LEVELLAND INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2025

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS
LUBBOCK, TEXAS

LEVELLAND INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2025

LEVELLAND INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2025

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LEVELLAND INDEPENDENT SCHOOL DISTRICT

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CERTIFICATE OF BOARD

Levelland Independent School District	Hockley	110-902
Name of School District	County	Co. - Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) _____ approved _____ disapproved for the year ended August 31, 2025, at a meeting of the Board of Trustees of such school district on the 21st day of January, 2026.

_____	_____
Signature of Board Secretary	Signature of Board President

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

FINANCIAL SECTION

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS
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Independent Auditor's Report

UNMODIFIED OPINIONS ON THE BASIC FINANCIAL STATEMENTS

Board of School Trustees
Levelland Independent School District
Levelland, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Levelland Independent School District (the District), as of and for the year ended August 31, 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 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 Levelland Independent School District, as of August 31, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

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 (*Government Auditing Standards*). 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 GAAP, 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.

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

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

GAAP requires that the management's discussion and analysis on pages 4-9, budgetary comparison information on page 50, and the pension and other post-employment benefit (OPEB) related information on pages 51-55 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 GAAS, 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 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 non-major fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining non-major fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the audit report. The other information comprises the required Texas Education Agency (TEA) schedules 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 January 13, 2026, 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.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

January 13, 2026

LEVELLAND INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

Our discussion and analysis of the Levelland Independent School District's (the District) financial performance provides an overview of the District's financial performance for the year ended August 31, 2025. It should be read in conjunction with the District's Basic Financial Statements and Independent Auditor's Report.

The Management's Discussion and Analysis (MD&A) is an element of the financial reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.*

FINANCIAL HIGHLIGHTS

· The net position of the District increased by $3,642,402 or 41.49%. The District's statement of activities showed total revenues were $40,982,121 and expenses totaled $37,339,719.

· The District ended the year, August 31, 2025, with total net position of $12,422,132 and unrestricted (deficit) net position of ($8,937,237). The balance of cash and investments at August 31, 2025, was $17,534,589, which does not include the fiduciary cash and investment accounts since these funds are not for District operations.

· Total general fund expenditures were $34,236,133 for the year ended August 31, 2025, and this compares with general fund expenditures of $34,535,641 for the year ended August 31, 2024. This decrease is attributable to the purchase of 4 activity buses in prior year offset by current year capital outlay of roofing projects, HVACs, and well pumps.

· The District's total revenues on the fund financial statements decreased from $45,327,325 in 2023-24 to $42,264,455 in 2024-25. This decrease is attributable to the completion of the ESSER III grant in the prior year along with the District no longer serving as the fiscal agent for the Four County Shared Service Arrangement (SSA).

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a whole, and then proceed to provide an increasingly detailed look at specific financial activities.

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short-term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. The fiduciary statements provide financial information about activities for which the District acts solely as a trustee.

The notes to the financial statements provide narrative explanations and additional data needed for full disclosure in the government-wide statements and the fund financial statements.

The combining statements for nonmajor funds contain information about the District's individual nonmajor funds.

The sections labeled Required Texas Education Agency Schedules and Federal Financial Assistance Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

Reporting the District as a Whole

Government-Wide Financial Statements

The analysis of the District's overall financial condition and operations is presented in the Statement of Net Position and the Statement of Activities. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These statements apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received from students from outside the district and grants provided by the U.S. Department of Education to assist children with disabilities or from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by the Texas Education Agency (TEA) in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the District's net position and changes in them. The District's net position (the difference between assets and liabilities) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider nonfinancial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, the District is reporting its governmental activities. The District currently has no business-type activities or component units as defined in the GASB Statement No. 34.

· Governmental activities – All of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds–not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received from the U.S. Department of Education through TEA. The District's administration establishes many other funds to help it control and manage money for particular purposes.

The District's two fund types–governmental and fiduciary–use different accounting approaches.

· Governmental funds – Most of the District's basic services are included in governmental funds. These use the modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following the fund financial statements.

· Fiduciary funds – The District is the trustee, or fiduciary, for money raised by student activities and scholarships. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes, and by those to whom the assets belong. We exclude these activities from the government-wide financial statements because the District cannot use these assets to finance its operations.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental activities.

Table I
Levelland Independent School District
Net Position
August 31, 2025 and 2024

	August 31, 2025	August 31, 2024
Cash and Temporary Investments	$ 17,534,589	$ 15,008,877
Receivables	2,699,205	5,955,388
Other Assets	52,795	51,382
Capital Assets - Net	51,593,191	51,205,917
Total Assets	$ 71,879,780	$ 72,221,564
Deferred Outflows of Resources	$ 8,995,792	$ 11,255,332
Total Deferred Outflows	$ 8,995,792	$ 11,255,332
Current Liabilities	$ 4,867,552	$ 5,732,194
Long-Term Liabilities	53,621,522	57,627,656
Total Liabilities	$ 58,489,074	$ 63,359,850
Deferred Inflows of Resources	$ 9,964,366	$ 11,337,316
Total Deferred Inflows	$ 9,964,366	$ 11,337,316
Net Position		
Net Investment in Capital Assets	$ 15,161,619	$ 12,035,201
Restricted for Federal and State Programs	734,804	743,719
Restricted for Debt Service	5,462,946	4,287,380
Unrestricted (Deficit)	(8,937,237)	(8,286,570)
Total Net Position	$ 12,422,132	$ 8,779,730

Changes in Net Position

The District's net position increased during the year ended August 31, 2025. The net position increased by $3,642,402 (See Table II). Unrestricted (deficit) net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased $650,667 from ($8,286,570) in 2024 to ($8,937,237) in 2025. This decrease was attributable to the completion of the ESSER III grant in the prior year.

Table II
Levelland Independent School District
Changes in Net Position
For the Years Ended August 31, 2025 and 2024

	August 31, 2025	August 31, 2024
Revenues:		
Program Revenues:		
Charges For Services	$ 279,754	$ 195,336
Operating Grants and Contributions	8,550,426	12,344,510
General Revenues:		
Maintenance and Operations Taxes	10,886,216	10,813,224
Debt Service Taxes	3,958,835	3,927,867
State Formula Aid	16,449,056	15,724,449
Investment Earnings	705,169	669,492
Miscellaneous	152,665	509,641
Total Revenue	$ 40,982,121	$ 44,184,519
Expenses:		
Instruction and Instructional-Related Services	$ 20,548,673	$ 23,182,689
Instructional and School Leadership	1,925,990	2,510,282
Student Support Services	1,486,633	1,851,965
Student Transportation	1,523,885	1,889,590
Food Services	1,564,902	1,509,055
Extracurricular Activities	1,600,698	1,646,342
General Administration	1,492,277	1,604,659
Facilities Maintenance and Operations	5,254,521	4,737,241
Security and Data Processing	1,008,067	1,336,477
Debt Service	731,325	782,140
Payments to Shared Service Arrangements		841,097
Other Intergovernmental Charges	202,748	191,782
Total Expenses	$ 37,339,719	$ 42,083,319
Change in Net Position	$ 3,642,402	$ 2,101,200

The District's total revenues decreased from $44,184,519 in fiscal year 2024 to $40,982,121 in 2025, a decrease of $3,202,398. This decrease is due to the completion of the ESSER III grant in the prior year along with the District no longer serving as the fiscal agent for the Four County SSA. The total expenditures of the District decreased by $4,743,600 from $42,083,319 in 2024 to $37,339,719 in 2025, and is attributable to the completion of the ESSER III grant in the prior year along with the District no longer serving as the fiscal agent for the Four County SSA.

Other factors impacting the District’s financial position include the following:

- The District’s total property tax rate remained unchanged at $0.9742 from the prior year. The District’s 2025 tax rate for M&O is $0.7142 and the I&S rate is $0.2600. The District’s appraised valuation of taxable property increased from $1,549,659,010 to $1,523,673,848, a decrease of $25,985,162 or 1.68%. The total school property taxes assessed for school year 2025 were $14,843,631. This was a decrease of $253,147 from the $15,096,778 assessed in 2024.

- The District's average daily attendance (ADA) is the basis for most of the State funding received. The ADA went from 2,354.820 in 2024 to 2,311.382 in 2025. Even though there was a decline in the ADA, state funding increased from $15,724,449 in 2024 to $16,449,056, which is an increase of $724,607. This increase is attributable to the increase in the Available School Fund rate and decreases in property values.

FUND BALANCES

The District's total Governmental Funds fund balance was $17,493,899. This fund balance is reported in the various Governmental funds as follows:

General Fund
Unassigned – $8,325,140. This balance is available for current spending; it has been the practice of the District to try and maintain a fund balance that is at least several months operating expenses.

Assigned for Capital Expenditures - $3,193,851. This represents amounts that management assigned for future construction around the District.

Debt Service Fund
Restricted for Debt Service – $5,240,104. These funds are restricted by debt service covenants to fund the principal and interest payments of the bond issue.

Nonmajor Governmental Funds
Nonspendable for Inventories – $52,795. These are amounts that have already been spent for inventory and not available for appropriation.

Restricted for Federal and State Programs – $682,009. These funds are restricted for the food service costs in the Child Nutrition Fund under the mandate of the National School Lunch and Breakfast Program and other funds.

BUDGETARY HIGHLIGHTS

Over the course of the year, the Board of Trustees revised the District's budget several times. These budget amendments were necessary to reflect the revised estimates of revenues and expenses. There were no individually significant amendments, while most amendments were to reclassify expenditures in various functions. During the year, expenditures exceeded appropriations in the facilities maintenance and operations function in the general fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets
As of August 31, 2025, the District had $51,593,191 of capital assets, net of accumulated depreciation. Financial statement footnote no. 6 discloses the capital asset activity of the District for the year ended August 31, 2025.

Debt
As of August 31, 2025, the District had $35,185,019 of unlimited tax building bonds, unlimited tax refunding bonds, and capital appreciation bonds. Financial statement footnote no. 10 discloses the debt activity of the District for the year ended August 31, 2025.

FACTORS BEARING ON THE DISTRICT'S FUTURE

The District as adopted a deficit budget in the general fund for 2025-2026.

The District has budgeted $31,552,883 in general fund revenues for fiscal year 2025-2026. This is down $1,872,426 from the $33,425,309 actual general fund revenue for the 2024-2025 fiscal year. This decrease is attributable to significant insurance proceeds received in the prior year.

The District has budgeted $31,774,154 in general fund expenditures for 2025-2026. This is down $2,461,979 from the actual 2024-2025 general fund expenditures of $34,236,133. This decrease is attributable to less anticipated capital expenditures.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at Levelland Independent School District, 704 11th Street, Levelland, Texas 79336.

