

Splendora Independent School District

Annual Financial Report

For the Fiscal Year Ended June 30, 2025

Splendora Independent School District

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Certificate of the Board

Splendora Independent School District

Name of School District

Montgomery

County

170-907

Co.-Dist Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and _____ approved _____ disapproved for the fiscal year ended June 30, 2025 at a meeting of the Board of Trustees of such school district on the 20th day of October 2025.

Signature of Board Secretary

Signature of Board President

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

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Financial Section

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, during the year ended June 30, 2025, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Beginning net position has been restated as a result of the implementation of this statement. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

The Board of Trustees of
Splendora Independent School District

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Supplementary Information as listed in the table of contents, and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (*Uniform Guidance*) 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 and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Financial Report

Management is responsible for the other information included in the Annual Financial Report. The other information comprises the Schedule of Required Responses to Selected School FIRST Indicators but 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 **October 20, 2025**, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

(Name of Firm)

The Woodlands, Texas
October 20, 2025

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Management's Discussion and Analysis

As management of the Splendora Independent School District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2025.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$38,510,243 (*net position*). Of this amount, \$20,501,398 (*unrestricted net position*) was in a deficit due to the net pension and net OPEB liabilities.
- The District's total net position increased by \$150,360 from current operations.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$89,022,292, a decrease of \$56,075,709.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$8,898,844, or 14% of total general fund expenditures.
- The District's net bonded debt increased by \$48,491,337 during the current fiscal year.

Overview of the Financial Statements

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

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

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

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

The government-wide financial statements of the District are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the District include *Instruction, Instructional Resources and Media Services, Curriculum and Instructional Staff Development, Instructional Leadership, School Leadership, Guidance, Counseling, and Evaluation Services, Health Services, Student Transportation, Food Services, Extracurricular Activities, General Administration, Plant Maintenance and Operations, Security and Monitoring Services, Data Processing Services, Community Services, Interest on Long-term Debt, Issuance Costs and Fees, Facilities Repair and Maintenance, Payments Related to Shared Services Arrangements, and Other Intergovernmental Charges*.

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

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintained twenty governmental funds during the year. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and capital projects fund, which are considered to be major funds. Data from the other seventeen governmental funds are combined into a single, aggregated presentation titled *total nonmajor funds*.

The District adopts an annual revenue and appropriations budget for its general fund, debt service fund, and national school breakfast and lunch program special revenue fund. All other governmental funds adopt project length budgets. Subsequent to adoption, amendments approved by the governing body are reflected in a revised budget column. A budgetary comparison schedule has been provided for the general fund, debt service fund, and national school breakfast and lunch program special revenue fund to demonstrate compliance with its budget.

The basic governmental fund financial statements can be found as noted in the table of contents of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of students and student organizations. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the District's own programs and activities.

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve, over time, as a useful indicator of a District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$38,510,243 at the close of the most recent fiscal year.

Splendora Independent School District's Net Position

	Governmental Activities					
	2025		2024		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Current and other assets	\$ 104,263,227	31	\$ 155,433,368	55	\$ (51,170,141)	(33)
Capital assets	233,132,288	69	125,035,481	45	108,096,807	86
Total assets	337,395,515	100	280,468,849	100	56,926,666	
Total deferred outflows of resources	15,273,907	100	18,159,397	100	(2,885,490)	(16)
Other liabilities	16,271,033	5	10,541,311	4	5,729,722	54
Noncurrent liabilities	286,809,348	95	232,937,659	96	53,871,689	23
Total liabilities	303,080,381	100	243,478,970	100	59,601,411	
Total deferred inflows of resources	11,078,798	100	14,331,312	100	(3,252,514)	(23)
Net position:						
Net investment in capital assets	52,891,903	137	49,923,327	122	2,968,576	6
Restricted	6,119,738	16	5,190,758	12	928,980	18
Unrestricted (deficit)	(20,501,398)	(53)	(14,296,121)	(34)	(6,205,277)	43
Total net position	\$ 38,510,243	100	\$ 40,817,964	100	\$ (2,307,721)	

Net Investment in Capital Assets (\$52,891,903 or 137% of net position) reflects its investment in capital assets (e.g., land and improvements, construction in progress, buildings and improvements, and furniture and equipment); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted Net Position (\$6,119,738 or 16% of net position) consists of \$1,711,685 which is restricted for grants and \$4,408,053 which is restricted for debt service.

Unrestricted Net Position at fiscal year-end is a deficit (\$20,501,398) due to net pension and net OPEB liabilities; however, the District was still able to report a positive total net position.

