



**LA VERNIA INDEPENDENT
SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025**



LA VERNIA INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
CERTIFICATE OF BOARD	1	
INDEPENDENT AUDITOR’S REPORT	2	
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	6	
BASIC FINANCIAL STATEMENTS	11	
STATEMENT OF NET POSITION	12	A-1
STATEMENT OF ACTIVITIES	14	B-1
BALANCE SHEET.....	15	C-1
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	16	C-1R
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	17	C-2
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	18	C-3
STATEMENT OF FIDUCIARY NET POSITION.....	19	E-1
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION.....	20	E-2
NOTES TO THE FINANCIAL STATEMENTS.....	21	
REQUIRED SUPPLEMENTARY INFORMATION	46	
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND	47	G-1
NOTES TO BUDGETARY COMPARISON SCHEDULE	48	
SCHEDULE OF THE DISTRICT’S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	49	G-2
SCHEDULE OF DISTRICT CONTRIBUTIONS – TEACHER RETIREMENT SYSTEM.....	50	G-3
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION ON PENSIONS	51	
SCHEDULE OF THE DISTRICT’S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY	52	G-4
SCHEDULE OF DISTRICT’S OPEB CONTRIBUTIONS – TEACHER RETIREMENT SYSTEM.....	53	G-5
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION ON OPEB.....	54	
SUPPLEMENTARY INFORMATION	55	
COMBINING BALANCE SHEETS – NONMAJOR GOVERNMENTAL FUNDS	56	H-1
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – NONMAJOR FUNDS	60	H-2
BUDGETARY COMPARISON SCHEDULE NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM.....	64	J-2
DEBT SERVICE FUND.....	65	J-3

OTHER INFORMATION	66	
SCHEDULE OF DELINQUENT TAXES RECEIVABLE.....	67	J-1
SPECIAL PROGRAM COMPLIANCE SCHEDULE.....	69	J-4
SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS.....	70	L-1
COMPLIANCE SECTION	71	
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	72	
REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE	74	
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	77	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	78	K-1
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	79	

CERTIFICATE OF BOARD

La Vernia Independent School District
Name of School District

Wilson
County

247-903
Co.-Dist. Number

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

Signature of Board Secretary

Signature of Board President



Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
La Vernia Independent School District
La Vernia, TX

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

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

Basis for Opinions

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

Emphasis of Matter

As discussed in note N to the financial statements, in 2025, the District adopted new accounting guidance in GASB Statement 101 related to compensated absences. In addition, the District has revised the prior general fund balance and governmental activities net position for a Texas Education Agency funding change. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

La Vernia Independent School District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 La Vernia Independent School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility 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 La Vernia Independent School 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 La Vernia Independent School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise La Vernia Independent School District's basic financial statements. The supplementary information (as listed in the table of contents), and schedule of expenditures of federal awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) 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.

The supplementary information and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information (as listed in the table of contents) does not include the financial statements and our auditor's report thereon. Our opinions on the 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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 December 1, 2025 on our consideration of La Vernia Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 La Vernia Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in cursive script that reads "Armstrong, Vaughan & Associates, P.C.".

Armstrong, Vaughan & Associates, P.C.
December 1, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of La Vernia Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal period ended June 30, 2025. Please read it in conjunction with the Independent Auditor's Report, which precedes this Analysis and the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position increased by \$5.3 million as a result of this period's operations. However, changes to the prior year for new accounting pronouncements and prior year funding adjustments reduced net position by \$2.8 million.
- The District issued \$70.6 million in bonds towards the voter approved projects.
- Total cost of all of the District's programs decreased by 0.4% this period to \$41.4 million.
- The General Fund expenditures for the fiscal period were \$170 thousand less than budgeted, and fund balance increased \$654 thousand. However, a funding adjustment from the Texas Education Agency reduced beginning fund balance by \$1.5 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Government-Wide Statements

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

The two government-wide statements report the District's net position and how they have changed. Net position—the difference between the District's assets and liabilities is one way to measure the District's financial health or position.

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

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

Fund Financial Statements

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

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

The District has the following kinds of funds:

- *Governmental funds*—All of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* can readily be converted to cash flow in and out and (2) the balances left at period-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Fiduciary funds*—These funds hold resources for others that the District for which the district is custodian.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's net position was \$12.6 million at June 30, 2025 (See Table A-1), an improvement of \$2.5 million from the year before. The unrestricted portion of net position is a deficit of \$8.9 million. This deficit is caused by liabilities for the District's portion of the Teacher Retirement System (TRS) pension and other postemployment liabilities and accruals of \$17.2 million. Adding back the TRS accruals leaves \$8.4 million in unrestricted net position, representing resources available to support the programs of the District.

Table A-1
La Vernia Independent School District's Net Position

	Governmental Activities		Percentage
	6/30/25	6/30/24	Change
<i>Assets:</i>			
Cash and Investments	\$ 113,455,472	\$ 47,545,048	138.6%
Other Current Assets	6,474,851	8,044,596	-19.5%
Capital Assets (net)	50,264,528	32,639,333	54.0%
<i>Total Assets</i>	<u>170,194,851</u>	<u>88,228,977</u>	92.9%
 <i>Deferred Outflows</i>	 <u>6,700,606</u>	 <u>6,008,733</u>	 11.5%
 <i>Liabilities</i>			
Current Liabilities	16,368,909	5,792,366	182.6%
Long-term Liabilities	140,675,943	69,309,999	103.0%
<i>Total Liabilities</i>	<u>157,044,852</u>	<u>75,102,365</u>	109.1%
 <i>Deferred Inflows</i>	 <u>7,205,387</u>	 <u>8,999,538</u>	 -19.9%
 <i>Net Position:</i>			
Net Investment in Capital Assets	10,166,856	9,109,281	11.6%
Restricted	11,340,561	8,103,620	39.9%
Unrestricted	(8,862,199)	(7,077,094)	25.2%
<i>Total Net Position</i>	<u>\$ 12,645,218</u>	<u>\$ 10,135,807</u>	24.8%

Changes in Net Position

The District's total revenues were \$46.8 million, an increase of 1.0%. A significant portion of the District's revenue came from local taxes of \$18 million or 38%; \$25.5 million or 55% came from Federal, State, and Local grants.

The total cost of all programs and services decreased 0.4% to \$41.4 million; instruction and instruction related service costs were \$23.0 million or 54.8%. Other important services are general administration, facilities operation and maintenance, data services, and interest on long term debt.

Table A-2 presents the cost of each of the District's functions with a comparison to the prior period.

Table A-2
Changes in La Vernia Independent School District's Net Position

	Governmental Activities		Percentage
	2025	2024	Change
<i>Program Revenues:</i>			
Charges for Services	\$ 997,666	\$ 827,045	20.6%
Operating Grants & Contributions	4,043,555	4,867,972	-16.9%
<i>General Revenues:</i>			
Property Taxes	17,952,067	16,363,366	9.7%
General Grants	21,483,395	21,772,840	-1.3%
Investment Earnings	2,249,746	2,456,746	-8.4%
Miscellaneous	43,672	29,080	50.2%
<i>Total Revenues</i>	<u>46,770,101</u>	<u>46,317,049</u>	1.0%
<i>Expenses:</i>			
Instruction	22,246,045	22,710,457	-2.0%
Instructional Resources & Media	450,425	428,814	5.0%
Curriculum & Staff Development	285,021	279,768	1.9%
Instructional Leadership	496,189	555,516	-10.7%
School Leadership	1,487,432	1,421,075	4.7%
Guidance, Counseling, Evaluation	711,613	807,563	-11.9%
Health Services	294,612	311,845	-5.5%
Student Transportation	1,795,541	1,743,312	3.0%
Food Service	1,823,562	1,963,299	-7.1%
Extracurricular Activities	1,717,163	1,594,251	7.7%
General Administration	1,527,350	1,544,875	-1.1%
Plant Maintenance & Operations	3,775,812	3,958,376	-4.6%
Security Services	648,636	557,945	16.3%
Data Processing Services	799,612	697,300	14.7%
Community Service	92,096	92,837	100.0%
Interest on Long-Term Debt	2,229,945	1,924,913	15.8%
Bond Issuance Costs and Fees	650,300	604,479	7.6%
Facilities Acquisition	20,948	10,212	100.0%
Payments for JJAEP	-	10,712	-100.0%
Other Intergovernmental Charges	368,740	355,379	3.8%
<i>Total Expenses</i>	<u>41,421,042</u>	<u>41,572,928</u>	-0.4%
<i>Increase (Decrease) in Net Position</i>	5,349,059	4,744,121	12.8%
<i>Beginning Net Position</i>	10,135,807	5,391,686	-88.0%
<i>Prior Period Adjustment</i>	<u>(2,839,648)</u>	-	
<i>Ending Net Position</i>	<u>\$ 12,645,218</u>	<u>\$ 10,135,807</u>	-24.8%

A prior period adjustment was recorded in 2025 to adopt a change in accounting principle for compensated absences and to record a 2023-2024 TEA funding adjustment.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$47.8 million, an increase of \$1.2 million or 2.6%. The primary increase was from property tax revenue from increased taxable values. Total governmental fund expenditures totaled \$62.1 million, an increase of \$12 million. Most of the increase was in capital outlay resulting from the new bonds.

BUDGETARY HIGHLIGHTS

The General Fund's expenditures were \$170 thousand less than the final budgeted expenditures. This led to fund balance increasing \$654 thousand from current period operations.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2025, the District had invested \$112.9 million in a broad range of capital assets, including land, equipment, buildings, and vehicles (See Table A-3). Most of the increase was concentrated in bond projects.

