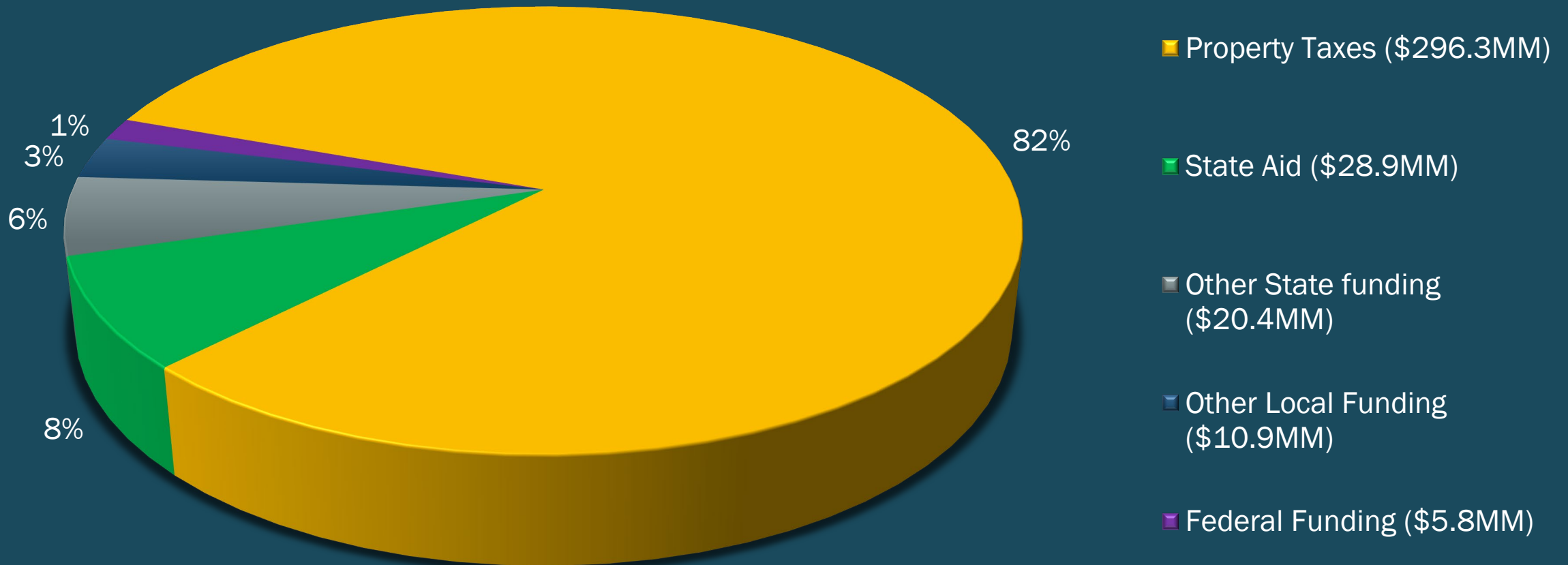
- Unmodified opinion on compliance over each major federal program
- No internal control findings related to each major program
- No instances of noncompliance or questioned costs were noted
- 2025 OMB Compliance Supplement not issued resulting in a reporting delay

GOVERNMENT-WIDE STATEMENT OF NET POSITION (P. 19)

- **Total Assets and Deferred Outflows: \$1.982 billion**
 - Cash and investments: \$639.5 million
 - Capital assets, net of depreciation/amortization: \$1.229 billion
- **Total Liabilities and Deferred Inflows: \$1.557 billion**
 - Bonds payable and unamortized premiums: \$1.108 billion
 - *Net pension liability: \$125.9 million
 - *Net other post-employment benefits (OPEB) liability: \$77.8 million
- **Net Position: \$424.8 million**
- **Net Position: \$658.3 million removing the effects of pension and OPEB**

* Represents the District's proportionate share of these liabilities as determined by Teacher Retirement System of Texas.