The District implemented GASB Statement No. 101, *Compensated Absences* in fiscal year 2025 resulting in a restatement which decreased net position by \$2,458,081 as of June 30, 2024. Because the restatement is the result of a change in accounting principle, the information for 2024 in the tables in the MD&A have not been restated in accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections* - an amendment of GASB Statement No. 62. See Note 1 J. for more information.

Governmental Activities. Governmental activities increased the District's net position by \$150,360 from current operations. Key elements of this change are as follows:

Splendora Independent School District's Changes in Net Position

	Governmental Activities					
	2025		2024		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Revenues						
Program revenues:						
Charges for services	\$ 1,298,543	2	\$ 1,592,554	2	\$ (294,011)	(18)
Operating grants and contributions	9,924,907	12	10,576,891	14	(651,984)	(6)
General revenues:						
Property taxes, levied for general purposes	14,197,059	17	12,551,665	16	1,645,394	13
Property taxes, levied for debt service	9,347,260	11	7,537,454	10	1,809,806	24
Grants and contributions not restricted to specific programs	41,951,131	52	40,013,534	52	1,937,597	5
Investment earnings	4,708,691	6	5,667,883	6	(959,192)	(17)
Miscellaneous	54,832	-	24,556	-	30,276	123
Total revenues	81,482,423	100	77,964,537	100	3,517,886	
Expenses						
Instruction	38,812,535	47	37,841,122	49	971,413	3
Instructional resources and media services	442,363	1	484,069	1	(41,706)	(9)
Curriculum and instructional staff development	2,180,927	3	2,294,146	3	(113,219)	(5)
Instructional leadership	1,605,298	2	1,279,527	2	325,771	25
School leadership	3,078,727	4	2,784,391	4	294,336	11
Guidance, counseling, and evaluation services	2,723,629	3	2,875,340	4	(151,711)	(5)
Social work services	121,957	-	115,292	-	6,665	6
Health services	483,153	1	450,614	1	32,539	7
Student transportation	3,681,401	5	3,419,707	5	261,694	8
Food services	4,860,809	6	4,125,795	5	735,014	18
Extracurricular activities	2,205,674	3	2,236,105	3	(30,431)	(1)
General administration	2,885,933	4	2,773,481	4	112,452	4
Plant maintenance and operations	5,932,169	7	5,844,118	8	88,051	2
Security and monitoring services	1,214,116	1	1,089,343	1	124,773	11
Data processing services	908,290	1	896,037	1	12,253	1
Community services	325,749	-	332,321	-	(6,572)	(2)
Interest on long-term debt	9,062,335	11	5,897,605	8	3,164,730	54
Issuance costs and fees	451,500	1	467,926	1	(16,426)	(4)
Facilities repair and maintenance	81,289	-	176,141	-	(94,852)	(54)
Payment related to shared services arrangements	60,803	-	39,614	-	21,189	53
Other intergovernmental charges	213,406	-	182,770	-	30,636	17
Total expenses	81,332,063	100	75,605,464	100	5,726,599	
Change in net position	150,360		2,359,073		(2,208,713)	
Net position - beginning, as previously reported	40,817,964		38,458,891		2,359,073	
Implementation of GASB 101, <i>Compensated Absences</i>	(2,458,081)		-		(2,458,081)	
Net position - beginning, as restated	38,359,883		38,458,891		(99,008)	
Net position - ending	\$ 38,510,243		\$ 40,817,964		\$ (2,307,721)	

Revenues are generated primarily from two sources. Grants and contributions (program and general revenues totaling \$51,876,038) represent 64% of total revenues and property taxes (\$23,544,319) represent 28% of total revenues. The remaining 8% is generated from charges for services, investment earnings, and miscellaneous revenues. The most significant changes are increases in property taxes and in grants and contributions, which resulted from increases in property tax rates and state funding, respectively.

The primary functional expenses of the District are Instruction (\$38,812,535), which represents 47% of total expenses and interest on long-term debt (\$9,062,335), which represents 11% of total expenses. The remaining functional categories of expenses are individually 7% or less of total expenses.

Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$89,022,292, a decrease of \$56,075,709.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$8,898,844 while total fund balance was \$11,323,520. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 14% of total general fund expenditures, while total fund balance represents 18% of that same amount. The fund balance of the District's general fund decreased by \$1,296,064 during the current fiscal year, due to a \$3.4 million increase in instruction expenditures.

The debt service fund has a total fund balance of \$6,818,238, all of which is restricted for the payment of debt service. The increase in fund balance during the current year in the debt service fund was \$2,063,448. The increase in the debt service fund was primarily due to the recognition of \$1.4 million of premium on bonds issued in the current year.