Table A-3
Changes in La Vernia Independent School District's Capital Assets

	Beginning Balance	Additions	Disposals	Ending Balance
Land	\$ 2,541,513	\$ -	\$ -	\$ 2,541,513
Buildings and Improvements	78,019,065	336,819	-	78,355,884
Equipment	3,567,795	638,150	-	4,205,945
Vehicles	3,815,439	620,163	-	4,435,602
Construction In Progress	4,313,535	19,002,057	-	23,315,592
Less: Accumulated Depreciation	(59,618,014)	(2,971,994)	-	(62,590,008)
Total Capital Assets	<u>\$ 32,639,333</u>	<u>\$ 17,625,195</u>	<u>\$ -</u>	<u>\$ 50,264,528</u>

Long Term Debt

As of June 30, 2025, the District owed \$123.5 million for outstanding bonds and notes, an increase of \$68.8 million from the new voter approved bonds. More detailed information about the District's debt is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT PERIOD'S BUDGETS AND TAX RATES

The District's 2025-2026 budget projects general fund expenditures to increase approximately \$2.9 million. \$2.2 million of the increase is projected in instruction and is related to capital expenditures. The District's property tax rate will decrease slightly from \$1.0619 per \$100 of assessed value to \$1.0519 based on the State's compression formula. However, any reduction in tax collections is expected to be offset with state aid.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, we invite you to contact the District's Finance Office, 13600 US Hwy 87 West, La Vernia, TX 78121.

BASIC FINANCIAL STATEMENTS

LA VERNIA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

Data Control Codes		1 Governmental Activities
	ASSETS:	
1110	Cash and Cash Equivalents	\$ 113,455,472
1225	Property Taxes Receivable (Net)	804,394
1240	Due from Other Governments	5,572,084
1290	Other Receivables	7,652
1410	Prepaid Expenses	90,721
	<i>Capital Assets:</i>	
1510	Land	2,541,513
1520	Buildings and Improvements, Net	21,822,267
1531	Vehicles, Net	1,419,993
1539	Furniture and Equipment, Net	1,165,163
1580	Construction In Progress	23,315,592
1000	TOTAL ASSETS	<u>170,194,851</u>
	DEFERRED OUTFLOW OF RESOURCES:	
	Deferred Loss on Debt Refundings	668,676
	Deferred Pension Related Outflows	2,762,709
	Deferred OPEB Related Outflows	3,269,221
1700	TOTAL DEFERRED OUTFLOWS	<u>\$ 6,700,606</u>

The accompanying notes are an integral part of this statement

LA VERNIA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

Data Control Codes		1 Governmental Activities
	LIABILITIES:	
2110	Accounts Payable	\$ 6,549,824
2140	Interest Payable	955,120
2150	Payroll Deductions and Withholdings	19,151
2160	Accrued Wages	2,930,690
2180	Due to Other Governments	3,236
	<i>Long-Term Liabilities:</i>	
2501	Due Within One Year	5,910,888
2502	Due in More Than One Year	124,583,999
2540	Net Pension Liability	9,535,148
2545	Net OPEB Liability	6,556,796
2000	TOTAL LIABILITIES	<u>157,044,852</u>
	DEFERRED INFLOW OF RESOURCES:	
	Deferred Pension Related Inflows	548,970
	Deferred OPEB Related Inflows	6,656,417
2600	TOTAL DEFERRED INFLOWS	<u>7,205,387</u>
	NET POSITION:	
3200	Net Investment in Capital Assets	10,166,856
	Restricted For:	
3820	State and Federal Programs	329,674
3850	Debt Service	10,971,664
3890	Other Restrictions	39,223
3900	Unrestricted	(8,862,199)
3000	TOTAL NET POSITION	<u>\$ 12,645,218</u>

The accompanying notes are an integral part of this statement



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

		1	3	4	6	
					Net Revenue (Expense) and Changes in Net Position	
Data Control	Codes	Functions/Programs	Expenses	Program Revenues		Governmental Activities
				Charges for Services	Operating Grants and Contributions	
			GOVERNMENTAL ACTIVITIES:			
	11	Instruction	\$ 22,246,045	\$ 22,500	\$ 971,546	\$ (21,251,999)
	12	Instructional Resources and Media Service	450,425	-	51	(450,374)
	13	Curriculum and Staff Development	285,021	-	126,416	(158,605)
	21	Instructional Leadership	496,189	-	88,065	(408,124)
	23	School Leadership	1,487,432	-	-	(1,487,432)
	31	Guidance, Counseling, & Evaluation	711,613	-	105,392	(606,221)
	33	Health Services	294,612	-	45,829	(248,783)
	34	Student transportation	1,795,541	-	-	(1,795,541)
	35	Food Services	1,823,562	-	1,599,587	(223,975)
	36	Cocurricular/Extracurricular Activities	1,717,163	975,166	36,353	(705,644)
	41	General Administration	1,527,350	-	-	(1,527,350)
	51	Plant Maintenance and Operations	3,775,812	-	-	(3,775,812)
	52	Security and Monitoring Services	648,636	-	187,216	(461,420)
	53	Data Processing Services	799,612	-	-	(799,612)
	61	Community Service	92,096	-	-	(92,096)
	72	Interest on Long-Term Debt	2,229,945	-	568,881	(1,661,064)
	73	Bond Issuance Costs and Fees	650,300	-	-	(650,300)
	81	Facilities Acquisition	20,948	-	314,218	293,270
	99	Other Intergovernmental Charges	368,740	-	-	(368,740)
TG		Total Governmental Activities	41,421,042	997,666	4,043,555	(36,379,821)
TP		Total Primary Government	\$ 41,421,042	\$ 997,666	\$ 4,043,555	(36,379,821)
General Revenues:						
MT		Property Taxes, Levied for General Purposes				11,279,932
DT		Property Taxes, Levied for Debt Service				6,672,135
IE		Investment Earnings				2,249,746
GC		Grants and Contributions Not Restricted to Specific Programs				21,483,395
MI		Miscellaneous				43,672
TR		Total General Revenues				41,728,880
CN		Change in Net Position				5,349,059
NB		Net Position - Beginning				10,135,807
PA		Prior Period Adjustment - Change in Accounting Principle				(1,333,360)
PA		Prior Period Adjustment - Foundation Allotment				(1,506,288)
NE		Net Position - Ending				\$ 12,645,218

The accompanying notes are an integral part of this statement

LA VERNIA INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
JUNE 30, 2025

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects Fund	Other Nonmajor Governmental Funds	98 Total Governmental Funds
ASSETS:					
1110 Cash and Cash Equivalents	\$ 6,525,495	\$ 11,510,342	\$ 94,259,264	\$ 1,160,371	\$ 113,455,472
1225 Taxes Receivable, Net	450,913	353,482	-	-	804,395
1240 Due from Other Governments	5,005,972	67,846	317,165	181,101	5,572,084
1260 Due from Other Funds	142,833	-	-	-	142,833
1290 Other Receivables	7,652	-	-	-	7,652
1410 Prepaid Items	90,721	-	-	-	90,721
1000 TOTAL ASSETS	<u>\$ 12,223,586</u>	<u>\$ 11,931,670</u>	<u>\$ 94,576,429</u>	<u>\$ 1,341,472</u>	<u>\$ 120,073,157</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:					
LIABILITIES:					
2110 Accounts Payable	\$ 213,385	\$ 1,650	\$ 6,243,499	\$ 92,213	\$ 6,550,747
2150 Payroll Deductions and Withholdings	19,151	-	-	-	19,151
2160 Accrued Wages Payable	2,703,763	-	-	226,003	2,929,766
2170 Due to Other Funds	-	-	-	142,833	142,833
2180 Due to Other Governments	-	3,236	-	-	3,236
2000 TOTAL LIABILITIES	<u>2,936,299</u>	<u>4,886</u>	<u>6,243,499</u>	<u>461,049</u>	<u>9,645,733</u>
DEFERRED INFLOWS OF RESOURCES:					
2600 Unavailable Property Tax Revenue	450,913	353,482	-	-	804,395
2600 TOTAL DEFERRED INFLOWS	<u>450,913</u>	<u>353,482</u>	<u>-</u>	<u>-</u>	<u>804,395</u>
FUND BALANCES:					
Nonspendable Fund Balance:					
3430 Prepaid Items	90,721	-	-	-	90,721
Restricted Fund Balances:					
3450 Federal/State Funds Grant Restrictions	-	-	-	329,674	329,674
3470 Capital Acquisitions	-	-	88,332,930	-	88,332,930
3480 Retirement of Long-Term Debt	-	11,573,302	-	-	11,573,302
3490 Other Restrictions	-	-	-	39,223	39,223
Committed Fund Balances:					
3545 Campus Activities	-	-	-	511,526	511,526
3600 <i>Unassigned</i>	8,745,653	-	-	-	8,745,653
3000 TOTAL FUND BALANCES	<u>8,836,374</u>	<u>11,573,302</u>	<u>88,332,930</u>	<u>880,423</u>	<u>109,623,029</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 12,223,586</u>	<u>\$ 11,931,670</u>	<u>\$ 94,576,429</u>	<u>\$ 1,341,472</u>	<u>\$ 120,073,157</u>

The accompanying notes are an integral part of this statement.

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

Data Control			
	TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS		\$ 109,623,029
	Amounts reported for governmental activities in the Statement of Net Position ("SNP") are different because:		
1	Capital Assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		50,264,528
2	Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds.		804,393
3	Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, not reported in the funds.		(129,826,211)
4	Net pension liabilities (and related deferred inflows and outflows of resources) do not consume current financial resources and are not reported in the funds.		
	Net Pension Liability	(9,535,148)	
	Pension Related Deferred Inflows	(548,970)	
	Pension Related Deferred Outflows	<u>2,762,709</u>	(7,321,409)
5	Net OPEB liabilities (and related deferred inflows and outflows of resources) do not consume current financial resources and are not reported in the funds.		
	Net OPEB Liability	(6,556,796)	
	OPEB Related Deferred Inflows	(6,656,417)	
	OPEB Related Deferred Outflows	<u>3,269,221</u>	(9,943,992)
6	Accrued interest payable on long-term bonds is not due and payable in the current period, and therefore, not reported in the funds.		<u>(955,120)</u>
19	TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		<u><u>\$ 12,645,218</u></u>

The accompanying notes are an integral part of this statement.