BASIC FINANCIAL STATEMENTS

LEVELLAND INDEPENDENT SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET POSITION
GOVERNMENT-WIDE
AUGUST 31, 2025

Data Control Codes		Primary Government Governmental Activities
	ASSETS:	
1110	Cash and Temporary Investments	$ 17,534,589
1220	Property Taxes - Delinquent	1,038,315
1230	Allowance for Uncollectible Taxes	(154,303)
1240	Due from Other Governments	826,153
1267	Due from Fiduciary Funds	1,503
1290	Other Receivables	987,537
1300	Inventories	52,795
	Capital Assets:	
1510	Land	418,719
1520	Buildings and Improvements, Net	46,976,124
1530	Furniture and Equipment, Net	2,543,674
1540	Vehicles, Net	1,654,674
1000	Total Assets	$ 71,879,780
	DEFERRED OUTFLOWS OF RESOURCES:	
1701	Deferred Charge for Refunding Loss	$ 1,083,591
1705	Deferred Outflow Related to TRS Pension Liability	3,107,917
1706	Deferred Outflow Related to TRS OPEB Liability	4,804,284
1700	Total Deferred Outflows of Resources	$ 8,995,792
	LIABILITIES:	
2110	Accounts Payable	$ 398,329
2140	Interest Payable	27,294
2160	Accrued Wages Payable	1,280,364
2180	Due to Other Governments	34,542
2300	Unearned Revenues	195,443
	Noncurrent Liabilities:	
2501	Due Within One Year	2,931,580
2502	Due in More than One Year	32,662,651
2516	Unamortized Bond Premium	2,330,144
2540	Net Pension Liability (District's Share)	11,011,471
2545	Net OPEB Liability (District's Share)	7,617,256
2000	Total Liabilities	$ 58,489,074
	DEFERRED INFLOWS OF RESOURCES:	
2605	Deferred Inflow Related to TRS Pension Liability	$ 1,197,459
2606	Deferred Inflow Related to TRS OPEB Liability	8,766,907
2600	Total Deferred Inflows of Resources	$ 9,964,366
	NET POSITION:	
3200	Net Investment in Capital Assets	$ 15,161,619
3820	Restricted for Federal and State Programs	734,804
3850	Restricted for Debt Service	5,462,946
3900	Unrestricted (Deficit)	(8,937,237)
3000	Total Net Position	$ 12,422,132

The accompanying notes are an integral part of this financial statement.

LEVELLAND INDEPENDENT SCHOOL DISTRICT

Exhibit B-1

STATEMENT OF ACTIVITIES
GOVERNMENT-WIDE
FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes		Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Total Governmental Activities
0011	Instruction	$ 20,113,392	$	$ 2,257,507	$ (17,855,885)
0012	Instructional Resources and Media Services	363,565		5,207	(358,358)
0013	Curriculum and Instructional Staff Development	71,716		34,652	(37,064)
0021	Instructional Leadership	110,993		923	(110,070)
0023	School Leadership	1,814,997		22,483	(1,792,514)
0031	Guidance, Counseling, and Evaluation Services	1,121,201		327,950	(793,251)
0032	Social Work Services	431		386	(45)
0033	Health Services	365,001		7,240	(357,761)
0034	Student Transportation	1,523,885		13,011	(1,510,874)
0035	Food Services	1,564,902	210,709	1,409,024	54,831
0036	Extracurricular Activities	1,600,698	60,016	9,592	(1,531,090)
0041	General Administration	1,492,277		237,036	(1,255,241)
0051	Facilities Maintenance and Operations	5,254,521	9,029	3,717,972	(1,527,520)
0052	Security and Monitoring Services	175,016			(175,016)
0053	Data Processing Services	833,051		6,422	(826,629)
0072	Interest on Long-Term Debt	729,773		501,021	(228,752)
0073	Bond Issuance Costs and Fees	1,552			(1,552)
0099	Other Intergovernmental Charges	202,748			(202,748)
TP	Total Primary Government	$ 37,339,719	$ 279,754	$ 8,550,426	$ (28,509,539)

Data Control Codes	General Revenues:	
MT	Property Taxes, Levied for General Purposes	$ 10,886,216
DT	Property Taxes, Levied for Debt Service	3,958,835
SF	State Aid Formula Grants	16,449,056
GC	Grants and Contributions not Restricted	55,733
IE	Investment Earnings	705,169
MI	Miscellaneous Local and Intermediate Revenue	96,932
TR	Total General Revenues	$ 32,151,941
CN	Change in Net Position	$ 3,642,402
NB	Net Position - Beginning	8,779,730
NE	Net Position - Ending	$ 12,422,132

The accompanying notes are an integral part of this financial statement.

LEVELLAND INDEPENDENT SCHOOL DISTRICT

Exhibit C-1

BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2025

Data Control Codes		Major Funds 10 General Fund	50 Debt Service Fund	Nonmajor Governmental Funds	98 Total Governmental Funds
	ASSETS:				
1110	Cash and Temporary Investments	$ 11,630,857	$ 5,212,771	$ 690,961	$ 17,534,589
1220	Property Taxes - Delinquent	793,514	244,801		1,038,315
1230	Allowance for Uncollectible Taxes	(132,344)	(21,959)		(154,303)
1240	Due from Other Governments	7,566	27,883	790,704	826,153
1260	Due from Other Funds	580,167			580,167
1290	Other Receivables	987,537			987,537
1300	Inventories			52,795	52,795
1000	Total Assets	$ 13,867,297	$ 5,463,496	$ 1,534,460	$ 20,865,253
	LIABILITIES:				
2110	Accounts Payable	$ 376,904	$ 550	$ 20,875	$ 398,329
2160	Accrued Wages Payable	1,114,789		165,575	1,280,364
2170	Due to Other Funds			578,664	578,664
2180	Due to Other Governments			34,542	34,542
2300	Unearned Revenues	195,443			195,443
2000	Total Liabilities	$ 1,687,136	$ 550	$ 799,656	$ 2,487,342
	DEFERRED INFLOWS OF RESOURCES:				
2601	Unavailable Revenue - Property Taxes	$ 661,170	$ 222,842	$	$ 884,012
2600	Total Deferred Inflows	$ 661,170	$ 222,842	$ 0	$ 884,012
	FUND BALANCES:				
	Nonspendable for:				
3410	Inventories	$	$	$ 52,795	$ 52,795
	Restricted for:				
3450	Federal and State Programs			682,009	682,009
3480	Debt Service		5,240,104		5,240,104
	Assigned for:				
3550	Capital Expenditures	3,193,851			3,193,851
3600	Unassigned	8,325,140			8,325,140
3000	Total Fund Balances	$ 11,518,991	$ 5,240,104	$ 734,804	$ 17,493,899
4000	Total Liabilities, Deferred Inflows, and Fund Balances	$ 13,867,297	$ 5,463,496	$ 1,534,460	$ 20,865,253

The accompanying notes are an integral part of this financial statement.

LEVELLAND INDEPENDENT SCHOOL DISTRICT

Exhibit C-2

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION AUGUST 31, 2025

Data Control Codes			
	Total Fund Balances - Governmental Funds (Exhibit C-1)	$	17,493,899
1	Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was $107,401,533, and the accumulated depreciation was ($56,195,616). In addition, bonds payable, notes payable, and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in these funds. The long-term debt was ($39,431,294). The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.		11,774,623
2	Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statement, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2025 capital outlays $4,377,047 and debt principal payments $2,724,741 is to increase net		7,101,788
3	The 2025 depreciation expense and loss on disposal of assets increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(3,989,773)
4	Change in accrued interest on bonds payable of $4,041, amortization of refunding loss of ($103,073), premium amortization of $541,017, and CABS accretion of ($423,541) are recognized in the government-wide financial statements. The net effect for recognizing the accrual and amortizations is to increase net position.		18,444
5	Included in the items related to debt is the recognition of the District's proportionate share of the net pension liabilities required by GASB 68 in the amount of ($11,011,471), a Deferred Resource Inflow related to TRS in the amount of ($1,197,459), and a Deferred Resource Outflow related to TRS in the amount of $3,107,917. This amounted to a decrease in net		(9,101,013)
6	Included in the items related to debt is the recognition of the District's proportionate share of the OPEB liabilities required by GASB 75 in the amount of ($7,617,256), a Deferred Resource Inflow related to TRS in the amount of ($8,766,907), and a Deferred Resource Outflow related to TRS in the amount of $4,804,284. This amounted to a decrease in net position.		(11,579,879)
7	Various other reclassifications and adjustments are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This includes recognizing deferred property tax revenue of $884,012 and recognizing change in compensated absences of ($179,969). The effect of these adjustments is to increase net position.		704,043
29	Total Net Position - Governmental Activities (Exhibit A-1)	$	12,422,132

The accompanying notes are an integral part of this financial statement.

LEVELLAND INDEPENDENT SCHOOL DISTRICT

Exhibit C-3

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes		Major Funds 10 General Fund	50 Debt Service Fund	Nonmajor Governmental Funds	98 Total Governmental Funds
	REVENUES:				
5700	Local and Intermediate Sources	$ 15,178,938	$ 4,106,566	$ 245,548	$ 19,531,052
5800	State Program Revenues	18,101,976	501,021	267,510	18,870,507
5900	Federal Program Revenues	144,395		3,718,501	3,862,896
5020	Total Revenues	$ 33,425,309	$ 4,607,587	$ 4,231,559	$ 42,264,455
	EXPENDITURES:				
0011	Instruction	$ 16,960,481	$	$ 2,024,389	$ 18,984,870
0012	Instructional Resources and Media Services	336,507		515	337,022
0013	Curriculum and Instructional Staff Development	29,616		34,652	64,268
0021	Instructional Leadership	97,930			97,930
0023	School Leadership	1,687,233			1,687,233
0031	Guidance, Counseling, and Evaluation Services	723,212		314,089	1,037,301
0032	Social Work Services			386	386
0033	Health Services	339,291		2,332	341,623
0034	Student Transportation	1,415,529			1,415,529
0035	Food Services			1,706,651	1,706,651
0036	Extracurricular Activities	1,480,750			1,480,750
0041	General Administration	1,210,923		188,310	1,399,233
0051	Facilities Maintenance and Operations	4,916,911			4,916,911
0052	Security and Monitoring Services	201,463			201,463
0053	Data Processing Services	753,879			753,879
0071	Principal on Long-Term Debt	29,741	2,695,000		2,724,741
0072	Interest on Long-Term Debt	547	747,670		748,217
0073	Bond Issuance Costs and Fees		1,552		1,552
0081	Facilities Acquisition and Construction	3,849,372			3,849,372
0099	Other Intergovernmental Charges	202,748			202,748
6030	Total Expenditures	$ 34,236,133	$ 3,444,222	$ 4,271,324	$ 41,951,679
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	$ (810,824)	$ 1,163,365	$ (39,765)	$ 312,776
	OTHER FINANCING SOURCES (USES):				
7915	Transfers In	$ 62,989	$	$ 42,457	$ 105,446
8911	Transfers Out	(42,457)		(62,989)	(105,446)
7080	Total Other Financing Sources	$ 20,532	$ 0	$ (20,532)	$ 0
1200	Net Change in Fund Balance	$ (790,292)	$ 1,163,365	$ (60,297)	$ 312,776
0100	September 1 - Fund Balance	12,309,283	4,076,739	795,101	17,181,123
3000	August 31 - Fund Balance	$ 11,518,991	$ 5,240,104	$ 734,804	$ 17,493,899

The accompanying notes are an integral part of this financial statement.