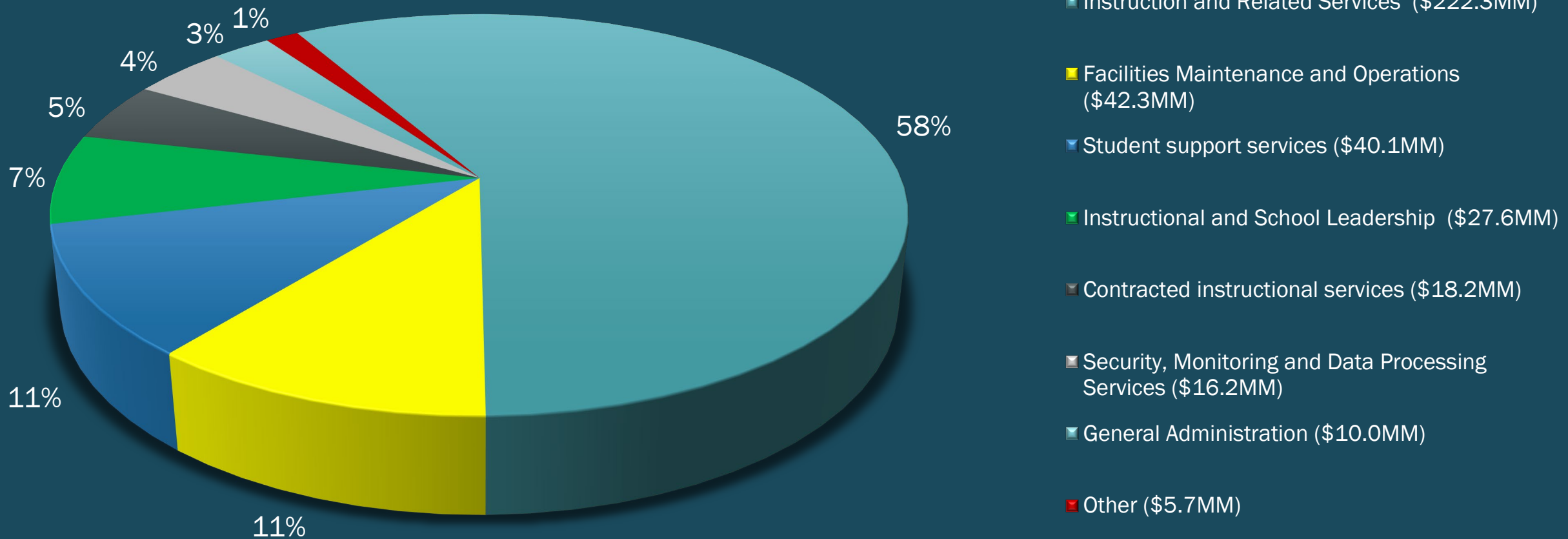
2025 GENERAL FUND REVENUES (\$MM) (P. 26)