The capital projects fund has a total fund balance of \$68,796,229, all of which is restricted for capital acquisitions and contractual obligations. The net decrease in fund balance during the current year of \$56,629,689 was primarily due to capital outlay exceeding the proceeds of bond issuance during the year.

General Fund Budgetary Highlights

The District amended the budget several times throughout the year. There were no significant variations between original and final revenue budget. The final expenditures budget decreased by \$2,439,500 primarily due to the \$3,148,500 decrease in facilities acquisition and construction as a result of a reduction in construction projects during the year.

The most significant variations between final budget and actual revenues were state program revenues which were \$1,978,454 over budget and local and intermediate sources which were \$1,021,275 under budget. Both of these variances were primarily the result of Texas Senate Bill 2. Senate Bill 2 was passed in July 2023 and included property tax relief in exchange for additional state funding. The most significant variation between budget and actual expenditures was instruction expenditures which were \$286,831 over budget.

Capital Assets and Long-term Liabilities

Capital Assets. The District's investment in capital assets for its governmental activities as of June 30, 2025 amounts to \$233,132,288 (net of accumulated depreciation). This investment in capital assets includes land and improvements, construction in progress, buildings and improvements, and furniture and equipment.

Major capital asset additions during the current fiscal year included the following:

- Construction of New Junior High School, Peach Creek Elementary School, Greenleaf Elementary School and High School Addition and portables
- Various costs related to furniture and equipment

Splendora Independent School District's Capital Assets (net of depreciation)

	Governmental Activities					
	2025		2024		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Land and improvements	\$ 14,936,419	6	\$ 14,936,419	12	\$ -	-
Construction in progress	140,131,950	60	29,841,453	24	110,290,497	370
Buildings and improvements	73,735,567	32	76,808,835	61	(3,073,268)	(4)
Furniture and equipment	4,328,352	2	3,448,774	3	879,578	26
Totals	<u>\$ 233,132,288</u>	<u>100</u>	<u>\$ 125,035,481</u>	<u>100</u>	<u>\$ 108,096,807</u>	

Additional information on the District's capital assets can be found in the notes to the financial statements as noted in the table of contents of this report.

Long-term Liabilities. At year-end, the District had the following long-term liabilities:

Splendora Independent School District's Outstanding Debt

	Governmental Activities					
	2025		2024		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
General obligation bonds (net)	\$ 249,284,272	87	\$ 200,792,935	86	\$ 48,491,337	24
Compensated absences	3,000,517	1	60,638	-	2,939,879	4,848
Arbitrage liability	1,918,400	1	551,055	-	1,367,345	248
Claims liability	170,000	-	204,000	-	(34,000)	(17)
Net pension liability	19,753,273	7	22,258,314	10	(2,505,041)	(11)
Net OPEB liability	12,682,886	4	9,070,717	4	3,612,169	40
Totals	<u>\$ 286,809,348</u>	<u>100</u>	<u>\$ 232,937,659</u>	<u>100</u>	<u>\$ 53,871,689</u>	

The District's net bonded debt increased by \$48,491,337 (24%) during the current fiscal year. This is due to the issuance of \$50,00,000 of general obligation bonds. The District's general obligation debt is backed by the full faith and credit of the District and is further guaranteed by the Texas Permanent School Fund Bond Guarantee Program. State statutes do not limit the tax rate or amount for the support of school districts' bonded indebtedness. However, approval of the Attorney General of the State of Texas is required prior to the sale of bonds.

Additional information on the District's long-term debt, net pension liability, and OPEB liability may be found in the notes to the financial statements as indicated in the table of contents of this report.

Economic Factors and Next Year's Budgets and Rates

- Current refined average daily attendance totals 5,710 students, which was a 7% increase from the prior year.
- District staff totals 782 employees, which includes 291 teachers and 122 teachers' aides and secretaries.
- The District maintains 6 campuses for instruction.
- Unemployment rates for the State and County were 4.1% and 4.1%, respectively.
- Property values of the District are projected to decreased 4%.
- A maintenance and operations tax rate of \$0.7547 and a debt service tax rate of \$0.5000, a total of \$1.2547 were adopted for 2025-2026.

All of these factors were considered in preparing the District's budget for the 2025-2026 fiscal year.

During the current fiscal year, unassigned fund balance in the general fund decreased to \$8,898,844. The District plans to utilize unassigned fund balance to fund current period expenditures prior to collecting the current year tax levy.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Assistant Superintendent of Business and Operations, Splendora Independent School District, 23419 FM 2090, Splendora, Texas 77372.