LEVELLAND INDEPENDENT SCHOOL DISTRICT

Exhibit C-4

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED AUGUST 31, 2025

Net Change in Fund Balance - Total Governmental Funds (Exhibit C-3)	$	312,776
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 as depreciation expense. This is the amount by which capital outlays $4,377,047 exceeded depreciation and loss on disposal of assets ($3,989,773) in the current period.		387,274
Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the net amount by which deferred property tax revenue changed between the current year $884,012 and the prior year ($858,406).		25,606
Net repayment of debt principal of $2,724,741 is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		2,724,741
Change in accrued interest on bonds payable of $4,041, amortization of refunding loss of ($103,073), premium amortization of $541,017, and CABS accretion of ($423,541) are recognized in the government-wide financial statements. The net effect for recognizing the accrual and amortizations is to increase net position.		18,444
Current year changes due to GASB 68 increased revenues in the amount of $326,813 and increased expenses in the amount of ($1,120,445) resulting in a decrease in the change in ending net position of ($793,632).		(793,632)
Current year changes due to GASB 75 decreased revenues in the amount of ($1,634,753) and decreased expenses in the amount of $2,781,915 resulting in an increase in the change in ending net position of $1,147,162.		1,147,162
Various other reclassifications and adjustments are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This includes recognizing change in compensated absences of ($179,969). The effect of these adjustments is to increase net position.		(179,969)
Change in Net Position - Governmental Activities (Exhibit B-1)	$	3,642,402

The accompanying notes are an integral part of this financial statement.

LEVELLAND INDEPENDENT SCHOOL DISTRICT

Exhibit E-1

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
AUGUST 31, 2025

	Custodial Funds
ASSETS:	
Cash and Temporary Investments	$ 327,179
Total Assets	$ 327,179
LIABILITIES:	
Accounts Payable	$ 8,555
Due to Other Funds	1,503
Total Liabilities	$ 10,058
NET POSITION:	
Unrestricted	$ 317,121
Total Net Position	$ 317,121

The accompanying notes are an integral part of this financial statement.

LEVELLAND INDEPENDENT SCHOOL DISTRICT

Exhibit E-2

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED AUGUST 31, 2025

	Custodial Funds
ADDITIONS:	
Other Revenues	$ 397,184
Total Additions	$ 397,184
DEDUCTIONS:	
Student Activities	$ 378,327
Total Deductions	$ 378,327
Change in Net Position	$ 18,857
Net Position - September 1 (Beginning)	298,264
Net Position - August 31 (Ending)	$ 317,121

The accompanying notes are an integral part of this financial statement.

LEVELLAND INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Levelland Independent School District's (the District) is a public education agency operating under the applicable laws and regulations of the State of Texas. The District prepares its basic financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) applicable to governmental units. The District also complies with the appropriate version of the Texas Education Agency's (TEA) Financial Accountability System Resource Guide (FASRG) and the requirements of contracts and grants of agencies from which it receives funds. GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

A. REPORTING ENTITY

The Board of School Trustees (the Board), a seven-member group, has fiscal accountability over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the District. All powers and duties not specifically delegated by statute to TEA or to the State Board of Education are reserved for the Board, and TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District is not included in any other governmental reporting entity as defined in governmental accounting and financial reporting standards. There are no component units included within the reporting entity.

The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding entities.

B. BASIS OF ACCOUNTING AND PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities display information about the government-wide entity as a whole. These statements report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental Activities, which normally are supported by taxes, state foundation funds, grants, and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District currently has no business-type activities.

These government-wide financial statements were prepared 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.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bond issuance costs are expensed. Interest payable on capital appreciation bonds are recognized as an increase in long-term debt and an increase in interest expense as accreted.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The charges for services column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. The operating grants and contributions column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. If a revenue is not a program revenue, it is a general revenue used to support all of the District's functions. Taxes are always general revenues.

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense is specifically identified by function and is included in the direct expense to each function allocated. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

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

FUND FINANCIAL STATEMENTS

Separate financial statements are provided for governmental funds and fiduciary funds. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. Major governmental funds are reported as separate columns in the fund financial statements.

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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Revenues from local sources consist primarily of property taxes. Amounts have been recorded for property tax revenues collected through August 31, 2025. State revenues are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and claims and judgments are recorded only when payment is due.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The 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. Fiduciary funds are not included in the government wide statements.

GOVERNMENTAL FUND TYPES

The District reports the following major governmental funds:

General Fund – This fund is established to account for resources used for general operations. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. This is a budgeted fund, and unassigned fund balances are considered resources available for current operations.

Debt Service Fund – This fund is used to account for payment of principal and interest on long-term general obligation debt and other long-term debts for which tax has been dedicated. This is a budgeted fund and any unused sinking fund balances will be transferred to the general fund after all of the related debt obligations have been met.

Additionally, the government reports the following fund types:

Special Revenue Funds – These funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal financial assistance generally is accounted for in a special revenue fund. Except for the child nutrition fund, unused balances are returned to the grantor at the close of specified project periods. The child nutrition fund is the only required budgeted special revenue fund. For all other funds in the fund type, project accounting is employed to maintain integrity for the various sources of funds. The District's child nutrition fund is considered a special revenue fund since the general fund subsidizes the child nutrition program for all expenditures in excess of National School Lunch and Breakfast Program reimbursements and user fees. Child nutrition fund balance, if any, are used exclusively for child nutrition program purposes.

FIDUCIARY FUND TYPES

Custodial Funds – The District accounts for resources held for others in a custodial capacity in custodial funds. These funds are used to account for activities of student groups. Student activity organizations exist with the explicit approval from the Board and are subject to revocation.

C. BASIS OF ACCOUNTING APPLICABLE TO ALL FINANCIAL STATEMENTS

Capital assets, which include land, buildings and improvements, furniture and equipment, and vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an individual cost of more than $5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the assets' useful lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Revenues from state and federal grants are considered to be earned to the extent of expenditures made under the provisions of the grant. Funds received but unexpended are reflected as unearned revenues, and funds expended but not yet received are shown as receivables. If balances have not been expended by the end of the project period, grantors generally require the District to refund all or part of the unused amount.

Supplies and materials are recorded as expenditures when purchased, except for food products and certain other supplies in the child nutrition fund. The consumption method is used to account for inventories of food products and certain other supplies. Under this method, these items are carried in an inventory account, using the first-in, first-out method of accounting and subsequently charged to expenditures when consumed.

District employees earn personal days each year at the local and state level in accordance with Board policies. Upon separation from service, certain employees are eligible for compensation for accumulated leave balances. It is the District's policy to pay accumulated unused state and local leave days up to 60 days if the employee has ten consecutive years of service and the separation from employment is voluntary. During the current year, the District implemented GASB Statement 101, *Compensated Absences*, which required the District to reevaluate the estimated liability for compensated absences when the leave is earned rather than when it is taken, with refined recognition and measurement criteria.

In accordance with the FASRG, the District has adopted and installed an accounting system which exceeds the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure presented in the Accounting Code Section of the FASRG. Mandatory codes are utilized in the form provided in that section.

The Data Control Codes refer to the account code structure prescribed by TEA in the FASRG. TEA requires school districts to display these codes in the financial statements filed with TEA in order to ensure accuracy in building a Statewide database for policy development and funding plans.

D. BUDGETARY DATA

The official budget was prepared on the modified accrual basis of accounting, which is consistent with GAAP, for the general fund and the debt service fund. The special revenue funds adopt project-length budgets which do not correspond to the District's fiscal year. The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

a. Prior to August 20th of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1st. The operating budget includes proposed expenditures and the means of financing them.

b. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must be given.

c. Prior to September 1st, the budget is legally enacted through passage of a resolution by the Board.

The budget is prepared and controlled at the function level within each fund and is amended at this level as needed. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. Such amendments are made before the fact, and they are reflected in the official minutes of the Board. During the year, expenditures exceeded appropriations in the facilities maintenance and operations function in the general fund.

E. ENCUMBRANCE ACCOUNTING

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31st, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no outstanding encumbrances at August 31, 2025.

F. FUND BALANCES

Fund balances of the governmental funds are classified as follows:

Nonspendable – Amounts that have already been spent and are not available for appropriation (inventory).

Restricted – Amounts that can be spent only for specific purposes because of restrictions by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Assigned – Amounts that can be used for a specific purpose as expressed by the authorized administrator, the Superintendent.

Unassigned – Amounts not included in other spendable classifications.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

G. NET POSITION ON THE STATEMENT OF NET POSITION

Net Position on the Statement of Net Position includes the following:

Net Investment in Capital Assets – This component of net position represents the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding any unspent bond proceeds that is directly attributable to the acquisition, construction, or improvement of those assets.

Restricted for Federal and State Programs – This component of net position represents assets and liabilities of the child nutrition fund under the mandate of the National School Lunch and Breakfast Program and other funds that consists of assets with constraints placed on their use by the State.

Restricted for Debt Service – This component of net position represents the difference between assets and liabilities of the debt service fund that consists of assets with constraints placed on their use by creditors.

Unrestricted – This component of net position represents the difference between assets and liabilities that is not reported in one of the previous categories.

When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.

H. PENSIONS

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

I. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The fiduciary net position of the 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.

J. MANAGEMENT'S USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2. DEPOSITS AND INVESTMENTS

Legal and Contractual Provisions Governing Deposits and Investments

The Public Funds Investment Act (Government Code Chapter 2256) (the Act) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas and its agencies; (2) guaranteed or secured certificates of deposit issued by state and national banks domiciled in Texas, (3) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality not less than an "A", (4) no load money market funds with a weighted average maturity of 90 days or less, (5) fully collateralized repurchase agreements, (6) commercial paper having a stated maturity of 365 days or less from the date of issuance and is not rated less than A-1 or P-1 by two nationally recognized credit rating agencies or one nationally recognized credit agency and is fully secured by an irrevocable letter of credit, (7) secured corporate bonds rated not lower than "AA-" or the equivalent, (8) public investment pools, and (9) guaranteed investment contracts for bond proceeds investment only, with defined termination date and secured by U.S. Government direct or agency obligations approved by the Texas Public Funds Investment Act in an amount equal to the bond proceeds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

Policies Governing Deposits and Investments

In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy. That policy does not address the following risks:

a. Custodial Credit Risk – Deposits and Investments: In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits and investments in certificates of deposits may not be returned to it. The District's policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments, other than the following: The State of Texas requires that a financial institution secure deposits and investments made by state or local governments by pledging securities in excess of the highest cash balance of the government. The District is not exposed to custodial credit risk for its deposits and investments in certificates of deposit, because they are all covered by depository insurance and pledged securities held by a third-party in the District's name.

b. Concentration of Credit Risk – The investment policy of the District contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent five percent or more of the total entity investments represent a concentration risk. At August 31, 2025, all of the District's investments are in external investment pools and as such the District has no risk.

c. Credit Risk – The risk that an issuer of another counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At August 31, 2025, the District was not significantly exposed to credit risk.

d. Interest Rate Risk – Not applicable

e. Foreign Currency Risk – Not applicable

The carrying amount of the District's cash and temporary investments at August 31, 2025 approximates fair value and consisted of the following with respective maturities and credit rating:

	Amount	Percent	Maturity in Less than 1 Year	Credit Rating
Cash in Bank	$ 10,352,573	57.96%	$ 10,352,573	N/A
Texpool	7,509,195	42.04%	7,509,195	AAAm
	$ 17,861,768	100.00%	$ 17,861,768	

The District's cash and temporary investments are shown in the financial statements as follows:

Statement of Net Position	$ 17,534,589
Statement of Fiduciary Net Position	327,179
	$ 17,861,768

Public Funds Investment Pools

Public funds investment pools in Texas (Pools) are established under the authority of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment 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.