FY 2025 Total Revenues: \$362.4MM

FY 2024 Total Revenues: \$356.8MM

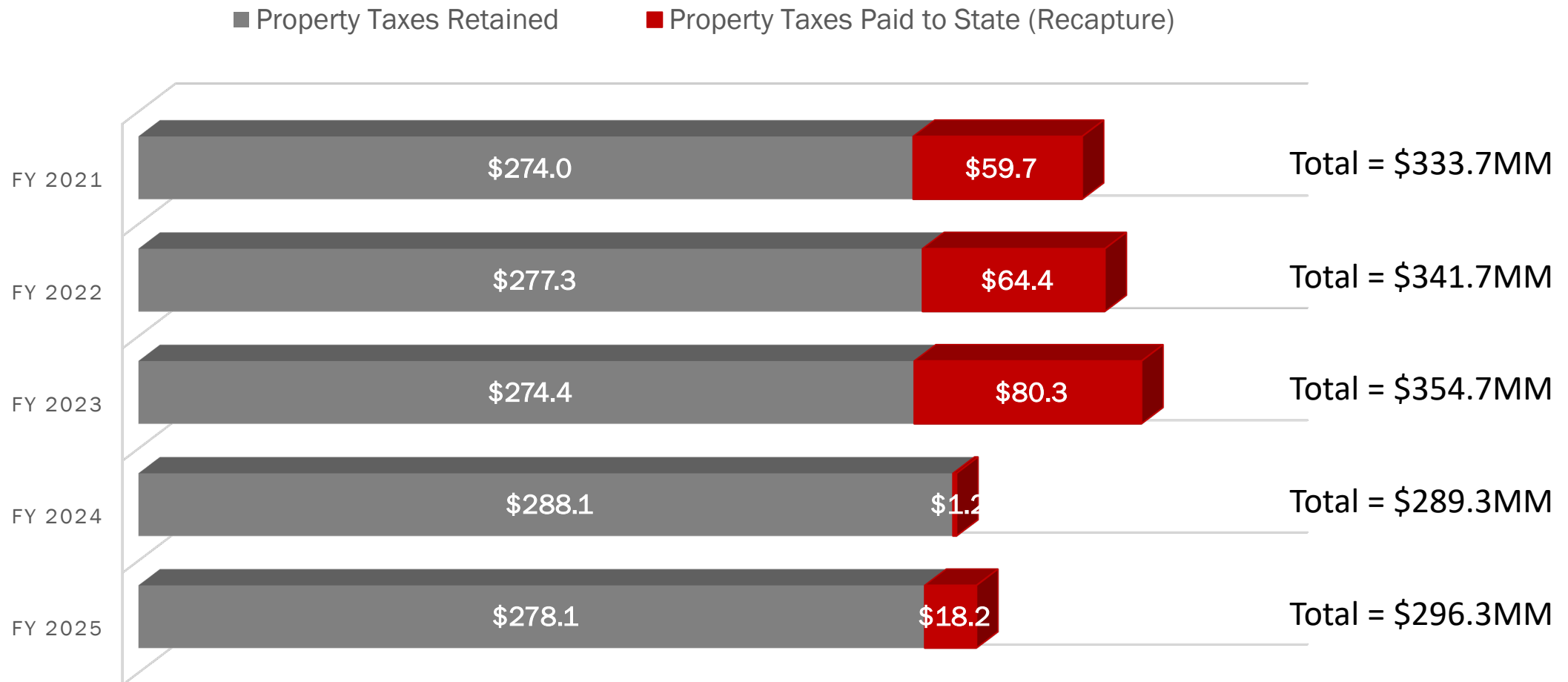
2025 GENERAL FUND EXPENDITURES (\$MM) (P. 26)



FY 2025 Total Expenditures: \$382.4MM

FY 2024 Total Expenditures: \$372.8MM

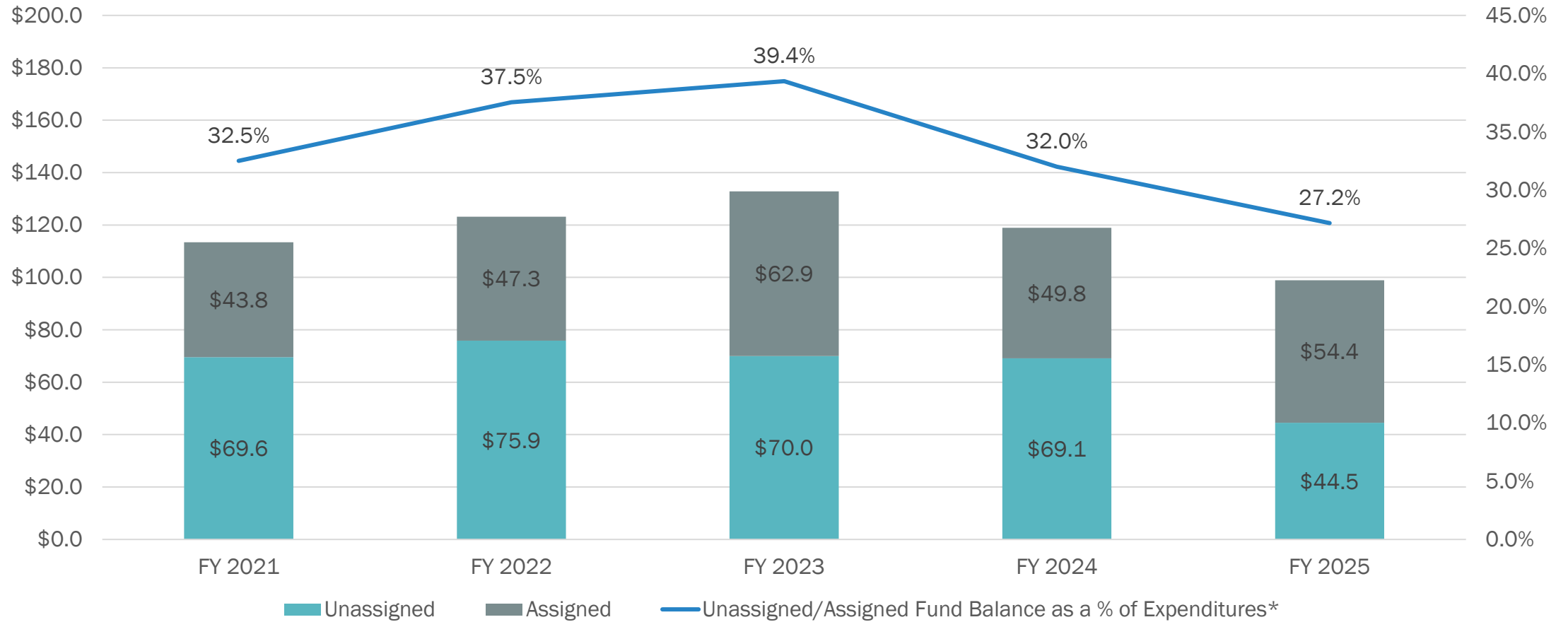
PROPERTY TAXES AND RECAPTURE – LAST FIVE YEARS