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

Data Control Codes	Functions/Programs	10 General Fund	50 Debt Service Fund	60 Capital Projects Fund	Other Nonmajor Governmental Funds	98 Total Governmental Funds
REVENUES:						
5700	Local and Intermediate Sources	\$ 12,145,436	\$ 6,698,282	\$ 1,518,186	\$ 1,806,204	\$ 22,168,108
5800	State Program Revenues	22,239,434	568,881	317,165	611,338	23,736,818
5900	Federal Program Revenues	45,829	-	-	1,842,326	1,888,155
5020	<i>Total Revenues</i>	<u>34,430,699</u>	<u>7,267,163</u>	<u>1,835,351</u>	<u>4,259,868</u>	<u>47,793,081</u>
EXPENDITURES:						
0011	Instruction	20,281,161	-	-	1,389,100	21,670,261
0012	Instructional Resources and Media Services	386,290	-	-	56,140	442,430
0013	Curriculum and Staff Development	207,406	-	-	126,416	333,822
0021	Instructional Leadership	438,092	-	-	88,065	526,157
0023	School Leadership	1,533,722	-	-	-	1,533,722
0031	Guidance, Counseling, & Evaluation Services	655,202	-	-	105,392	760,594
0033	Health Services	307,790	-	-	-	307,790
0034	Student Transportation	1,517,140	-	613,920	-	2,131,060
0035	Food Service	-	-	-	2,190,361	2,190,361
0036	Cocurricular/Extracurricular Activities	1,000,487	-	-	397,474	1,397,961
0041	General Administration	1,560,845	-	-	-	1,560,845
0051	Plant Maintenance and Operations	3,548,166	-	-	-	3,548,166
0052	Security and Monitoring Services	463,756	-	-	187,216	650,972
0053	Data Processing Services	780,854	-	-	-	780,854
0061	Community Service	92,096	-	-	-	92,096
0071	Principal on Long-Term Debt	634,760	1,290,000	-	-	1,924,760
0072	Interest on Long-Term Debt	-	1,941,125	-	-	1,941,125
0073	Bond Issuance Costs and Fees	-	4,475	645,825	-	650,300
0081	Facilities Acquisition	-	-	19,002,057	314,218	19,316,275
0099	Other Intergovernmental Charges	368,740	-	-	-	368,740
6030	<i>Total Expenditures</i>	<u>33,776,507</u>	<u>3,235,600</u>	<u>20,261,802</u>	<u>4,854,382</u>	<u>62,128,291</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>654,192</u>	<u>4,031,563</u>	<u>(18,426,451)</u>	<u>(594,514)</u>	<u>(14,335,210)</u>
OTHER FINANCING SOURCES (USES):						
7911	Bonds Issued	-	-	70,575,000	-	70,575,000
7916	Bond Premiums	-	4,306	3,370,826	-	3,375,132
7080	<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>4,306</u>	<u>73,945,826</u>	<u>-</u>	<u>73,950,132</u>
1200	Net Change in Fund Balances	654,192	4,035,869	55,519,375	(594,514)	59,614,922
0100	Fund Balances - Beginning	9,688,470	7,537,433	32,813,555	1,474,937	51,514,395
1300	Prior Period Adjustment	<u>(1,506,288)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,506,288)</u>
3000	Fund Balances - Ending	<u>\$ 8,836,374</u>	<u>\$ 11,573,302</u>	<u>\$ 88,332,930</u>	<u>\$ 880,423</u>	<u>\$ 109,623,029</u>

The accompanying notes are an integral part of this statement.

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

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 59,614,922

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

Governmental funds report capital outlay as expenditures. However in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlay	20,597,189	
Depreciation	(2,971,994)	17,625,195

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds. This is the net change in those revenues over the year. 50,226

The issuance of long-term debt (e.g. bonds & notes payable) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Proceeds from Bonds Issued (Including Premiums)	(73,950,132)	
Principal Payments on Bonds Outstanding	1,743,362	(72,206,770)

Governmental funds report required contributions to employee pensions and other post-employment benefits as expenditures. However in the Statement of Activities, the cost of benefits are recorded based on the actuarially determined cost of the plan. This is the amount that the actuarially determined expenses exceeded the contributions.

Pension	(539,958)	
Retiree Insurance	975,112	435,154

Some expenses reported in the Statement of Activities (including accreted and accrued interest expense) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. Governmental funds report the net effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Change in Accrued Interest	(227,197)	
Change in Accrued Compensated Absences	(62,245)	
Amortization of Refunding Differences	(67,015)	
Amortization of Bond Premiums	186,789	(169,668)

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES \$ 5,349,059

The accompanying notes are an integral part of this statement.

LA VERNIA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2025

	Scholarship Trust Fund	Custodial Fund Student Activity Fund
	<u> </u>	<u> </u>
ASSETS:		
Cash and Cash Equivalents	\$ 7,403	\$ 28,288
<i>Total Assets</i>	<u>7,403</u>	<u>28,288</u>
LIABILITIES:		
<i>Current Liabilities</i>		
Accounts Payable	-	23,843
<i>Total Liabilities</i>	<u>-</u>	<u>23,843</u>
NET POSITION:		
Restricted for Student Groups	-	4,445
Restricted for Scholarships	7,403	-
<i>Total Net Position</i>	<u>\$ 7,403</u>	<u>\$ 4,445</u>

The accompanying notes are an integral part of this statement.

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

	Scholarship Trust Fund	Custodial Fund Student Activity Fund
<i>ADDITIONS:</i>		
Co-curricular Sales	\$ -	\$ 371,218
<i>Total Additions</i>	<u>-</u>	<u>371,218</u>
<i>DEDUCTIONS:</i>		
Services	-	2,045
Supplies	-	403,071
<i>Total Deductions</i>	<u>-</u>	<u>405,116</u>
<i>CHANGE IN NET POSITION</i>	-	(33,898)
<i>BEGINNING NET POSITION</i>	7,403	38,343
<i>ENDING NET POSITION</i>	<u><u>\$ 7,403</u></u>	<u><u>\$ 4,445</u></u>

The accompanying notes are an integral part of this statement.

LA VERNIA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

A. Summary of Significant Accounting Policies

The basic financial statements of La Vernia Independent School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide ("Resource Guide"). The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The Board of School Trustees ("Board"), a seven-member group, has governance responsibilities 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 public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental "reporting entity" and there are no component units included within the reporting entity.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

LA VERNIA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

A. Summary of Significant Accounting Policies (Continued)

2. Basis of Presentation, Basis of Accounting (Continued)

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

Debt Service Fund: Is used to account for all funds collected and disbursed for the retirement of governmental debt.

Capital Projects Fund: Is used to account for loan proceeds to be spent on capital outlay.

b. Measurement Focus, Basis of Accounting

Government-wide Financial Statements: These financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and using the economic resources measurement focus. The government-wide expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal period for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal period in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District does not consider revenues collected after its period-end to be available in the current period. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. 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 are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

3. Financial Statement Amounts

a. Cash and Cash Equivalents

Highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased. For the District, this includes local government investment pools and money market funds.

LA VERNIA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

A. Summary of Significant Accounting Policies (Continued)

3. Financial Statement Amounts (Continued)

b. Investments

The District reports investments at fair value based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool maintains a consistent net asset value per share that approximates the fair value of the underlying securities. These investments are reported at net asset value.

c. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the period following the period in which imposed. On January 1 of each period, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. Taxes Receivable in the governmental funds are stated net of allowance for uncollectible tax receivables. Allowances as of June 30, 2025 were \$379,993 and \$52,729 for the General and Debt Service Funds, respectively.

d. Inventories and Prepaid Items

The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

e. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of period end.

LA VERNIA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

A. Summary of Significant Accounting Policies (Continued)

3. Financial Statement Amounts (Continued)

f. Deferred Inflows and Outflows of Resources

A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period while a deferred inflow of resources is an acquisition of net position. These items are presented in separate sections following assets (deferred outflows) or liabilities (deferred inflows) on the statement of net position.

g. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

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

Asset Class	Estimated Useful Lives
Buildings and Improvements	7-30
Vehicles	5-15
Equipment	3-15

h. Leases and Subscription Based IT Arrangements

At the commencement of a lease or arrangement, the District initially measures the liability at the present value of payments expected to be made during the term. Subsequently, the liability is reduced by the principal portion of payments made. The right of use asset is initially measured as the initial amount of the liability, adjusted for payments made at or before the commencement date, plus certain initial direct costs. Subsequently, the asset is amortized on a straight-line basis over its useful life. The District recognizes lease liabilities with an initial, individual value of \$100,000 or more.

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

LA VERNIA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

A. Summary of Significant Accounting Policies (Continued)

3. Financial Statement Amounts (Continued)

i. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line on the government-wide statement of net position.

j. Pensions

The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement System of Texas (TRS) and additions to/ deductions from TRS's fiduciary net position have been determined on the same basis as they are reported by TRS. For this purpose, 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.

k. Other Post-Employment Benefits

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 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'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.

l. Compensated Absences

The District's policies provide for the accumulation of local and state personal days that carry over each year. None of the days are paid on termination. Compensated absences are recorded as a liability at the government-wide level based on an estimate of the leave that has been earned that is more likely than not to be taken as time off or paid on separation. The District has estimated the liability with the first in first out flows assumption for the use of accrued leave.