The District's investment in Pools are reported at an amount determined by the fair value per share of the Pool's underlying portfolio, unless the Pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

3. PROPERTY TAXES

Property taxes are levied by October 1st on the assessed value listed as of the prior January 1st for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1st of the year following the year in which imposed. On January 1st of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. All property taxes remaining uncollected after ten years are provided for in the allowance for uncollectible 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.

4. DUE FROM/TO OTHER GOVERNMENTS

Amounts due from other governments consisted of the following at August 31, 2025:

Due from State - Accrued Foundation Payments	$	1,501
Due from State - Unreimbursed Grant Expenditures		790,704
Due from State - ASAHE Payments		25,889
Due from Other Governments - Property Tax Collections		8,059
Total Due from Other Governments	$	826,153

The amounts due to other governments consisted of $34,542 due to member districts of the South Plains Educational Cooperative upon the District transfer of the fiscal agent responsibilities in prior years.

5. INTERFUND BALANCES AND TRANSFERS

Interfund balances are a result of normal operations and are cleared out periodically. Management intends to pay out these balances within one year. Interfund balances at August 31, 2025 consisted of the following:

	Due from Other Funds	Due to Other Funds
General Fund		
Special Revenue Funds	$ 578,664	$
Fiduciary Funds	1,503	
	$ 580,167	$ 0
Special Revenue Funds		
General Fund	$ 0	$ 578,664
Fiduciary Funds		
General Funds	$ 0	$ 1,503
	$ 580,167	$ 580,167

Interfund transfers are defined as flow of assets without equivalent flows of assets in return and without requirement of repayment. During the year, the District transferred funds from the General Fund to the Child Nutrition Fund for expenditure reimbursements. Also, the District transferred funds from Special Revenue Funds to the General Fund for indirect cost reimbursements. Interfund transfers at August 31, 2025 consisted of the following:

	Transfers In	Transfers Out
General Fund		
Special Revenue Funds	$ 62,989	$ 42,457
Special Revenue Funds		
General Fund	$ 42,457	$ 62,989
	$ 105,446	$ 105,446

6. OTHER RECEIVABLES

The other receivables amount consisted of $987,537 for insurance reimbursements.

7. CAPITAL ASSETS

Capital asset activity for the year ended August 31, 2025 was as follows:

	9/1/2024	Additions & Transfers	Deletions	8/31/2025
Capital Assets:				
Land	$ 418,719	$	$	$ 418,719
Building and Improvements	94,240,634	5,824,806	468,023	99,597,417
Furniture and Equipment	4,745,893	899,421	160,211	5,485,103
Vehicles	5,636,607	12,500		5,649,107
Construction in Progress	2,359,680	(2,359,680)		0
	$ 107,401,533	$ 4,377,047	$ 628,234	$ 111,150,346
Accumulated Depreciation:				
Buildings and Improvements	$ 49,826,736	$ 3,140,113	$ 345,556	$ 52,621,293
Furniture and Equipment	2,730,482	371,158	160,211	2,941,429
Vehicles	3,638,398	356,035		3,994,433
	$ 56,195,616	$ 3,867,306	$ 505,767	$ 59,557,155
Total Net Value of Capital Assets	$ 51,205,917	$ 509,741	$ 122,467	$ 51,593,191

Depreciation expense of $3,867,306 and loss on disposal of assets of $122,467 was charged to functions of the primary government as follows:

Instruction	$ 2,200,298
Instruction Resources and Media Services	39,060
Curriculum and Instructional Staff Development	7,448
Instructional Leadership	11,350
School Leadership	195,546
Guidance, Counseling, and Evaluation Services	120,220
Social Work Services	45
Health Services	39,593
Student Transportation	164,056
Food Services	197,796
Cocurricular/Extracurricular Activities	171,615
General Administration	162,167
Facilities Maintenance and Operations	569,857
Security and Monitoring Services	23,349
Data Processing Services	87,373
	$ 3,989,773

Capital assets are being depreciated using the straight-line method over the following useful lives:

Buildings and Improvements	20 - 50 years
Furniture and Equipment	5 - 10 years
Vehicles	5 - 10 years

8. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The financial statements report separate sections for deferred outflows and inflows of resources. Deferred outflows represent an acquisition of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. Deferred inflows represent an acquisition of fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred Outflows on the Statement of Net Position consists of deferred loss on bond refunding, which is amortized over the life of the refunding bond of $1,083,364, the District's proportionate share of TRS pension deferred outflows of $3,107,917 (See Note 13), and the District's proportionate share of TRS OPEB deferred outflows of $4,804,284 (See Note 14).

Deferred Inflows on the Statement of Net Position consists of the District's proportionate share of TRS pension deferred inflows of $1,197,459 (See Note 13), and District's proportionate share of TRS OPEB deferred inflows of $8,766,907 (See Note 14).

Deferred Inflows on the Balance Sheet – Governmental Funds consists of:

	General Fund	Debt Service Fund	Total
Delinquent Property Taxes	$ 793,514	$ 244,801	$ 1,038,315
Less: Allowance for Uncollectible Taxes	(132,344)	(21,959)	(154,303)
Total Deferred Inflows - Exhibit C-1	$ 661,170	$ 222,842	$ 884,012

9. UNEARNED REVENUES

Unearned revenue is associated with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Unearned revenues consisted of State Foundation overpayment of $195,443.

10. LONG-TERM DEBT

General Obligation Bonds

A summary of bonds payable as of August 31, 2025, is as follows:

Description	Interest Rate	Amount Originally Issued	Interest Current Year	Due Within One Year
2012 Unlimited Tax Refunding Bonds	2.00 - 4.00%	$ 8,960,000	$ 24,450	$ 230,000
2013 Unlimited Tax Building Bonds	3.30 - 5.00%	39,470,000	79,750	1,500,000
2019 Unlimited Tax Refunding Bonds	4.00 - 5.00%	5,880,000	158,475	600,000
2020 Unlimited Tax Refunding Bonds	0.21 - 2.14%	30,415,000	484,995	450,000
Appreciation Bonds	1.69 - 1.79%	44,972		
		$ 84,769,972	$ 747,670	$ 2,780,000

A summary of changes in bonds payable for the year ended August 31, 2025, is as follows:

Description	Amount Outstanding 9/1/2024	Increases Current Year	Retired Current Year	Amount Outstanding 8/31/2025
2012 Unlimited Tax Refunding Bonds	$ 925,000	$	$ 220,000	$ 705,000
2013 Unlimited Tax Building Bonds	2,950,000		1,450,000	1,500,000
2019 Unlimited Tax Refunding Bonds	3,870,000		575,000	3,295,000
2020 Unlimited Tax Refunding Bonds	28,585,000		450,000	28,135,000
Appreciation Bonds	44,972			44,972
Accumulated Accretion	1,081,506	423,541		1,505,047
	$ 37,456,478	$ 423,541	$ 2,695,000	$ 35,185,019

In July 2012, the District issued $8,960,000 in Unlimited Tax Refunding Bonds, Series 2012, with an average interest rate of 3.01% and annual maturities through August 2028. Interest expenditures for this bonded debt totaled $24,450 for the year ended August 31, 2025.

In September 2013, the District issued $39,470,000 in Unlimited Tax Building Bonds, Series 2013, with an average interest rate of 4.11% and annual maturities through August 2026. Interest expenditures for this bonded debt totaled $79,750 for the year ended August 31, 2025.

In December 2019, the District issued $5,880,000 in Unlimited Tax Refunding Bonds, Series 2019, with an average interest rate of 4.70% and annual maturities through August 2030. Interest expenditures for this bonded debt totaled $158,475 for the year ended August 31, 2025.

In September 2020, the District issued $30,415,000 in Unlimited Tax Refunding Bonds, Series 2020 and $44,972 in Capital Appreciation Bonds, with an average interest rate of 1.30% and annual maturities through August 2038. Interest expenditures for this bonded debt totaled $484,995 for the year ended August 31, 2025.

As of August 31, 2025, the balance of the unamortized bond premiums was $2,330,144 and accrued interest payable was $27,294 on the Statement of Net Position.

Debt service requirements for bonds payable are as follows:

Years Ending August 31,	Principal	Interest	Total
2026	$ 2,780,000	$ 655,061	$ 3,435,061
2027	2,860,000	577,309	3,437,309
2028	2,920,000	517,804	3,437,804
2029	722,055	2,717,342	3,439,397
2030	1,477,917	1,952,800	3,430,717
2031 - 2035	16,425,000	1,426,742	17,851,742
2036 - 2038	6,495,000	207,323	6,702,323
	$ 33,679,972	$ 8,054,381	$ 41,734,353
Accreted CAB Application	1,505,047	(1,505,047)	0
	$ 35,185,019	$ 6,549,334	$ 41,734,353

Notes Payable

A summary of notes payable as of August 31, 2025, is as follows:

Description	Interest Rate	Amount Originally Issued	Interest Current Year	Due Within One Year
Bus Surveillance System	4.88%	$ 141,732	$ 547	$ 0

A summary of changes in notes payable for the year ended August 31, 2025, is as follows:

Description	Amount Outstanding 9/1/2024	Increases Current Year	Retired Current Year	Amount Outstanding 8/31/2025
Bus Surveillance System	$ 29,741	$ 0	$ 29,741	$ 0

During the year ended August 31, 2023, the District financed $141,732 for a bus surveillance system. The note has a three-year term at an annual rate of 4.88%. Interest expenditures on this note for the year ended August 31, 2025 totaled $547. This note was fully paid off in the current year.

Compensated Absences

In accordance with Board policies, the District recorded a liability for leave that is attributable to services already rendered and that is expected to be paid. The liability includes both salary-related payments and the applicable probability that leave balances will be used or paid.

Using a historical approach, the District applies the last-in, first-out (LIFO) assumption in determining the portion of the liability that is expected to be liquidated within one year. Based on this assumption, $143,000 of the compensated absences liability is expected to mature within the next fiscal year.

A summary of changes in compensated absences for the year ended August 31, 2025, is as follows:

Description	Amount Outstanding 9/1/2024	Net Change	Amount Outstanding 8/31/2025
Compensated Absences	$ 229,243	$ 179,969	$ 409,212

The compensated absence liability is presented in the Statement of Net Position as follows:

Due Within One Year	$ 151,580
Due in More than One Year	257,632
	$ 409,212

11. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

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

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
Property Taxes, Penalties, Interest, and Other Tax-Related Income	$ 10,872,811	$ 3,946,634	$	$ 14,819,445
Food Sales			239,992	239,992
Interest Income	540,532	159,932	4,706	705,170
Student Activities	60,016			60,016
Insurance Recovery	3,599,619			3,599,619
Rent	9,029			9,029
Other	96,931		850	97,781
	$ 15,178,938	$ 4,106,566	$ 245,548	$ 19,531,052

12. GENERAL FUND FEDERAL SOURCED REVENUES

Federal revenues recognized in the General Fund consisted of School Health and Related Services (SHARS) reimbursements of $55,732 and Federal Emergency Management Agency (FEMA) reimbursements of $88,662. The SHARS reimbursements are not subject to the Single Audit Act under Uniform Guidance.