**FY 2025
BUDGET AND ACTUAL
– GENERAL FUND
(P. 87)**

- Actual revenues of \$362.4MM were less than final budgeted revenues by \$2.8MM
- Actual expenditures of \$382.4MM were less than final budgeted expenditures by \$8.0MM
- Expenditures and other uses exceeded revenues and other sources by \$19.8MM (fund balance decreased by this amount)
- Fund balance as of June 30, 2025, totaled \$103.2MM
 - Nonspendable fund balance totaled \$4.3MM
 - Assigned fund balance totaled \$54.4MM
 - Unassigned fund balance totaled \$44.5MM

FUND BALANCE - GENERAL FUND (\$MM)



* Total General Fund expenditures less recapture

DEBT SERVICE FUND AND FOOD SERVICE PROGRAM BUDGET AND ACTUAL (PP. 96-97)

Debt Service Fund

- Actual revenues of \$130.8MM were greater than budgeted revenues by \$1.0MM
- Actual expenditures of \$128.2MM were less than final budgeted expenditures by \$0.3MM
- Fund balance increased by \$2.7MM
- Ending fund balance was \$36.3MM

Food Service Program

- Actual revenues of \$20.7MM were greater than budgeted revenues by \$0.5MM
- Actual expenditures of \$22.8MM were less than budgeted expenditures by \$1.2MM
- Fund balance decreased by \$2.0MM
- Ending fund balance was \$7.8MM

REQUIRED COMMUNICATIONS

Significant Accounting Policies

- The District's accounting policies and methods are appropriate and in accordance with industry standards.
- GASB Statement No. 101, *Compensated Absences*, was implemented in FY 2025

Accounting Estimates

- The preparation of the financial statements requires that certain estimates and judgments be made by management. These judgments and estimates include:
 - State Aid
 - Property Tax Allowance
- We concluded that management has a reasonable basis for significant judgments and estimates that impact the financial statements.

REQUIRED COMMUNICATIONS

Significant Risks (present in every financial statement audit)

- Management override of internal control
- Revenue recognition

Difficulties Encountered in Performing the Audit

- We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected or Uncorrected Misstatements

- There were no material misstatements that were identified by us that required management's correction.

Disagreements with Management

- We had no disagreements with management over the application of accounting principles or management's judgments about accounting estimates.

REQUIRED COMMUNICATIONS

Management Representations

- We have requested certain representations from management.

Consultation with Other Accountants

- We are not aware of any situations in which management consulted with other accountants on accounting or financial reporting matters.

Major Issues Discussed with Management Prior to Retention

- We discussed the application of accounting principles and auditing standards, however, our responses were not a condition to our retention.

QUESTIONS?