LA VERNIA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

A. Summary of Significant Accounting Policies (Continued)

3. Financial Statement Amounts (Continued)

m. Net Position - Government-wide Statement of Net Position

Net position is classified as follows:

Restricted - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Net Investment in Capital Assets - represents the balances of capital assets less the outstanding balances of debt related to the acquisition of the capital assets. This amount is separated from unrestricted net position so that the unrestricted classification represents net position more readily available to fund operations.

Unrestricted - Represents the residual net position that is not restricted or capital in nature.

n. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the District's Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Board of Trustees. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority. Currently, the Superintendent and Director of Finance have been delegated the authority to assign balances. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund, conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

LA VERNIA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

A. Summary of Significant Accounting Policies (Continued)

3. Financial Statement Amounts (Continued)

n. Fund Balances - Governmental Funds (Continued)

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred 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.

In addition, the Board has established a minimum General Fund unassigned fund balance of 25% of budgeted General Fund operational expenditures.

o. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

p. Data Control Codes

Data Control Codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of 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.

LA VERNIA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

B. Deposits and Investments

1. Cash Deposits:

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance. The District's cash deposits at June 30, 2025 and during the period ended June 30, 2025, were entirely covered by FDIC insurance and securities pledged by the District's depository.

2. Investments:

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, 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.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

The District's investments at June 30, 2025 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity (Days)</u>	<u>Rating</u>	<u>Reported Value</u>
<i>Reported as Cash Equivalents</i>			
Lone Star Investment Pool	Demand	AAAm	\$ 109,272,268
Total Investments			<u>\$ 109,272,268</u>

The District participates in the First Public Local Government Pool ("Lone Star"), an external investment pool. A Board of Trustees composed of participants of Lone Star is responsible for the overall management of the pool. The pool seeks to maintain a net asset value of \$1 per share, which approximates fair value.

LA VERNIA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

B. Deposits and Investments (Continued)

3. Analysis of Specific Deposit and Investment Risks:

- a. Credit risk is the risk that an issuer or other 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 period end, the District was not significantly exposed to credit risk.
- b. Custodial credit risk occurs when deposits are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At period end, the District was not exposed to custodial credit risk.
- c. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At period end, the District was exposed to concentration of credit risk as the commercial paper investment is concentrated in one issuer.
- d. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. At period end, the District was not exposed to interest rate risk.
- e. Foreign currency risk this is the risk that exchange rates will adversely affect the fair value of an investment. At period end, the District was not exposed to foreign currency risk.

LA VERNIA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

C. Capital Assets

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

	Beginning Balances	Increases	Decreases/ Transfers	Ending Balances
Governmental Activities:				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 2,541,513	\$ -	\$ -	\$ 2,541,513
Construction in Process	4,313,535	19,002,057	-	23,315,592
<i>Total Capital Assets Not Being Depreciated</i>	<u>6,855,048</u>	<u>19,002,057</u>	<u>-</u>	<u>25,857,105</u>
<i>Capital Assets Being Depreciated:</i>				
Buildings and Improvements	78,019,065	336,819	-	78,355,884
Equipment	3,567,795	638,150	-	4,205,945
Vehicles	3,815,439	620,163	-	4,435,602
<i>Total Capital Assets Being Depreciated</i>	<u>85,402,299</u>	<u>1,595,132</u>	<u>-</u>	<u>86,997,431</u>
<i>Less Accumulated Depreciation For:</i>				
Buildings and Improvements	(54,116,994)	(2,416,623)	-	(56,533,617)
Equipment	(2,789,247)	(251,535)	-	(3,040,782)
Vehicles	(2,711,773)	(303,836)	-	(3,015,609)
<i>Total Accumulated Depreciation</i>	<u>(59,618,014)</u>	<u>(2,971,994)</u>	<u>-</u>	<u>(62,590,008)</u>
Total Capital Assets Being Depreciated, Net	<u>25,784,285</u>	<u>(1,376,862)</u>	<u>-</u>	<u>24,407,423</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$ 32,639,333</u>	<u>\$ 17,625,195</u>	<u>\$ -</u>	<u>\$ 50,264,528</u>

Depreciation was charged to functions as follows:

11 Instruction	\$ 1,590,950
34 Student Transportation	310,609
35 Food Services	216,430
36 Cocurricular/Extracurricular Activities	355,281
51 Plant Maintenance and Operations	437,706
52 Security and Monitoring	4,988
53 Data Processing Services	35,082
81 Facilities Acquisition and Construction	20,948
	<u>\$ 2,971,994</u>

D. Interfund Balances and Activities

Balances due to and from other funds at June 30, 2025, all of which are scheduled to be repaid within one year, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Other Governmental Funds	\$ 142,833	Short-term pooled cash loans
		<u>\$ 142,833</u>	

LA VERNIA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

E. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the period ended June 30, 2025, are as follows:

	Beginning Balances*	Increases	Decreases	Ending Balances	Amounts Due Within One Year
Governmental Activities:					
Unlimited Tax School					
Refunding Bonds	\$ 17,090,000	\$ -	\$ (570,000)	\$ 16,520,000	\$ 600,000
Building Bonds	31,430,000	70,575,000	(720,000)	101,285,000	4,785,000
Unamortized Premiums	2,371,677	3,375,132	(186,790)	5,560,019	-
Notes Payable	6,187,621	-	(453,362)	5,734,259	463,640
<i>Total Bonds</i>	<u>57,079,298</u>	<u>73,950,132</u>	<u>(1,930,152)</u>	<u>129,099,278</u>	<u>\$ 5,848,640</u>
Net Pension Liability	9,472,902	62,246	-	9,535,148	-
Net OPEB Liability	4,501,161	2,055,635	-	6,556,796	-
Compensated Absences	1,333,360	62,249	-	1,395,609	62,248
<i>Grand Total</i>	<u>\$ 72,386,721</u>	<u>\$ 76,130,262</u>	<u>\$ (1,930,152)</u>	<u>\$ 146,586,831</u>	<u>\$ 5,910,888</u>

* Beginning balances have been restated to reflect change in accounting principle

Unlimited Tax School Refunding Bonds have interest rates of 0.85-5%.

Unlimited Tax School Building Bonds have interest rates of 4-5%.

Notes Payable have interest rates of 2.19-2.87%.

In accordance with Securities and Exchange Act of 1934 Rule 15c2-12, the District has entered into a continuing disclosure agreement with the Municipal Securities Rulemaking Board. The District has complied with these continuing disclosures.

None of the District's bonds were direct placements or direct borrowings. The District's notes payable do not include subjective acceleration clauses or termination events.

In May 2025, voters approved remaining bonds of \$109.655 million for new campuses and athletic improvements. The 2025 bonds utilized \$70.6 million.

2. Debt Service requirements on these debts at June 30, 2025, are as follows:

Year Ending June 30,	Bonded Debt		Notes Payable		Total
	Principal	Interest	Principal	Interest	
2026	\$ 5,385,000	\$ 4,132,904	\$ 463,640	\$ 126,691	\$ 10,108,235
2027	2,485,000	5,143,425	474,153	116,178	8,218,756
2028	2,780,000	5,029,900	484,909	105,424	8,400,233
2029	3,045,000	4,903,825	438,610	94,423	8,481,858
2030	3,300,000	4,765,975	448,216	84,828	8,599,019
2031-2035	18,875,000	21,560,176	2,392,689	272,479	43,100,344
2036-2040	25,990,000	16,834,646	1,032,042	34,025	43,890,713
2041-2045	26,725,000	10,914,490	-	-	37,639,490
2046-2050	29,220,000	4,101,519	-	-	33,321,519
Totals	<u>\$ 117,805,000</u>	<u>\$ 77,386,860</u>	<u>\$ 5,734,259</u>	<u>\$ 834,048</u>	<u>\$ 201,760,167</u>

LA VERNIA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

F. Risk Management

1. Property and Liability Program

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal period 2025, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal period and there were no settlements exceeding insurance coverage for each of the past three fiscal periods.

2. Workers' Compensation

During the period ended June 30, 2025, the District met its statutory workers' compensation obligations through a modified self-funded program. The District (through a third-party administrator) pays all workers' compensation claims up to a maximum stop-loss amount. The stop-loss amount for the period ending June 30, 2025 was \$95,522. Actual claims paid during the fiscal periods ending June 30, 2025, 2024, and 2023 were \$88,588, \$68,816, and \$51,815, respectively. The District has made payments to the administrator sufficient to cover all incurred but not reported claims based on actuarial estimates. Thus, no liability for claims is recorded on these financial statements.

G. Pension Plan

1. Plan Description

The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS) and is 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.

2. Pension Plan Fiduciary Net Position

Detail information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://www.trs.texas.tx.us/about_publications.aspx or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

LA VERNIA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

G. Pension Plan (Continued)

3. 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 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (A) above. Accordingly, the 2023 Texas Legislature passed Senate Bill (SB) 10 and House Joint Resolution (HJR) 2 to provide eligible retirees with a one-time stipend and an ad hoc cost-of-living-adjustment (COLA).

4. 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 2020 thru 2025.

	Contribution Rates		Contributions
	Years Ending August 31,		Required and
	2024	2025	Made
Member (Employee)	8.25%	8.25%	\$ 1,895,497
Non-employer Contributing Entity (State)	8.25%	8.25%	1,523,890
Employer	8.25%	8.25%	827,550
			<u>\$ 4,246,937</u>

LA VERNIA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

G. Pension Plan (Cont.)

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 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.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to.