13. DEFINED BENEFIT PENSION PLAN

Plan Description

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

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

Pension Plan Fiduciary Net Position
Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained at https://www.trs.texas.gov; by writing to TRS at attention Finance Division, PO Box 149676, Austin, TX, 78714-0185; or by calling (800) 223-8778.

The information provided in the Notes to the Financial Statements in the 2024 and 2023 Annual Comprehensive Financial Report for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2024 and 2023:

Net Pension Liability	2024	2023
Total Pension Liability	$ 271,627,434,294	$ 255,860,886,500
Less: Plan Fiduciary Net Position	(210,543,258,495)	(187,170,535,558)
Net Pension Liability	$ 61,084,175,799	$ 68,690,350,942
Net Position as Percentage of Total Pension Liability	77.51%	73.15%

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% (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 five 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 five years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic cost of living adjustments (COLA). 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 COLA.

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

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

Cost-of-Living Adjustment – A 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 as applied to eligible annuitants' payments beginning with their January 2024 payment:

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

Texas Government Code, Title 8, Section 821.006 prohibits benefit improvements, if, as a result of the particular action, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. Actuarial implications of the funding provided in the manner are determined by the System's actuary.

Contributions

Contribution requirements are established or amended pursuant to Article 16, Section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% 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.

The following table shows contribution rates by type of contributor for the fiscal years 2024 and 2025, the contributions by type reported by TRS which were received by TRS during the measurement year (TRS FY 2024 and 2025), and the actual contributions made by the District to TRS during their fiscal year (District FY 2024 and 2025). The reported contributions from the member and the employers are included in the calculation of the District's proportionate share of the Net Pension Liability.

	Contribution Rates	
	2024	2025
Member	8.25%	8.25%
Non-Employer Contributing Entity (State)	8.25%	8.25%
Employers	8.25%	8.25%

	TRS Plan Year	
	FY 2024	FY 2025
Employer Contributions	$ 1,015,869	$ 849,824
Member Contributions	1,866,833	1,736,016
NECE On-Behalf Contributions	1,228,632	

	District's Fiscal Year	
	FY 2024	FY 2025
Employer Contributions	$ 1,015,869	$ 849,824
Member Contributions	1,866,833	1,736,016

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

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers, (public school, junior college, other entities, or the State of Texas as the employer for senior 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 part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.

In addition to the employer contributions listed above, there is a surcharge and the employer is subject to:

- All public schools, charter schools, and regional educational 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 TRS, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

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

The total pension liability is determined by an annual actuarial valuation. The actuarial methods and assumptions were selected by the Board of Trustees based upon analysis and recommendations by the System's actuary. The Board of Trustees has sole authority to determine the actuarial assumptions used for the Plan. The actuarial methods and assumptions were primarily based on a study of actual experience for the four-year period ending August 31, 2021 and adopted in July 2022.

The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioner Mortality Tables with full generational projection using the ultimate improvement rates from the most recently published projection scale (U-MP). The active mortality rates were based on the published PUB(2010) Mortality Tables for Teachers, below median, also with full generational mortality.

The following table discloses the assumptions that were applied to the measurement period:

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 Buyer's "20-Bond GO 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
Ad Hoc Post-Employment Benefit Changes	None

The actuarial methods and assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2023. For a full description of these assumptions please see the TRS 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 pension plan investments of 7.00%. The projection of cash flows used to determine the 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-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2024 are summarized below:

Asset Class	Target Allocation % *(b)*	Long-Term Expected Geometric Real Rate of Return *(c)*	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.00%	4.40%	1.00%
Non-U.S. Developed	13.00%	4.20%	0.80%
Emerging Markets	9.00%	5.20%	0.70%
Private Equity	14.00%	6.70%	1.20%
Stable Value			
Government Bonds	16.00%	1.90%	0.40%
Stable Value Hedge Funds	5.00%	3.00%	0.20%
Absolute Return *(a)*	0.00%	4.00%	0.00%
Real Return			
Real Estate	15.00%	6.60%	1.20%
Energy, Natural Resources, and 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			
Cash	2.00%	1.00%	0.00%
Asset Allocation Leverage	-6.00%	1.30%	-0.10%
Inflation Expectation			2.40%
Volatility Drag *(d)*			-0.70%
Expected Return	100.00%		7.90%

(a) - Absolute Return includes Credit Sensitive Investments
(b) - Target allocations are based on the FY 2024 policy model
(c) - Capital Market Assumptions (CMA) come from 2024 SAA Study CMA Survey (as of 12/31/2023)
(d) - The volatility drag results from the conversion between arithmetic and geometric mean returns

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

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's Proportionate Share of the Net Pension Liability	$ 17,588,110	$ 11,011,471	$ 5,562,259

Pension Liabilities and Pension Expense
At August 31, 2025, the District reported a liability of $11,011,471 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	$ 11,011,471
State's Proportionate Share that is Associated with the District	13,317,707
Total	$ 24,329,178

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

At August 31, 2024, the employer's proportion of the collective net pension liability was 0.018027% which was a decrease of 0.001943% from its proportion measured as of August 31, 2023.

For the year ended August 31, 2025, the District recognized pension expense of $1,591,689 and revenue of $1,228,632 for support provided by the State in the Government Wide Statement of Activities.

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

Benefit Terms – The Texas 2023 Legislature passed SB 10, which provided a stipend payment to certain retirees and variable ad hoc COLAs 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, and adjustment was made to reflect the legislation in the rolled forward liabilities for the current measurement year, August 31, 2024. SB 10 and 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.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At August 31, 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 Actuarial Experience	$ 606,937	$ 85,972
Changes in Actuarial Assumptions	568,546	76,223
Difference Between Projected and Actual Investment Earnings	66,935	
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	1,015,675	1,035,264
Contributions Paid to TRS Subsequent to the Measurement Date	849,824	
Total	$ 3,107,917	$ 1,197,459

The net amounts of the employer's balances of deferred outflows and inflows of resources (not including the deferred contribution paid subsequent to the measurement date) related to pensions will be recognized in pension expense as follows:

	Pension (Benefit) Expense
2026	$ 112,418
2027	1,316,539
2028	178,931
2029	(468,489)
2030	(78,765)
Thereafter	-

14. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

Plan Description

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

The TRS Board of Trustees administers the TRS-Care program and the related fund in accordance with 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 TRS-Care's fiduciary net position is available in the separately issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained at https://www.trs.texas.gov; by writing to TRS at PO Box 149676, Austin, TX, 78714-0185; or by calling (800) 223-8778.

Components of the net OPEB liability of the TRS-Care plan as of August 31, 2024 and 2023 are as follows:

Net OPEB Liability	2024	2023
Total OPEB Liability	$ 35,168,178,563	$ 26,028,070,267
Less: Plan Fiduciary Net Position	(4,816,646,311)	(3,889,765,203)
Net OPEB Liability	$ 30,351,532,252	$ 22,138,305,064
Net Position as Percentage of Total OPEB Liability	13.70%	14.94%

Benefits Provided

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

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

The GAA passed by the 88th Legislature included funding to maintain TRS-Care premiums at their current level through 2025. Also, the 86th Legislature passed Senate Bill 1682 which requires TRS to establish a contingency reserve in the TRS-Care fund equal to 60 days of expenditures. This amount is estimated at $353,400,000 as of August 31, 2024.

The premium rates for retirees are presented below:

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 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 an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the 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 2024.

The following table shows contribution rates by type of contributor for the fiscal years 2024 and 2025, the contributions by type reported by TRS which were received by TRS during the measurement year (TRS FY 2024 and 2025), and the actual contributions made by the District to TRS during their fiscal year (District FY 2024 and 2025). The district and member contributions reported are included in the calculation of the district's proportionate share of the Net TRS-Care liability for the measurement period.

	Contribution Rates	
	2024	2025
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%

	TRS Plan Year	
	FY 2024	FY 2025
Employer Contributions	$ 227,966	$ 210,502
Member Contributions	148,892	138,458
NECE On-Behalf Contributions	285,638	

	District's Fiscal Year	
	FY 2024	FY 2025
Employer Contributions	$ 227,966	$ 210,502
Member Contributions	148,892	138,458

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

Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2023. Update procedures were used to roll forward the total OPEB Liability to August 31, 2024.

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

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

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

Additional actuarial methods and assumptions were as follows:

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 claims costs
Salary Increases	2.95% to 8.95%, including inflation
Ad Hoc Post-Employment Benefit Changes	None

The election rates for normal retirement were 62% participation rate prior to age 65 and 25% participation rate after age 65. For pre-65 retirees, it is assumed that 30% will discontinue coverage at age 65.

The initial medical trend rates were 6.75% for 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% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 11 years.

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 Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (2.87%)	Discount Rate (3.87%)	1% Increase in Discount Rate (4.87%)
District's Proportionate Share of the Net OPEB Liability	$ 9,049,657	$ 7,617,256	$ 6,459,855

Healthcare Cost Trend Rates Sensitivity Analysis
The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed healthcare cost trend rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's Proportionate Share of the Net OPEB Liability	$ 6,203,124	$ 7,617,256	$ 9,460,011

OPEB Liabilities and OPEB Expense
At August 31, 2025, the District reported a liability of $7,617,256 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	$ 7,317,256
State's Proportionate Share that is Associated with the District	9,544,319
Total	$ 16,861,575

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

At August 31, 2024, the employer's proportion of the collective net OPEB liability was 0.025097% compared to the 0.027320% as of August 31, 2023. This was a decrease of 0.002223%.

For the year ended August 31, 2025, the District recognized OPEB expense of $1,240,585 and revenue of $285,638 for support provided by the State.

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

- The 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.

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

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs
At August 31, 2025, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Actuarial Experience	$ 1,459,972	$ 3,801,424
Changes in Actuarial Assumptions	974,919	2,485,423
Difference Between Projected and Actual Investment Earnings		21,331
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	2,158,891	2,458,729
Contributions Paid to TRS Subsequent to the Measurement Date	210,502	
Total	$ 4,804,284	$ 8,766,907

The net amounts of the employer's balances of deferred outflows and inflows of resources (not including the deferred contribution paid subsequent to the measurement date) related to OPEBs will be recognized in OPEB expense as follows:

	OPEB (Benefit) Expense
2026	$ (1,135,259)
2027	(790,266)
2028	(883,658)
2029	(726,215)
2030	(351,188)
Thereafter	(286,539)

15. HEALTH CARE COVERAGE

During the year ended August 31, 2025, employees of the District were covered by a health insurance plan through TRS Active Care. The District contributed $335 of the employee-only premium per month and employees, at their option, authorized payroll withholdings to pay contributions for dependents. Under this plan, the District is not liable for costs incurred beyond the premiums paid.

Additionally, payments made on behalf of the District by the State for Medicare Part D fringe benefits and salaries amounted to $149,256 and $117,559 for the years ended August 31, 2025 and 2024, respectively.

16. RISK MANAGEMENT

The District's risk management program includes coverage, through various third party insurance providers, to protect the District against losses related to torts; errors and omissions; theft and damage or destruction of property; employee health; and natural disasters. For the year ended August 31, 2025, there were no significant reductions in insurance coverage from the previous year.