- All public schools, charter schools, and regional educational service centers must contribute 2% of the member's salary.
- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

LA VERNIA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

G. Pension Plan (Continued)

5. Actuarial Assumptions

The total pension liability in the August 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2023, Rolled Forward
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Investment Rate of Return	7.00%
Single Discount Rate	7.00%
Salary Increases Including Inflation	2.95% to 8.95% including inflation
Inflation	2.3%
Ad Hoc Post-Employment Benefit Changes	None
Municipal Bond Rate	3.13%. Fidelity 20-Year AA Municipal

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 actuarial valuation report dated November 11, 2023.

6. Discount Rate

A single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 9.5 percent of payroll in fiscal year 2024 gradually increasing to 9.56 percent of payroll in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 7.00%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the longterm expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

LA VERNIA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

G. Pension Plan (Continued)

7. Discount Rate (Continued)

Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2024 are summarized below:

Asset Class	Target Allocation	Long-Term Arithmetic Real Rate of Return	Expected Contribution to Portfolio Return
Global Equity			
U.S.	18%	4.4%	1.00%
Non-U.S. Developed	13%	4.2%	0.80%
Emerging Markets	9%	5.2%	0.70%
Private Equity	14%	6.7%	1.20%
Stable Value			
Government Bonds	16%	1.9%	0.40%
Absolute Return	0%	3.0%	
Stable Value Hedge Funds	5%	4.0%	0.20%
Real Return			
Real Assets	15%	6.6%	1.20%
Energy and Natural Resources	6%	5.6%	0.00%
Commodities	0%	2.5%	0.40%
Risk Parity			
Risk Parity	8%	4.0%	0.40%
Leverage			
Cash	2%	1.0%	0.00%
Asset Allocation Leverage	-6%	1.3%	-0.10%
Inflation Expectation			2.40%
Volatility Drag			-0.70%
Total	<u>100%</u>		<u>7.90%</u>

8. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.00%) in measuring the Net Pension Liability.

	1% Decrease <u>6.00%</u>	Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
District's Proportionate Share of Net Pension Liability	\$ 15,230,047	\$ 9,535,148	\$ 4,816,519

LA VERNIA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

G. Pension Plan (Continued)

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

At June 30, 2025, the District reported a liability of \$9,535,148 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 Proportionate Share	\$ 9,535,148
State's Proportionate Share	14,637,708
	<u>\$ 24,172,856</u>

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

At August 31, 2024 the employer's proportion of the collective net pension liability was 0.0156098% which was an increase of 0.0018191% from its proportion measured as of August 31, 2023.

There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

For the year ended June 30, 2025, the District recognized pension expense of \$3,126,028, including \$1,749,451 in support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 525,564	\$ 74,446
Changes in actuarial assumptions	492,320	66,003
Difference between projected and actual investment earnings	57,961	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	999,510	408,521
Contributions paid to TRS subsequent to the measurement date	687,354	-
	<u>\$ 2,762,709</u>	<u>\$ 548,970</u>

LA VERNIA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

G. Pension Plan (Continued)

9. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The \$687,354 in deferred outflows of resources related to pensions from District contributions after the measurement date will be recognized as a reduction of the net pension liability in the plan year ending August 31, 2025. The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending August 31,	Pension Expense Amount
2025	\$ 17,226
2026	1,115,631
2027	289,587
2028	(36,635)
2029	140,576
Thereafter	-
	\$ 1,526,385

H. Other Post-Employment Benefits

1. 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 plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established in accordance with the Texas Insurance Code, Chapter 1575. The Board may adopt rules, plans, procedures, and orders reasonably necessary to administer the program, including minimum benefits and financing standards.

2. OPEB Plan Fiduciary Net Position

Detailed information about the TRS-Care's fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://www.trs.state.tx.us/about_publications.aspx; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

LA VERNIA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

H. Other Post-Employment Benefits (Continued)

3. Benefits Provided

TRS-Care provides health insurance coverage to retirees from public and charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee. Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. There are no automatic post-employment benefit changes; including automatic COLAs. The premium rates for retirees are reflected in the following table.

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

4. 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 made from the state, active employees, and school districts based upon public school district payroll. The TRS Board of Trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act.

LA VERNIA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

H. Other Post-Employment Benefits (Continued)

4. Contributions (Continued)

The following table shows contributions to the TRS-Care plan by type of contributor.

	Contribution Rates		Contributions
	Years Ending August 31,		Required and
	2024	2025	Made
Member (Employee)	0.65%	0.65%	\$ 149,342
Non-employer Contributing Entity (State)	1.25%	1.25%	230,892
Employer	0.75%-1.25%	0.75%-1.25%	195,394
			<u>\$ 575,628</u>

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

5. Actuarial Assumptions

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017. 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	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
Rates of Disability Incidence	

The active mortality rates were based on PUB(2010), Amount-Weighted, Below-Median Income, Teacher male and female tables (with a two-year set forward for males). The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using the ultimate improvement rates from the mortality projection scale MP-2021. The total OPEB liability in the August 31, 2023 actuarial valuation was rolled forward to August 31, 2024.

LA VERNIA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

H. Other Post-Employment Benefits (Continued)

5. Actuarial Assumptions (Continued)

Additional actuarial assumptions were as follows:

Valuation Date	August 31, 2023, Rolled forward
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Discount Rate	3.87%
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Projected Salary Increases	3.05% to 9.05%, including inflation
Election Rates	62% participation prior to age 65 25% participation after age 65 30% of pre-65 assumed to discontinue at age 65
Ad hoc post-employment benefit changes	None

6. Discount Rate

A single discount rate of 3.87% was used to measure the total OPEB liability. This was an decrease of 0.26% in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

The source of the municipal bond rate is the Fidelity “20-year Municipal GO AA 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.

LA VERNIA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

H. Other Post-Employment Benefits (Continued)

7. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (4.13%) in measuring the Net OPEB Liability.

	1% Decrease 2.87%	Discount Rate 3.87%	1% Increase 4.87%
District's Proportionate Share of Net OPEB Liability	\$ 7,789,780	\$ 6,556,796	\$ 5,560,526

8. 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 1% point lower or 1% point higher than the assumed healthcare cost trend rate.

	1% Decrease	Trend Rate	1% Increase
Proportionate share of Net OPEB Liability	\$ 5,339,537	\$ 6,556,796	\$ 8,143,006

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

At June 30, 2025, the District reported a liability of \$6,556,796 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 Proportionate Share	\$ 6,556,796
State's Proportionate Share	8,215,577
	<u>\$ 14,772,373</u>

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

At August 31, 2024, the employer's proportion of the collective net OPEB liability was 0.0216029% which was an increase of 0.0012708% from the prior year.

LA VERNIA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

H. Other Post-Employment Benefits (Continued)

9. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (Continued)

Changes Since the Prior Actuarial Valuation – 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.

For the year ended June 30, 2025, the District recognized OPEB expense of (\$1,845,512) and \$1,067,873 of cost savings recognized by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,256,718	\$ 3,272,197
Changes in actuarial assumptions	839,192	2,139,407
Difference between projected and actual investment earnings	-	18,361
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	1,009,671	1,226,452
Contributions paid to TRS subsequent to the measurement date	163,640	-
	<u>\$ 3,269,221</u>	<u>\$ 6,656,417</u>

The \$163,640 in deferred outflows of resources related to OPEB from District contributions after the measurement date will be recognized as a reduction of the net OPEB liability in the year ending August 31, 2025. The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

Year Ending August 31,	OPEB Expense Amount
2025	\$ (948,306)
2026	(651,342)
2027	(889,120)
2028	(762,621)
2029	(437,469)
Thereafter	138,022
	<u>\$ (3,550,836)</u>

LA VERNIA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

I. Medicare Part D Coverage

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended June 30, 2025, 2024 and 2023, the subsidy payments received by TRS-Care on behalf of the District were \$151,656 132,037, and \$111,036, respectively.

J. Employee Health Care Coverage

During the period ended June 30, 2025, employees of the District were covered by a health insurance plan (the Plan). The District paid a portion of premiums per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third party administrator, acting on behalf of the licensed insurer. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement. The contract between the District and the third party administrator is renewable September 1, and terms of coverage and premium costs are included in the contractual provisions. Latest financial statements for the Plan are available for the year ended June 30, 2024, have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

M. Commitments and Contingencies

1. Contingencies

The District participates in 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.

2. Litigation

The District is not aware of any pending litigation at this time that would have any significant impact on these financial statements.

LA VERNIA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

M. Commitments and Contingencies

3. Commitments

The District engaged an architect, project manager and construction manager for the voter approved bond projects. The commitments from those contracts as of June 30, 2025 were as follows:

Contract	Total Contract	Incurred Through June 30, 2025	Estimated Remaining Commitment
Project Management	\$ 3,915,666	\$ 1,130,342	\$ 2,785,324
Architect	5,701,952	4,641,976	1,059,976
Construction Management	84,802,533	16,828,816	67,973,717
	<u>\$94,420,151</u>	<u>\$22,601,134</u>	<u>\$71,819,017</u>

N. Prior Period Adjustment

The near final fiscal year 2023-2024 Foundation School Program revenue estimate from TEA included errors in the amount of property taxes refunded under 26.115 (c). TEA revised their allotment in June, 2025. This resulted in a settle up of (\$1,506,288) that was deducted from the fiscal year 2025-2026 allotment. A prior period adjustment was recorded to reflect this reduction of funding in 2023-2024 rather than 2024-2025.

In addition, as of July 1, 2024, the District implemented GASB Statement 101 related to compensated absences. This led to the recording of a liability for state and local days that are more likely than not to be taken in the future. Beginning net position was adjusted for the liability incurred in prior years.

	General Fund	Governmental Activities
Beginning Fund Balance/Net Position, Previously Reported	\$ 9,688,470	\$ 10,135,807
Correction of Foundation School Program Overpayment	(1,506,288)	(1,506,288)
Change in Principle - Compensated Absences	-	(1,333,360)
Beginning Fund Balance/Net Position, Restated	<u>\$ 8,182,182</u>	<u>\$ 7,296,159</u>

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

LA VERNIA INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes		1	2	3	Variance with Final Budget
		Budgeted Amounts		Actual	
		Original	Final		
	REVENUES				
5700	Local and Intermediate Sources	\$ 12,358,441	\$ 11,884,441	\$ 12,145,436	\$ 260,995
5800	State Program Revenues	19,459,122	22,015,719	22,239,434	223,715
5900	Federal Program Revenues	200,000	46,000	45,829	(171)
5020	Total Revenues	<u>32,017,563</u>	<u>33,946,160</u>	<u>34,430,699</u>	<u>484,539</u>
	EXPENDITURES				
0011	Instruction	19,515,175	20,294,655	20,281,161	13,494
0012	Instructional Resources and Media Services	381,930	408,430	386,290	22,140
0013	Curriculum and Staff Development	199,827	241,887	207,406	34,481
0021	Instructional Leadership	563,559	455,380	438,092	17,288
0023	School Leadership	1,560,326	1,550,576	1,533,722	16,854
0031	Guidance, Counseling and Evaluation Services	771,559	675,559	655,202	20,357
0033	Health Services	329,559	315,788	307,790	7,998
0034	Student (Pupil) Transportation	1,228,529	1,553,529	1,517,140	36,389
0036	Cocurricular/Extracurricular Activities	923,208	1,028,247	1,000,487	27,760
0041	General Administration	1,511,662	1,532,212	1,560,845	(28,633)
0051	Plant Maintenance and Operations	3,526,363	3,539,786	3,548,166	(8,380)
0052	Security and Monitoring Services	408,560	428,560	463,756	(35,196)
0053	Data Processing Services	736,909	781,909	780,854	1,055
0061	Community Service	87,885	97,885	92,096	5,789
0071	Debt Service	470,043	650,043	634,760	15,283
0095	Payments for Juvenile Justice Programs	10,176	15,176	-	15,176
0099	Other Intergovernmental Charges	351,538	376,538	368,740	7,798
6030	Total Expenditures	<u>32,576,808</u>	<u>33,946,160</u>	<u>33,776,507</u>	<u>169,653</u>
1200	Net Change in Fund Balance	(559,245)	-	654,192	654,192
0100	Fund Balance - Beginning	9,688,470	9,688,470	9,688,470	-
	Prior Period Adjustment - Foundation Allotment	-	-	(1,506,288)	(1,506,288)
3000	Fund Balance - Ending	<u>\$ 9,129,225</u>	<u>\$ 9,688,470</u>	<u>\$ 8,836,374</u>	<u>\$ (852,096)</u>

LA VERNIA INDEPENDENT SCHOOL DISTRICT
NOTES TO BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2025

Budgetary Information - The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The District maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Trustees and as such is a good management control device.

Budgetary preparation and control is exercised at the function level. Actual expenditures may not legally exceed appropriations at the fund level.

LA VERNIA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2025

Measurement Period Ending August 31,	District's Proportion of Net Pension Liability	District's Proportionate Share of the Net Pension Liability	State's Proportion of Net Pension Liability	Total Net Pension Liability	District's Covered Payroll for the Measurement Period	District's Proportionate Share of the Net Pension Liability as a % of Payroll	Plan Fiduciary Net Position as a % of Total Pension Liability
2024	0.0156098%	\$ 9,535,148	\$ 14,637,708	\$ 24,172,856	\$ 23,001,061	41.46%	77.51%
2023	0.0137907%	\$ 9,472,902	\$ 17,017,840	\$ 26,490,742	\$ 21,050,330	45.00%	73.15%
2022	0.0130512%	\$ 7,748,173	\$ 14,223,554	\$ 21,971,727	\$ 20,139,617	38.47%	75.62%
2021	0.0135497%	\$ 3,450,637	\$ 7,347,429	\$ 10,798,066	\$ 20,360,999	16.95%	88.79%
2020	0.0140024%	\$ 7,499,415	\$ 15,993,216	\$ 23,492,631	\$ 20,575,615	36.45%	75.54%
2019	0.0165495%	\$ 8,602,941	\$ 14,735,031	\$ 23,337,972	\$ 19,855,127	43.33%	75.24%
2018	0.0165641%	\$ 9,117,272	\$ 16,127,498	\$ 25,244,770	\$ 19,317,314	47.20%	73.74%
2017	0.0147574%	\$ 4,718,617	\$ 9,985,305	\$ 14,703,922	\$ 18,389,157	25.66%	82.17%
2016	0.0148344%	\$ 5,605,718	\$ 11,502,012	\$ 17,107,730	\$ 17,616,575	31.82%	78.00%
2015	0.0144729%	\$ 5,115,978	\$ 10,885,722	\$ 16,001,700	\$ 16,531,771	30.95%	78.43%

LA VERNIA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS – TEACHER RETIREMENT SYSTEM
JUNE 30, 2025

Fiscal Year Ending June 30,	Contractually Required Contribution	Contributions Made	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percent Covered Payroll
2025	\$ 827,550	\$ 827,550	\$ -	\$ 22,975,721	3.6%
2024	\$ 805,704	\$ 805,704	\$ -	\$ 22,838,452	3.5%
2023	\$ 702,118	\$ 702,118	\$ -	\$ 20,911,963	3.4%
2022	\$ 605,359	\$ 605,359	\$ -	\$ 19,711,853	3.1%
2021	\$ 698,436	\$ 698,436	\$ -	\$ 20,370,397	3.4%
2020	\$ 578,262	\$ 578,262	\$ -	\$ 20,473,762	2.8%
2019	\$ 585,162	\$ 585,162	\$ -	\$ 19,776,371	3.0%
2018	\$ 548,836	\$ 548,836	\$ -	\$ 19,189,199	2.9%
2017	\$ 481,015	\$ 481,015	\$ -	\$ 18,242,124	2.6%
2016	\$ 466,461	\$ 466,461	\$ -	\$ 17,474,647	2.7%

LA VERNIA INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION ON PENSIONS
JUNE 30, 2025

The following significant assumptions were used in developing the pension liability:

Valuation Date	August 31, 2023, Rolled Forward
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Investment Rate of Return	7.00%
Single Discount Rate	7.00%
Salary Increases Including Inflation	2.95% to 8.95% including inflation
Inflation	2.3%
Ad Hoc Post-Employment Benefit Changes	None
Municipal Bond Rate	3.13%. Fidelity 20-Year AA Municipal

The following changes to the actuarial assumptions or other inputs affected the measurement of the pension liability:

2024	None
2023	None
2022	Expected rate of return reduced from 7.25% to 7.00% Municipal bond rate increased from 1.95% to 3.91%
2021	Municipal bond rate reduced from 2.3 to 1.95%
2020	Municipal bond rate reduced from 2.6 to 2.3%
2019	Municipal bond rate reduced from 3.7 to 2.6%
2018	Inflation rate reduced from 2.5 to 2.3% Expected rate of return reduced from 8% to 7.25% Salary increases reduced from 3.5-9.5% to 3.05-9.05%

There have been no changes of benefit terms impacting the schedule.

LA VERNIA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
JUNE 30, 2025

Measurement Period Ending August 31,	District's Proportion Of Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	State's Proportion Of Net OPEB Liability	Total Net OPEB Liability	District's Covered Payroll for the Measurement Period	District's Proportionate Share of the Net OPEB Liability As a % of Payroll	Plan Fiduciary Net Position As a % of Total OPEB Liability
2024	0.0216029%	\$ 6,556,796	\$ 8,215,577	\$ 14,772,373	\$ 23,001,061	28.51%	13.70%
2023	0.0203320%	\$ 4,501,161	\$ 5,431,343	\$ 9,932,504	\$ 21,050,330	21.38%	14.94%
2022	0.0200366%	\$ 4,797,571	\$ 5,852,283	\$ 10,649,854	\$ 21,050,330	22.79%	11.52%
2021	0.0210149%	\$ 8,106,381	\$ 10,860,744	\$ 18,967,125	\$ 20,139,617	40.25%	6.18%
2020	0.0225757%	\$ 8,582,038	\$ 11,532,202	\$ 20,114,240	\$ 20,360,999	42.15%	4.99%
2019	0.0236103%	\$ 11,165,615	\$ 14,836,605	\$ 26,002,220	\$ 20,575,615	54.27%	2.66%
2018	0.0236020%	\$ 11,784,690	\$ 17,093,836	\$ 28,878,526	\$ 19,855,127	59.35%	1.57%
2017	0.0213818%	\$ 9,298,125	\$ 15,003,276	\$ 24,301,401	\$ 19,317,314	48.13%	0.91%

Note: Amounts presented for each fiscal period were determined as of the year ending August 31 of the previous calendar year. (Amounts are being accumulated until 10 years are presented.)