17. LITIGATION

Management represents there is no litigation pending against the District which would have a material effect on the financial statements.

18. COMMITMENTS AND CONTINGENCIES

Federal and State Funding

The District participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

19. SUBSEQUENT EVENTS

The District's management has evaluated subsequent events though January 13, 2026, the date which the financial statements were available for issue.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBITS G-1 THROUGH G-5

LEVELLAND INDEPENDENT SCHOOL DISTRICT

Exhibit G-1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes		1 Budgeted Amounts Original	2 Budgeted Amounts Amended	3 Actual	Variance With Final Budget Favorable (Unfavorable)
	REVENUES:				
5700	Local and Intermediate Sources	$ 11,543,000	$ 14,075,000	$ 15,178,938	$ 1,103,938
5800	State Program Revenues	16,806,263	17,569,263	18,101,976	532,713
5900	Federal Program Revenues	700,000	788,670	144,395	(644,275)
5020	Total Revenues	$ 29,049,263	$ 32,432,933	$ 33,425,309	$ 992,376
	EXPENDITURES:				
0011	Instruction	$ 17,713,906	$ 18,476,906	$ 16,960,481	$ 1,516,425
0012	Instructional Resources and Media Services	375,242	375,242	336,507	38,735
0013	Curriculum and Instructional Staff Development	104,718	104,718	29,616	75,102
0021	Instructional Leadership	138,509	138,509	97,930	40,579
0023	School Leadership	1,775,340	1,775,340	1,687,233	88,107
0031	Guidance, Counseling, and Evaluation Services	788,792	788,792	723,212	65,580
0033	Health Services	381,172	381,172	339,291	41,881
0034	Student Transportation	2,102,337	2,102,337	1,415,529	686,808
0036	Extracurricular Activities	1,645,805	1,665,805	1,480,750	185,055
0041	General Administration	1,318,664	1,318,664	1,210,923	107,741
0051	Facilities Maintenance and Operations	4,630,876	4,605,876	4,916,911	(311,035)
0052	Security and Monitoring Services	310,000	310,000	201,463	108,537
0053	Data Processing Services	786,893	811,893	753,879	58,014
0071	Principal on Long-Term Debt	29,741	29,741	29,741	0
0072	Interest on Long-Term Debt	547	547	547	0
0081	Facilities Acquisition and Construction	1,500,000	4,745,700	3,849,372	896,328
0099	Other Intergovernmental Charges	211,176	211,176	202,748	8,428
6030	Total Expenditures	$ 33,813,718	$ 37,842,418	$ 34,236,133	$ 3,606,285
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	$ (4,764,455)	$ (5,409,485)	$ (810,824)	$ 4,598,661
	OTHER FINANCING SOURCES (USES):				
7915	Transfers In	$ 1,249,359	$ 1,249,359	$ 62,989	$ (1,186,370)
8911	Transfer Out (Use)	(1,169,032)	(1,169,032)	(42,457)	1,126,575
7080	Total Other Financing Sources (Uses)	$ 80,327	$ 80,327	$ 20,532	$ (59,795)
1200	Net Change in Fund Balance	$ (4,684,128)	$ (5,329,158)	$ (790,292)	$ 4,538,866
0100	September 1 - Fund Balance	12,309,283	12,309,283	12,309,283	0
3000	August 31 - Fund Balance	$ 7,625,155	$ 6,980,125	$ 11,518,991	$ 4,538,866

LEVELLAND INDEPENDENT SCHOOL DISTRICT

Exhibit G-2

SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT SYSTEM
FOR THE YEARS ENDED AUGUST 31

	2025 Plan Year 2024	2024 Plan Year 2023	2023 Plan Year 2022	2022 Plan Year 2021	2021 Plan Year 2020	2020 Plan Year 2019	2019 Plan Year 2018	2018 Plan Year 2017	2017 Plan Year 2016	2016 Plan Year 2015
District's Proportion of the Net Pension Liability	0.018027%	0.019970%	0.020088%	0.015530%	0.015158%	0.017011%	0.016497%	0.016063%	0.016234%	0.018625%
District's Proportionate Share of the Net Pension Liability	$ 11,011,471	$ 13,717,490	$ 11,925,657	$ 3,954,970	$ 8,118,170	$ 8,842,916	$ 9,080,150	$ 5,136,068	$ 6,134,738	$ 6,583,513
State's Proportionate Share of the Net Pension Liability Associated with the District	13,317,707	14,255,734	12,005,831	6,250,180	13,598,546	12,296,028	13,920,582	8,618,994	10,983,545	11,558,349
Total	$ 24,329,178	$ 27,973,224	$ 23,931,488	$ 10,205,150	$ 21,716,716	$ 21,138,944	$ 23,000,732	$ 13,755,062	$ 17,118,283	$ 18,141,862
District's Covered Payroll	$ 22,628,281	$ 21,519,222	$ 19,604,490	$ 17,155,376	$ 18,545,361	$ 16,077,343	$ 17,184,451	$ 16,973,619	$ 17,289,679	$ 17,289,679
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	48.66%	63.75%	60.83%	23.05%	43.77%	55.00%	52.84%	30.26%	35.48%	38.08%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.51%	73.15%	75.62%	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%

Note: The information on this schedule is presented as of the measurement date of the plan (August 31, 20XX). Therefore, amounts reported for FY 2025 are for the measurement date of August 31, 2024.

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

LEVELLAND INDEPENDENT SCHOOL DISTRICT

Exhibit G-3

SCHEDULES OF DISTRICT CONTRIBUTIONS
FOR PENSIONS
TEACHERS RETIREMENT SYSTEM
FOR THE YEARS ENDED AUGUST 31

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	$ 849,824	$ 1,015,869	$ 1,026,508	$ 937,360	$ 608,688	$ 625,412	$ 593,504	$ 558,412	$ 526,206	$ 518,267
Contribution in Relation to the Contractually Required Contribution	(849,824)	(1,015,869)	(1,026,508)	(937,360)	(608,688)	(625,412)	(593,504)	(558,412)	(526,206)	(518,267)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
District's Covered Payroll	$ 21,042,623	$ 22,628,281	$ 21,519,222	$ 19,604,490	$ 17,155,376	$ 18,545,361	$ 16,077,343	$ 17,184,451	$ 16,973,619	$ 17,289,679
Contributions as a Percentage of Covered Payroll	4.04%	4.49%	4.77%	4.78%	3.55%	3.37%	3.69%	3.25%	3.10%	3.00%

Note: The information on this schedule is presented as of the District's respective fiscal years.

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

LEVELLAND INDEPENDENT SCHOOL DISTRICT

Exhibit G-4

SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
TEACHERS RETIREMENT SYSTEM
FOR THE YEARS ENDED AUGUST 31

	2025 Plan Year 2024	2024 Plan Year 2023	2023 Plan Year 2022	2022 Plan Year 2021	2021 Plan Year 2020	2020 Plan Year 2019	2019 Plan Year 2018	2018 Plan Year 2017
District's Proportion of the Net OPEB Liability	0.025097%	0.027320%	0.029180%	0.023794%	0.024620%	0.025777%	0.025814%	0.026022%
District's Proportionate Share of the Net OPEB Liability	$ 7,617,256	$ 6,048,284	$ 6,986,912	$ 9,178,598	$ 9,359,364	$ 12,190,235	$ 12,889,260	$ 11,316,187
State's Proportionate Share of the Net OPEB Liability Associated with the District	9,544,319	7,298,185	8,522,935	12,297,275	12,576,741	16,198,097	13,445,863	12,278,211
Total	$ 17,161,575	$ 13,346,469	$ 15,509,847	$ 21,475,873	$ 21,936,105	$ 28,388,332	$ 26,335,123	$ 23,594,398
District's Covered Payroll	$ 22,628,281	$ 21,519,222	$ 19,604,490	$ 17,155,376	$ 18,545,361	$ 16,077,343	$ 17,184,451	$ 16,973,619
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	33.66%	28.11%	35.64%	53.50%	50.47%	75.82%	75.01%	66.67%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	13.70%	14.94%	11.52%	6.18%	4.99%	2.66%	1.57%	0.91%

Note: The information on this schedule is presented as of the measurement date of the plan (August 31, 20XX). Therefore, amounts reported for FY 2025 are for the measurement date of August 31, 2024.

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

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

LEVELLAND INDEPENDENT SCHOOL DISTRICT

Exhibit G-5

SCHEDULES OF DISTRICT CONTRIBUTIONS
FOR OTHER POST-EMPLOYMENT BENEFITS
TEACHERS RETIREMENT SYSTEM
FOR THE YEARS ENDED AUGUST 31

	2025	2024	2023	2022	2021	2020	2019	2018
Contractually Required Contribution	$ 210,502	$ 227,966	$ 236,998	$ 239,937	$ 170,515	$ 187,133	$ 182,408	$ 149,940
Contribution in Relation to the Contractually Required Contribution	(210,502)	(227,966)	(236,998)	(239,937)	(170,515)	(187,133)	(182,408)	(149,940)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
District's Covered Payroll	$ 21,042,623	$ 22,628,281	$ 21,519,222	$ 19,604,490	$ 17,155,376	$ 18,545,361	$ 16,077,343	$ 17,184,451
Contributions as a Percentage of Covered Payroll	1.00%	1.01%	1.10%	1.22%	0.99%	1.01%	1.13%	0.87%

Note: The information on this schedule is presented as of the District's respective fiscal years.

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

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

LEVELLAND INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

A. NOTES TO SCHEDULES FOR THE TRS PENSION

Changes of Assumptions

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

Changes of Benefit Terms

The Texas 2023 Legislature passed SB 10, which provided a stipend payment to certain retirees and variable ad hoc COLAs 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, and adjustment was made to reflect the legislation in the rolled forward liabilities for the current measurement year, August 31, 2024. SB 10 and 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.

B. NOTES TO SCHEDULES FOR THE TRS OPEB PLAN

Changes of Assumptions

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

- The 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.