LA VERNIA INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DISTRICT'S OPEB CONTRIBUTIONS – TEACHER RETIREMENT SYSTEM
 JUNE 30, 2025

Fiscal Year Ending June 30,	Contractually Required Contribution	Contributions Made	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percent Covered Payroll
2025	\$ 195,394	\$ 195,394	\$ -	\$ 22,975,721	0.85%
2024	\$ 191,677	\$ 191,677	\$ -	\$ 22,838,452	0.84%
2023	\$ 174,059	\$ 174,059	\$ -	\$ 20,911,963	0.83%
2022	\$ 164,049	\$ 164,049	\$ -	\$ 19,711,853	0.83%
2021	\$ 180,591	\$ 180,591	\$ -	\$ 20,370,397	0.89%
2020	\$ 171,618	\$ 171,618	\$ -	\$ 20,473,762	0.84%
2019	\$ 168,209	\$ 168,209	\$ -	\$ 19,776,371	0.85%
2018	\$ 155,283	\$ 155,283	\$ -	\$ 19,189,199	0.81%
2017	\$ 109,307	\$ 109,307	\$ -	\$ 18,242,124	0.60%
2016	\$ 105,442	\$ 105,442	\$ -	\$ 17,474,647	0.60%

LA VERNIA INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION ON OPEB
JUNE 30, 2025

The following significant assumptions were used in developing the OPEB liability:

Valuation Date	August 31, 2023, Rolled forward
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Discount Rate	3.87%
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Projected Salary Increases	3.05% to 9.05%, including inflation
Election Rates	62% participation prior to age 65 25% participation after age 65 30% of pre-65 assumed to discontinue at age 65
Ad hoc post-employment benefit changes	None

The following changes to the actuarial assumptions or other inputs affected the measurement of the OPEB liability:

2024	Discount rate decreased from 4.13% to 3.87%
2023	Discount rate increased from 3.91% to 4.13%
2022	Discount rate increased from 1.95% to 3.91%
2021	Discount rate decreased from 2.33 to 1.95%
2020	Discount rate decreased from 2.63 to 2.33%
	Participation rate for post-65 retirees lowered from 50 to 40%
	Health care trend rate lowered from 4.5 to 4.25%
2019	Discount rate decreased from 3.69 to 2.63%
	Election rates reduced from 70 to 65%
2018	Inflation rate reduced from 2.5 to 2.3%
	Discount rate reduced from 3.42 to 3.69%
	Salary increases reduced from 3.5-9.5% to 3.05-9.05%

There have been no changes of benefit terms impacting the schedule.



SUPPLEMENTARY INFORMATION

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements.

LA VERNIA INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEETS
NONMAJOR FUNDS
JUNE 30, 2025

Data Control Codes		211	224	225	226
		Title I Part A	IDEA B Formula	IDEA B Preschool	IDEA B High Cost
	ASSETS:				
1110	Cash and Cash Equivalents	\$ 99,088	\$ 43,036	\$ -	\$ -
1240	Due from Other Governments	-	-	-	56,359
1000	<i>Total Assets</i>	<u>\$ 99,088</u>	<u>\$ 43,036</u>	<u>\$ -</u>	<u>\$ 56,359</u>
	LIABILITIES:				
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	99,088	43,036	-	-
2170	Due to Other Funds	-	-	-	56,359
2000	<i>Total Liabilities</i>	<u>99,088</u>	<u>43,036</u>	<u>-</u>	<u>56,359</u>
	FUND BALANCES:				
	<i>Restricted Fund Balances:</i>				
3450	Federal/State Grant Restrictions	-	-	-	-
3490	Other Restrictions	-	-	-	-
	<i>Committed Fund Balances:</i>				
3545	Other - Campus Activities	-	-	-	-
3000	<i>Total Fund Balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balance	<u>\$ 99,088</u>	<u>\$ 43,036</u>	<u>\$ -</u>	<u>\$ 56,359</u>

240 National School Lunch	244 Carl Perkins	255 ESEA Title II Part A	263 Title III Part A	289 Other Federal Programs
\$ 392,432	\$ -	\$ -	\$ -	\$ -
3,896	2,414	-	1,403	-
<u>\$ 396,328</u>	<u>\$ 2,414</u>	<u>\$ -</u>	<u>\$ 1,403</u>	<u>\$ -</u>
\$ 924	\$ 860	\$ -	\$ -	\$ -
83,879	-	-	-	-
-	1,554	-	1,403	-
<u>84,803</u>	<u>2,414</u>	<u>-</u>	<u>1,403</u>	<u>-</u>
311,525	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>311,525</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 396,328</u>	<u>\$ 2,414</u>	<u>\$ -</u>	<u>\$ 1,403</u>	<u>\$ -</u>

LA VERNIA INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEETS (CONTINUED)
NONMAJOR FUNDS
JUNE 30, 2025

Data Control Codes		385 State Visually Impaired	392 Non- Educational Support	397 Advanced Placement Incentive	410 State Textbook
	ASSETS:				
1110	Cash and Cash Equivalents	\$ -	\$ 2,600	\$ -	\$ -
1240	Due from Other Governments	-	-	-	-
1000	<i>Total Assets</i>	<u>\$ -</u>	<u>\$ 2,600</u>	<u>\$ -</u>	<u>\$ -</u>
	LIABILITIES:				
2110	Accounts Payable	\$ -	\$ 2,600	\$ -	\$ -
2160	Accrued Wages Payable	-	-	-	-
2170	Due to Other Funds	-	-	-	-
2000	<i>Total Liabilities</i>	<u>-</u>	<u>2,600</u>	<u>-</u>	<u>-</u>
	FUND BALANCES:				
	<i>Restricted Fund Balances:</i>				
3450	Federal/State Grant Restrictions	-	-	-	-
3490	Other Restrictions	-	-	-	-
	<i>Committed Fund Balances:</i>				
3545	Other - Campus Activities	-	-	-	-
3000	<i>Total Fund Balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balance	<u>\$ -</u>	<u>\$ 2,600</u>	<u>\$ -</u>	<u>\$ -</u>

429 State Special Revenue	461 Campus Activity Funds	489 Foundation Donations	499 UIL Events	Total Nonmajor Funds
\$ 46,153	\$ 519,690	\$ 39,223	\$ 18,149	\$ 1,160,371
117,029	-	-	-	181,101
<u>\$ 163,182</u>	<u>\$ 519,690</u>	<u>\$ 39,223</u>	<u>\$ 18,149</u>	<u>\$ 1,341,472</u>
\$ 79,665	8,164	\$ -	\$ -	\$ 92,213
-	-	-	-	226,003
83,517	-	-	-	142,833
<u>163,182</u>	<u>8,164</u>	<u>-</u>	<u>-</u>	<u>461,049</u>
-	-	-	18,149	329,674
-	-	39,223	-	39,223
-	511,526	-	-	511,526
<u>-</u>	<u>511,526</u>	<u>39,223</u>	<u>18,149</u>	<u>880,423</u>
<u>\$ 163,182</u>	<u>\$ 519,690</u>	<u>\$ 39,223</u>	<u>\$ 18,149</u>	<u>\$ 1,341,472</u>

LA VERNIA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCE – NONMAJOR FUNDS
 FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes		211	224	225	226
		Title I	IDEA B	IDEA B	IDEA B
		Part A	Formula	Preschool	High Cost
	REVENUES				
5700	Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	303,344	585,507	12,658	56,359
5020	Total Revenues	<u>303,344</u>	<u>585,507</u>	<u>12,658</u>	<u>56,359</u>
	EXPENDITURES				
	<i>Current:</i>				
0011	Instruction	215,279	416,110	12,658	56,359
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Staff Development	-	64,005	-	-
0021	Instructional Leadership	88,065	-	-	-
0031	Guidance Counseling	-	105,392	-	-
0035	Food Service	-	-	-	-
0036	Extracurricular Activities	-	-	-	-
0052	Security and Monitoring	-	-	-	-
0081	Facilities Acquisition	-	-	-	-
6030	Total Expenditures	<u>303,344</u>	<u>585,507</u>	<u>12,658</u>	<u>56,359</u>
1200	Net Change in Fund Balances	-	-	-	-
0100	Fund Balances - Beginning	-	-	-	-
3000	Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

240 National School Lunch	244 Carl Perkins	255 Title II Part A	263 Title III Part A	289 Other Federal Programs
\$ 824,271	\$ -	\$ -	\$ -	\$ -
7,170	-	-	-	-
768,147	15,046	62,411	1,403	37,451
1,599,588	15,046	62,411	1,403	37,451
-	15,046	-	1,403	37,451
-	-	-	-	-
-	-	62,411	-	-
-	-	-	-	-
-	-	-	-	-
2,190,361	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
2,190,361	15,046	62,411	1,403	37,451
(590,773)	-	-	-	-
902,298	-	-	-	-
\$ 311,525	\$ -	\$ -	\$ -	\$ -

LA VERNIA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE – NONMAJOR FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes		385 State Visually Impaired	392 Non- Educational Support	397 Advanced Placement Incentive	410 State Textbooks
	REVENUES				
5700	Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	4,269	19,357	-	78,320
5900	Federal Program Revenues	-	-	-	-
5020	Total Revenues	<u>4,269</u>	<u>19,357</u>	<u>-</u>	<u>78,320</u>
	EXPENDITURES				
	<i>Current:</i>				
0011	Instruction	4,269	19,357	-	78,320
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Staff Development	-	-	-	-
0021	Instructional Leadership	-	-	-	-
0031	Guidance Counseling	-	-	-	-
0035	Food Service	-	-	-	-
0036	Extracurricular Activities	-	-	-	-
0052	Security and Monitoring	-	-	-	-
0081	Facilities Acquisition	-	-	-	-
6030	Total Expenditures	<u>4,269</u>	<u>19,357</u>	<u>-</u>	<u>78,320</u>
1200	Net Change in Fund Balances	-	-	-	-
0100	Fund Balances - Beginning	-	-	-	-
3000	Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

429 State Special Revenue	461 Campus Activity Funds	489 Foundation Donations	499 UIL Events	Total Nonmajor Funds
\$ -	\$ 862,821	\$ 114,911	\$ 4,201	\$ 1,806,204
501,434	788	-	-	611,338
-	-	-	-	1,842,326
501,434	863,609	114,911	4,201	4,259,868
-	417,936	114,912	-	1,389,100
-	56,140	-	-	56,140
-	-	-	-	126,416
-	-	-	-	88,065
-	-	-	-	105,392
-	-	-	-	2,190,361
-	385,039	-	12,435	397,474
187,216	-	-	-	187,216
314,218	-	-	-	314,218
501,434	859,115	114,912	12,435	4,854,382
-	4,494	(1)	(8,234)	(594,514)
-	507,032	39,224	26,383	1,474,937
\$ -	\$ 511,526	\$ 39,223	\$ 18,149	\$ 880,423

LA VERNIA INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
FOR THE YEAR ENDED JUNE 30, 2025

Data		1	2	3	
Control		Budgeted Amounts			Variance with
Codes		Original	Final	Actual	Final Budget
	REVENUES				
5700	Local and Intermediate Sources	\$ 860,500	\$ 860,500	\$ 824,271	\$ (36,229)
5800	State Program Revenues	8,000	8,000	7,170	(830)
5900	Federal Program Revenues	755,000	755,000	768,147	13,147
5020	Total Revenues	1,623,500	1,623,500	1,599,588	(23,912)
	EXPENDITURES				
0035	Food Services	2,245,982	2,245,982	2,190,361	55,621
6030	Total Expenditures	2,245,982	2,245,982	2,190,361	55,621
1200	Net Change in Fund Balance	(622,482)	(622,482)	(590,773)	31,709
0100	Fund Balance - Beginning	902,298	902,298	902,298	-
3000	Fund Balance - Ending	\$ 279,816	\$ 279,816	\$ 311,525	\$ 31,709

LA VERNIA INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes		1	2	3	
		Budgeted Amounts			Variance with
		Original	Final	Actual	Final Budget
	REVENUES				
5700	Local and Intermediate Sources	\$ 7,494,199	\$ 7,494,199	\$ 6,698,282	\$ (795,917)
5800	State Program Revenues	170,000	170,000	568,881	398,881
5020	Total Revenues	7,664,199	7,664,199	7,267,163	(397,036)
	EXPENDITURES				
0071	Principal and Long-Term Debt	1,290,000	1,290,000	1,290,000	-
0072	Interest on Long-Term Debt	1,941,125	1,941,125	1,941,125	-
0073	Bond Issuance Costs and Fees	4,500	4,500	4,475	25
6030	Total Expenditures	3,235,625	3,235,625	3,235,600	25
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	4,428,574	4,428,574	4,031,563	(397,011)
	OTHER FINANCING USES				
7916	Bond Premiums	-	-	4,306	(4,306)
8949	Payment to Refunding Escrow	(4,428,574)	(4,428,574)	-	(4,428,574)
7080	Total Other Financing Uses	(4,428,574)	(4,428,574)	4,306	(4,432,880)
1200	Net Change in Fund Balance	-	-	4,035,869	(4,829,891)
0100	Fund Balance - Beginning	7,537,433	7,537,433	7,537,433	-
3000	Fund Balance - Ending	\$ 7,537,433	\$ 7,537,433	\$ 11,573,302	\$ (4,829,891)



OTHER INFORMATION

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements.

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

Year Ended June 30,	1	2	3
	Tax Rates		Assessed/Appraised
	Maintenance	Debt Service	Value for School Tax Purposes *
2015 and Prior Years	\$ Various	\$ Various	\$ Various
2016	1.0400	0.3350	904,799,418
2017	1.0400	0.3550	970,265,591
2018	1.0400	0.3750	982,781,484
2019	1.0400	0.3950	1,112,101,185
2020	0.9700	0.3950	1,171,976,630
2021	0.9337	0.3950	1,379,818,785
2022	0.8720	0.3950	1,456,878,374
2023	0.8546	0.3950	1,661,353,073
2024	0.6692	0.3950	1,569,220,952
2025 (School Year Under Audit)*	0.6669	0.3950	1,735,226,858

1000 Totals

9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax C

8000 - Total Taxes Refunded under Section 26.115c

*Represents net taxable value after applicable exemptions, freeze adjustments, and discounts

EXHIBIT J-1

10 Beginning Balance 7/1/24	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 6/30/25	99
\$ 218,582	\$ -	\$ 6,581	\$ 2,120	\$ (14,651)	\$ 195,230	
19,060	-	713	230	-	18,117	
21,994	-	460	157	(200)	21,177	
31,327	-	1,004	362	-	29,961	
43,443	-	1,596	606	-	41,241	
36,606	-	820	334	(1,009)	34,443	
43,012	-	8,104	3,428	(1,440)	30,040	
101,473	-	18,108	8,203	1,197	76,359	
188,709	-	32,595	15,065	(14,259)	126,790	
482,684	-	60,882	35,936	(221,231)	164,635	
-	18,426,374	10,990,540	6,509,616	(427,095)	499,123	
\$ 1,186,890	\$ 18,426,374	\$ 11,121,403	\$ 6,576,057	\$ (678,688)	\$ 1,237,116	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
						\$ 29,318

LA VERNIA INDEPENDENT SCHOOL DISTRICT
SPECIAL PROGRAM COMPLIANCE SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes		Responses
	Section A: Compensatory Education Programs	
AP1	Did your LEA expend any state compensatory education program state allotment funds during the District's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the District's fiscal year.	\$ 1,400,014
AP4	List the actual direct program expenditures for state compensatory education during the LEA's fiscal year (PICs 24, 26, 28, 29, 30)	\$ 928,108
	Section B: Bilingual Education Programs	
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$ 83,544
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25)	\$ 123,484

LA VERNIA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF JUNE 30, 2025

Data Control Codes		Responses
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF4	Was the school district issued a warrant hold?	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end	\$ -



COMPLIANCE SECTION



Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

Board of Trustees
La Vernia Independent School District
La Vernia, TX

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of La Vernia Independent School District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise La Vernia Independent School District's basic financial statements, and have issued our report thereon dated December 1, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered La Vernia Independent School District's internal control over financial reporting (internal control) to determine the 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 La Vernia Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of La Vernia Independent School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

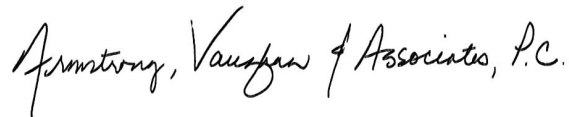
Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether La Vernia Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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.

Respectfully submitted,

A handwritten signature in cursive script that reads "Armstrong, Vaughan & Associates, P.C.".

Armstrong, Vaughan & Associates, P.C.

December 1, 2025



Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE

Board of Trustees
La Vernia Independent School District
La Vernia, TX

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited La Vernia Independent School District's compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025. La Vernia Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, La Vernia Independent School 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 June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*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 La Vernia Independent School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of La Vernia Independent School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on La Vernia Independent School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 La Vernia Independent School 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 La Vernia Independent School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of La Vernia Independent School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of La Vernia Independent School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

A handwritten signature in cursive script that reads "Armstrong, Vaughan & Associates, P.C.".

Armstrong, Vaughan & Associates, P.C.

December 1, 2025

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

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Any material weaknesses identified? Yes X No

Any significant deficiencies identified? Yes X No

Noncompliance material to financial Statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

Any material weaknesses identified? Yes X No

Any significant deficiencies identified? Yes X No

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:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027A, 84.173A	IDEA-B Cluster

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

Auditee qualified as low-risk auditee? X Yes No

B. Financial Statement Findings: NONE

C. Federal Award Findings and Questioned Costs: NONE

D. Prior Audit Findings Related to Federal Awards: NONE

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

Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Texas Education Agency</i>			
Title I Part A- Improving Basic Programs	84.010A	25610101247903	\$ 303,344
IDEA-B Formula*	84.027A	256600012479036000	585,505
IDEA-B High Cost*	84.027A	66002506	56,359
IDEA-B Preschool*	84.173A	256610012479036000	12,658
Title II Part A - Teacher & Principal Training & Recruiting	84.367A	25694501247903	62,411
Title IV Part A Subpart 1	84.424A	25680101247903	37,451
Carl Perkins	84.048A	25420006247903	15,046
<i>Passed Through Education Service Center Region 20:</i>			
Title III Part A	84.365A	N/A	1,403
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>1,074,177</u>
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Texas Department of Agriculture:</i>			
School Breakfast Program*	10.553	71402501	100,870
National School Lunch*	10.555	71302501	543,176
Commodities*#	10.555	247-903	124,100
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>768,146</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 1,842,323</u></u>

*Indicates clustered program under OMB Compliance Supplement

- Indicates Non-cash Assistance

ALN Totals

84.027	\$ 641,864
10.555	667,276

Cluster Totals

IDEA-B	654,522
Child Nutrition	768,146

LA VERNIA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

1. For all Federal programs, the District uses the fund types specified in Texas Education Agency's Financial Accountability System Resource Guide. Special revenue funds are used to account for resources restricted, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial measurement focus. All Federal grant funds were accounted for in the General Fund or Special Revenue Fund, which are Governmental Fund types. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types and Agency Funds. This basis of accounting recognizes revenue in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and accordingly, when such funds are received, they are recorded as deferred revenue until earned.

3. According to AAG-SLG Appendix D, Questions and Answers, most Medicaid arrangements between states and providers (SHARS) are contracts for services and not Federal assistance, they should not appear on the Schedule of Expenditures of Federal Awards.
4. The District has not elected to use the 10% de minimis indirect cost rate as allowed by Uniform Guidance.
5. Reconciliation of the Schedule of Expenditures of Federal Awards to Exhibit C-2 is as follows:

Federal Program Revenues and Expenditures:	
General Fund	\$ 45,829
Special Revenue Fund	1,842,326
	<u>1,888,155</u>
Less:	
Shared Health and Related Services (SHARS)	<u>(45,832)</u>
Total per Schedule of Expenditures of Federal Awards (See Exhibit K-1)	<u>\$ 1,842,323</u>