Changes of Benefit Terms

There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

SUPPLEMENTARY INFORMATION

EXHIBITS H-1 THROUGH H-2

LEVELLAND INDEPENDENT SCHOOL DISTRICT

Exhibit H-1
(Continued)

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2025

	Special Revenue Funds						
	205 Head Start	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant
ASSETS:							
Cash and Temporary Investments	$	$	$	$	$	$ 649,423	$
Due from Other Governments	106,465	231,475	39,964	103,223	14,365	63,256	32,951
Inventories						52,795	
Total Assets	$ 106,465	$ 231,475	$ 39,964	$ 103,223	$ 14,365	$ 765,474	$ 32,951
LIABILITIES:							
Accounts Payable	$ 2,320	$	$ 1,902	$	$	$ 2,797	$
Accrued Wages Payable	32,662	43,953	804	61,861		26,295	
Due to Other Funds	71,483	187,522	37,258	41,362	14,365	8,574	32,951
Due to Other Governments							
Total Liabilities	$ 106,465	$ 231,475	$ 39,964	$ 103,223	$ 14,365	$ 37,666	$ 32,951
FUND BALANCES:							
Nonspendable:							
Inventories	$	$	$	$	$	$ 52,795	$
Restricted for:							
Federal and State Programs						675,013	
Total Fund Balances	$ 0	$ 0	$ 0	$ 0	$ 0	$ 727,808	$ 0
Total Liabilities and Fund Balances	$ 106,465	$ 231,475	$ 39,964	$ 103,223	$ 14,365	$ 765,474	$ 32,951

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

LEVELLAND INDEPENDENT SCHOOL DISTRICT

Exhibit H-1
(Concluded)

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2025

	Special Revenue Funds							
	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang Acquisition	289 Other Federal Special Revenue Funds	410 State Instructional Materials	437 SSA Special Education	459 Other SSA Special Revenue Funds	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
ASSETS:								
Cash and Temporary Investments	$	$	$	$	$ 19,857	$ 14,685	$ 6,996	$ 690,961
Due from Other Governments	44,034	10,442	2,000	142,529				790,704
Inventories								52,795
Total Assets	$ 44,034	$ 10,442	$ 2,000	$ 142,529	$ 19,857	$ 14,685	$ 6,996	$ 1,534,460
LIABILITIES:								
Accounts Payable	$	$ 1,436	$	$ 12,420	$	$	$	$ 20,875
Accrued Wages Payable								165,575
Due to Other Funds	44,034	9,006	2,000	130,109				578,664
Due to Other Governments					19,857	14,685		34,542
Total Liabilities	$ 44,034	$ 10,442	$ 2,000	$ 142,529	$ 19,857	$ 14,685	$ 0	$ 799,656
FUND BALANCES:								
Nonspendable:								
Inventories	$	$	$	$	$	$	$	$ 52,795
Restricted for:								
Federal and State Programs							6,996	682,009
Total Fund Balances	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 6,996	$ 734,804
Total Liabilities and Fund Balances	$ 44,034	$ 10,442	$ 2,000	$ 142,529	$ 19,857	$ 14,685	$ 6,996	$ 1,534,460

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

LEVELLAND INDEPENDENT SCHOOL DISTRICT

Exhibit H-2
(Continued)

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED AUGUST 31, 2025

	Special Revenue Funds						
	205 Head Start	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant
REVENUES:							
Local and Intermediate Sources	$	$	$	$	$	$ 244,698	$
State Program Revenues						15,531	
Federal Program Revenues	369,310	879,417	135,175	668,514	14,365	1,417,158	36,526
Total Revenues	$ 369,310	$ 879,417	$ 135,175	$ 668,514	$ 14,365	$ 1,677,387	$ 36,526
EXPENDITURES:							
Instruction	$ 369,310	$ 755,393	$ 63,559	$ 354,425	$ 14,365	$	$ 36,526
Instructional Resources and Media Services							
Curriculum and Instructional Staff Development		10,625	6,375				
Guidance, Counseling, and Evaluation Services				314,089			
Social Work Services			386				
Health Services		2,332					
Food Services						1,706,651	
General Administration		80,467	59,855			47,988	
Total Expenditures	$ 369,310	$ 848,817	$ 130,175	$ 668,514	$ 14,365	$ 1,754,639	$ 36,526
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 0	$ 30,600	$ 5,000	$ 0	$ 0	$ (77,252)	$ 0
OTHER FINANCING SOURCES (USES):							
Transfers In	$	$	$	$	$	$ 42,457	$
Transfers Out		(30,600)	(5,000)			(24,489)	
Total Other Financing Sources (Uses)	$ 0	$ (30,600)	$ (5,000)	$ 0	$ 0	$ 17,968	$ 0
Net Change in Fund Balance	$ 0	$ 0	$ 0	$ 0	$ 0	$ (59,284)	$ 0
Fund Balance - September 1 (Beginning)	0	0	0	0	0	787,092	0
Fund Balance - August 31 (Ending)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 727,808	$ 0

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

LEVELLAND INDEPENDENT SCHOOL DISTRICT

Exhibit H-2
(Concluded)

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED AUGUST 31, 2025

	Special Revenue Funds						
	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang Acquisition	289 Other Federal Special Revenue Funds	410 State Textbook Fund	429 Other State Special Revenue Funds	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
REVENUES:							
Local and Intermediate Sources	$	$	$	$	$	$ 850	$ 245,548
State Program Revenues				245,857	6,122		267,510
Federal Program Revenues	122,254	23,482	52,300				3,718,501
Total Revenues	$ 122,254	$ 23,482	$ 52,300	$ 245,857	$ 6,122	$ 850	$ 4,231,559
EXPENDITURES:							
Instruction	$ 105,450	$ 22,582	$ 48,937	$ 245,857	$ 6,122	$ 1,863	$ 2,024,389
Instructional Resources and Media Services	515						515
Curriculum and Instructional Staff Development	16,289		1,363				34,652
Guidance, Counseling, and Evaluation Services							314,089
Social Work Services							386
Health Services							2,332
Food Services							1,706,651
General Administration							188,310
Total Expenditures	$ 122,254	$ 22,582	$ 50,300	$ 245,857	$ 6,122	$ 1,863	$ 4,271,324
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 0	$ 900	$ 2,000	$ 0	$ 0	$ (1,013)	$ (39,765)
OTHER FINANCING SOURCES (USES):							
Transfers In	$	$	$	$	$	$	$ 42,457
Transfers Out		(900)	(2,000)				(62,989)
Total Other Financing Sources (Uses)	$ 0	$ (900)	$ (2,000)	$ 0	$ 0	$ 0	$ (20,532)
Net Change in Fund Balance	$ 0	$ 0	$ 0	$ 0	$ 0	$ (1,013)	$ (60,297)
Fund Balance - September 1 (Beginning)	0	0	0	0	0	8,009	795,101
Fund Balance - August 31 (Ending)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 6,996	$ 734,804

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

LEVELLAND INDEPENDENT SCHOOL DISTRICT

Exhibit H-3

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GENERAL FUND FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes		Opportunity Center Fund	Athletics Fund	Capital Expenditure Fund	General Fund	Total General Fund
	REVENUES:					
5700	Local and Intermediate Sources	$ 630	$ 66,568	$ 3,599,619	$ 11,512,121	$ 15,178,938
5800	State Program Revenues	6,886	34,879		18,060,211	18,101,976
5900	Federal Program Revenues			88,662	55,733	144,395
5020	Total Revenues	$ 7,516	$ 101,447	$ 3,688,281	$ 29,628,065	$ 33,425,309
	EXPENDITURES:					
0011	Instruction	$ 94,652	$	$	$ 16,865,829	$ 16,960,481
0012	Instructional Resources and Media Services				336,507	336,507
0013	Curriculum and Instructional Staff Development				29,616	29,616
0021	Instructional Leadership				97,930	97,930
0023	School Leadership				1,687,233	1,687,233
0031	Guidance, Counseling, and Evaluation Services				723,212	723,212
0033	Health Services				339,291	339,291
0034	Student Transportation				1,415,529	1,415,529
0036	Extracurricular Activities		1,120,787		359,963	1,480,750
0041	General Administration				1,210,923	1,210,923
0051	Facilities Maintenance and Operations			964,098	3,952,813	4,916,911
0052	Security and Monitoring Services				201,463	201,463
0053	Data Processing Services				753,879	753,879
0071	Principal on Long-Term Debt				29,741	29,741
0072	Interest on Long-Term Debt				547	547
0081	Facilities Acquisition and Construction			3,849,372		3,849,372
0099	Other Intergovernmental Charges				202,748	202,748
6030	Total Expenditures	$ 94,652	$ 1,120,787	$ 4,813,470	$ 28,207,224	$ 34,236,133
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	$ (87,136)	$ (1,019,340)	$ (1,125,189)	$ 1,420,841	$ (810,824)
	OTHER FINANCING SOURCES (USES):					
7915	Transfers In	$ 113,519	$ 1,298,453	$	$ 62,989	$ 1,474,961
8911	Transfers Out				(1,454,429)	(1,454,429)
7080	Total Other Financing Sources	$ 113,519	$ 1,298,453	$ 0	$ (1,391,440)	$ 20,532
1200	Net Change in Fund Balance	$ 26,383	$ 279,113	$ (1,125,189)	$ 29,401	$ (790,292)

The accompanying notes are an integral part of this financial statement.

OTHER INFORMATION

EXHIBITS J-1 THROUGH J-4

LEVELLAND INDEPENDENT SCHOOL DISTRICT

Exhibit J-1

SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2025

Last Ten Years Ended August 31,	1 Tax Rates Maintenance	2 Tax Rates Debt Service	3 Assessed/ Appraised Value for School Tax Purposes	10 Beginning Balance 9/1/2024	20 Current Year's Total Levy	31 Maintenance Total Collections	32 Debt Service Total Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/2025	99 Taxes Refunded Under Section 26.1115(c)
2016 and Prior Years	Various	Various	$ Various	$ 156,894	$	$ 2,097	$ 495	$	$ 154,302	
2017	1.04000	0.36800	1,043,335,724	59,377		1,869	661	(274)	56,573	
2018	1.04000	0.34800	1,102,363,040	50,164		2,255	755	(270)	46,884	
2019	1.06000	0.32800	1,126,031,097	48,638		3,548	1,098	(270)	43,722	
2020	0.99000	0.31000	1,203,684,679	63,090		5,365	1,680	(350)	55,695	
2021	0.99640	0.32000	1,205,340,342	87,294		8,553	2,803	(1,865)	74,073	
2022	0.97340	0.30300	1,085,061,252	111,538		1,651	513	(11,642)	97,732	
2023	0.86460	0.26000	1,520,331,364	156,450		(4,174)	(1,255)	(29,366)	132,513	
2024	0.71420	0.26000	1,549,659,010	226,611		19,231	7,001	(57,094)	143,285	
2025 (School Year Under Audit)	0.71420	0.26000	1,523,673,848		14,843,631	10,647,564	3,876,178	(86,353)	233,536	
1000 TOTALS				$ 960,056	$ 14,843,631	$ 10,687,959	$ 3,889,929	$ (187,484)	$ 1,038,315	
8000 Total Taxes Refunded Under Section 26.1115(c), Tax Code										$ 0

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

LEVELLAND INDEPENDENT SCHOOL DISTRICT

Exhibit J-2

BUDGETARY COMPARISON SCHEDULE
CHILD NUTRITION FUND
FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes		1 Budgeted Amounts Original	2 Budgeted Amounts Amended	3 Actual	Variance With Final Budget Favorable (Unfavorable)
	REVENUES:				
5700	Local and Intermediate Sources	$ 100,000	$ 100,000	$ 244,698	$ 144,698
5800	State Program Revenues	22,000	22,000	15,531	(6,469)
5900	Federal Program Revenues	2,032,085	2,032,085	1,417,158	(614,927)
5020	Total Revenues	$ 2,154,085	$ 2,154,085	$ 1,677,387	$ (476,698)
	EXPENDITURES:				
0035	Food Services	$ 2,633,885	$ 2,633,885	$ 1,706,651	$ 927,234
0041	General Administration	48,000	48,000	47,988	12
6030	Total Expenditures	$ 2,681,885	$ 2,681,885	$ 1,754,639	$ 927,246
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	$ (527,800)	$ (527,800)	$ (77,252)	$ 450,548
	OTHER FINANCING SOURCES (USES):				
7915	Transfers In	$	$	$ 42,457	$ 42,457
8911	Transfers Out	(50,000)	(50,000)	(24,489)	25,511
7080	Total Other Financing Sources (Uses)	$ (50,000)	$ (50,000)	$ 17,968	$ 67,968
1200	Net Change in Fund Balance	$ (577,800)	$ (577,800)	$ (59,284)	$ 518,516
0100	September 1 - Fund Balance	787,092	787,092	787,092	0
3000	August 31 - Fund Balance	$ 209,292	$ 209,292	$ 727,808	$ 518,516

LEVELLAND INDEPENDENT SCHOOL DISTRICT

Exhibit J-3

BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes		1 Budgeted Amounts Original	2 Budgeted Amounts Amended	3 Actual	Variance With Final Budget Favorable (Unfavorable)
	REVENUES:				
5700	Local and Intermediate Sources	$ 3,447,170	$ 3,447,170	$ 4,106,566	$ 659,396
5800	State Program Revenues			501,021	501,021
5020	Total Revenues	$ 3,447,170	$ 3,447,170	$ 4,607,587	$ 1,160,417
	EXPENDITURES:				
0071	Principal on Long-Term Debt	$ 2,695,000	$ 2,695,000	$ 2,695,000	$ 0
0072	Interest on Long-Term Debt	747,670	747,670	747,670	0
0073	Bond Issuance Costs and Fees	4,500	4,500	1,552	2,948
6030	Total Expenditures	$ 3,447,170	$ 3,447,170	$ 3,444,222	$ 2,948
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 0	$ 0	$ 1,163,365	$ 1,163,365
1200	Net Change in Fund Balance	$ 0	$ 0	$ 1,163,365	$ 1,163,365
0100	September 1 - Fund Balance	4,076,739	4,076,739	4,076,739	0
3000	August 31 - Fund Balance	$ 4,076,739	$ 4,076,739	$ 5,240,104	$ 1,163,365

LEVELLAND INDEPENDENT SCHOOL DISTRICT

Exhibit J-4

STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES FOR THE YEAR ENDED AUGUST 31, 2025

	Section A: Compensatory Education Programs	
AP1	Did the District expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the District have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the District's fiscal year.	$ 2,832,222
AP4	List the actual direct program expenditures for state compensatory education programs during the District's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	$ 1,670,131
	Section B: Bilingual Education Programs	
AP5	Did the District expend any bilingual education program state allotment funds during the District's fiscal year?	Yes
AP6	Does the District have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the District's fiscal year.	$ 119,004
AP8	List the actual direct program expenditures for bilingual education programs during the District's fiscal year. (PICs 25, 35)	$ 148,964

OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of School Trustees
Levelland Independent School District
Levelland, Texas

We have audited, in accordance with the auditing standards generally accepted in the Unites States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Levelland Independent School District (the District) as of and for the year ended August 31, 2025, and related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 13, 2026.

Report on 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 District'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 over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Bolinger, Segars, Gilbert & Moss L.L.P

Certified Public Accountants

Lubbock, Texas

January 13, 2026

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

Board of School Trustees
Levelland Independent School District
Levelland, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Levelland 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 August 31, 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 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 August 31, 2025.

Basis for Opinion on Each Major 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 (*Government Auditing Standards*); 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 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.

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

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

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding 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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-001 to be a significant deficiency.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Bolinger, Segars, Gilbert & Moss L.L.P.

Certified Public Accountants

Lubbock, Texas

January 13, 2026

FEDERAL FINANCIAL ASSISTANCE SECTION

LEVELLAND INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2025

Section I - Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued. **Unmodified**

Internal control over financial reporting:

Material weakness(es) identified? ____ yes **X** no

Significant deficiencies identified that are not considered to be material weaknesses? ____ yes **X** none reported

Noncompliance material to financial statements noted? ____ yes **X** no

2. Federal Awards

Internal control over major programs:

Material weakness(es) identified? ____ yes **X** no

Significant deficiency identified that are not considered to be material weaknesses? **X** yes ____ none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ____ yes **X** no

Identification of major programs:

ALN Number(s)	Name of Federal Program or Cluster
10.553	**Child Nutrition Cluster - School Breakfast Program**
10.555	**Child Nutrition Cluster - National School Lunch Program**

Dollar threshold used to distinguish between Type A and Type B programs: $ **750,000**

Auditee qualified as low-risk auditee? **X** yes ____ no

Section II - Findings Related to the Financial Statements

The audit disclosed no findings required to be reported.

LEVELLAND INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2025

Section III – Findings and Questioned Costs Related to the Federal Awards

Current Year Findings:

2025-001 – Significant Deficiency in Internal Controls over Compliance – Eligibility

Federal Programs: Child Nutrition Cluster (ALNs 10.553, 10.555)

Federal Agencies: U.S. Department of Agriculture

Pass-through Entities and Identifying Numbers: Texas Education Agency (71402401, 71402501, 71302401, 71302501) and Texas Department of Agriculture (N/A)

New or Repeat Finding – Repeat (See Status of Prior Year Findings and Questioned Costs – 2024-001)

Criteria: The District's responsibility for internal controls over compliance extends to ensuring that adequate documentation and verification is maintained related to the eligibility status for the National School Lunch and Breakfast Programs.

Condition: We identified several instances in which no approval was documented, resulting in an incomplete record of the review process. In addition, one instance was identified in which the verification determination was inaccurately recorded on the application.

Cause: The District did not have the proper controls in place to ensure accurate determination of eligibility status and there was a lack of documentation of supervision or review process.

Effect: Without the proper controls surrounding the process of receiving applications, verifying the completeness of the applications, and inputting data accurately from the application to the system, incorrect meal counts by eligibility can be reported. Federal program reimbursements are directly related to the meal counts by eligibility category, and can result in incorrect federal reimbursement amounts.

Questioned Costs: None identified

Recommendation: The District should have processes in place to require documentation of sufficient supervision/review of all applications received/entered and of all eligibility determinations.

View of Responsible Officials: Management agrees with the finding and will implement procedures to ensure the documentation of sufficient supervision/review of all applications received/entered and of all eligibility determinations.

Levelland Independent School District
704 11th Street
Levelland, Texas 79336

CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2025

Corrective Action Plan (Prepared by the District's Management) –

2025-001 – Significant Deficiency in Internal Controls over Compliance – Eligibility

Responsible Party: Dr. Donald Heseman, Superintendent

Corrective Action Plan: The District will implement procedures to require adequate supervision and formal review documentation on all required applications. For the 25-26 school year, the District started participating in the Child Nutrition Community Eligibility Provision (CEP) program. The CEP program allows the District to serve breakfast and lunch at no cost to all enrolled students without collecting household applications.

Expected Completion Date: November 2025

LEVELLAND INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2025

Prior Year's Finding/Noncompliance –

2024-001 – Significant Deficiency in Internal Controls over Compliance – Eligibility

Criteria: The District's responsibility for internal controls over compliance extends to ensuring that adequate documentation and verification is maintained related to the eligibility status for the National School Lunch and Breakfast Programs.

Condition: We noted two instances of "free" eligibility determined based on applications without sufficient information to make the necessary eligibility determination, one instance where the year to date pay amount on the application was incorrectly calculated for determination, and two instances were incorrectly verified as "free" eligibility by using net pay instead of gross pay.

Cause: The District did not have the proper controls in place to ensure accurate determination of eligibility status and there was a lack of documentation of supervision or review process.

Effect: Without the proper controls surrounding the process of receiving applications, verifying the completeness of the applications, and inputting data accurately from the application to the system, incorrect meal counts by eligibility can be reported. Federal program reimbursements are directly related to the meal counts by eligibility category, and can result in incorrect federal reimbursement amounts.

Status of Prior Year Findings –

2024-001 – Significant Deficiency in Internal Controls over Compliance – Eligibility

There was improvement noted in this area during the current year, however we noted several instances in which no approval was documented, resulting in an incomplete record of the review process. In addition, one instance was identified in which the verification determination was inaccurately recorded on the application. See Current Year Finding – 2025-001.

LEVELLAND INDEPENDENT SCHOOL DISTRICT

Exhibit K-1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2025

Federal Grantor/ Pass-Through Grantor/Program Title	Assistance Listing Number (ALN)	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through Texas Education Agency			
ESEA Title I Part A, Improving Basic Programs	84.010A	24610101110902	$ 59
ESEA Title I Part A, Improving Basic Programs	84.010A	25610101110902	835,319
ESEA Title I Part A, Improving Basic Programs	84.010A	26610101110902	12,829
ESEA Title I Part A, Improving Basic Programs (Strong Foundations Implementation)	84.010A	24610170110902	10,654
ESEA Title I Part A, Improving Basic Programs (Strong Foundations Implementation)	84.010A	24610171110902	9,864
ESEA Title I Part A, Improving Basic Programs (Strong Foundations Implementation)	84.010A	24610172110902	10,692
			$ 879,417
Title I, Part C, Migrant	84.011A	25615001110902	$ 135,175
Special Education Cluster (IDEA)			
IDEA, Part B - Formula	84.027A	256600011109026600	$ 565,291
IDEA, Part B - Formula	84.027A	266600011109026600	103,223
IDEA, Part B - Preschool	84.173A	256610011109026610	14,365
Total Special Education Cluster (IDEA)			$ 682,879
Career and Technical - Basic Grant	84.048A	25420006110902	$ 36,526
Title III, Part A English Language Acquisition	84.365A	25671001110902	$ 23,482
Title II, Part A Teacher/Principal Training & Recruiting	84.367A	25694501110902	$ 122,254
LEP Summer School	84.369A	69552402	$ 1,363
Title IV, Part A, Subpart 1	84.424A	25680101110902	$ 50,937
TOTAL U.S. DEPARTMENT OF EDUCATION			$ 1,932,033
U.S. DEPARTMENT OF HEALTH AND HUMAN RESOURCES			
Head Start Cluster			
Passed through South Plains Community Action Association			
Head Start	93.600	06CH012152	$ 369,310
Total Head Start Cluster			$ 369,310
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN RESOURCES			$ 369,310
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed through Texas Division of Emergency Management			
Public Assistance (Presidentially Declared Disasters)	97.036	4781-DR-TX	$ 88,662
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			$ 88,662
U.S. DEPARTMENT OF AGRICULTURE			
Child Nutrition Cluster			
Passed through Texas Education Agency			
School Breakfast Program	10.553	71402401	$ 155,128
School Breakfast Program	10.553	71402501	704,925
National School Lunch Program	10.555	71302401	76,676
National School Lunch Program	10.555	71302501	361,048
Passed through Texas Department of Agriculture			
National School Lunch Program - Non-Cash Assistance (Commodities)	10.555		117,142
Total Child Nutrition Cluster			$ 1,414,919
National School Lunch Program - Contract Warehouse Private Storage Delivery	10.560	246TX312N2533	$ 2,239
TOTAL U.S. DEPARTMENT OF AGRICULTURE			$ 1,417,158
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 3,807,163
Total Federal Revenues Per Exhibit C-3			$ 3,862,896
Less: School Health and Related Services (SHARS) Funds			(55,733)
			$ 3,807,163

LEVELLAND INDEPENDENT SCHOOL DISTRICT

NOTES TO THE SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED AUGUST 31, 2025

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Levelland Independent School District under programs of the federal government for the year ended August 31, 2025. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Summary of Significant Accounting Policies

(A) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

(B) Levelland Independent School District has not elected to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.