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Basic Financial Statements

Exhibit A-1

Splendora Independent School District

Statement of Net Position

June 30, 2025

<u>Data Control Codes</u>		<u>Primary Government Governmental Activities</u>
ASSETS		
1110	Cash and cash equivalents	\$ 65,659,071
1120	Current investments	29,841,627
1220	Property taxes receivable	2,186,894
1230	Allowance for uncollectible taxes	(87,000)
1240	Due from other governments	5,826,395
1250	Accrued interest	115,741
1290	Other receivables	29,388
1300	Inventories	423,480
1410	Prepaid items	267,631
	Capital assets:	
1510	Land and improvements	14,936,419
1520	Buildings and improvements (net)	73,735,567
1530	Furniture and equipment (net)	4,328,352
1580	Construction in progress	<u>140,131,950</u>
1000	Total assets	337,395,515
DEFERRED OUTFLOWS OF RESOURCES		
1705	Deferred outflows - pension	5,797,197
1706	Deferred outflows - OPEB	9,170,615
1710	Deferred charge on refunding	<u>306,095</u>
1700	Total deferred outflows of resources	15,273,907
LIABILITIES		
2110	Accounts payable	240
2140	Interest payable	3,129,992
2160	Accrued wages payable	6,613,660
2180	Due to other governments	11,161
2200	Accrued liabilities	6,424,634
2300	Unearned revenue	91,346
	Noncurrent liabilities:	
2501	Due within one year	5,839,439
	Due in more than one year:	
2502	Long-term liabilities	248,533,750
2540	Net pension liability	19,753,273
2545	Net OPEB liability	<u>12,682,886</u>
2000	Total liabilities	303,080,381
DEFERRED INFLOWS OF RESOURCES		
2605	Deferred inflows - pension	412,856
2606	Deferred inflows - OPEB	10,607,505
2610	Deferred gain on refunding	<u>58,437</u>
2600	Total deferred inflows of resources	11,078,798
NET POSITION		
3200	Net investment in capital assets	52,891,903
3820	Restricted for grants	1,711,685
3850	Restricted for debt service	4,408,053
3900	Unrestricted (deficit)	<u>(20,501,398)</u>
3000	TOTAL NET POSITION	<u><u>\$ 38,510,243</u></u>

The Notes to the Financial Statements are an integral part of this statement.

Exhibit B-1

Splendora Independent School District

Statement of Activities

For the Fiscal Year Ended June 30, 2025

Data Control Codes	Functions/Programs	1	3	4	Net (Expense) Revenue and Changes in Net Position
		Program Revenues			Governmental Activities
		Expenses	Charges for Services	Operating Grants and Contributions	
	PRIMARY GOVERNMENT				
	Governmental activities:				
0011	Instruction	\$ 38,812,535	\$ 19,700	\$ 1,975,532	\$ (36,817,303)
0012	Instructional resources and media services	442,363	-	196,619	(245,744)
0013	Curriculum and instructional staff development	2,180,927	-	575,613	(1,605,314)
0021	Instructional leadership	1,605,298	-	107,607	(1,497,691)
0023	School leadership	3,078,727	-	62,568	(3,016,159)
0031	Guidance, counseling, and evaluation services	2,723,629	-	684,235	(2,039,394)
0032	Social work services	121,957	-	2,413	(119,544)
0033	Health services	483,153	-	8,624	(474,529)
0034	Student transportation	3,681,401	-	107,725	(3,573,676)
0035	Food services	4,860,809	365,414	3,851,657	(643,738)
0036	Extracurricular activities	2,205,674	456,692	22,008	(1,726,974)
0041	General administration	2,885,933	-	49,092	(2,836,841)
0051	Plant maintenance and operations	5,932,169	22,276	239,393	(5,670,500)
0052	Security and monitoring services	1,214,116	-	359,590	(854,526)
0053	Data processing services	908,290	-	11,646	(896,644)
0061	Community services	325,749	434,461	162,017	270,729
0072	Interest on long-term debt	9,062,335	-	1,447,765	(7,614,570)
0073	Issuance costs and fees	451,500	-	-	(451,500)
0081	Facilities repair and maintenance	81,289	-	-	(81,289)
0093	Payments related to shared services arrangements	60,803	-	60,803	-
0099	Other intergovernmental charges	213,406	-	-	(213,406)
TG	Total governmental activities	<u>81,332,063</u>	<u>1,298,543</u>	<u>9,924,907</u>	<u>(70,108,613)</u>
TP	TOTAL PRIMARY GOVERNMENT	<u>\$ 81,332,063</u>	<u>\$ 1,298,543</u>	<u>\$ 9,924,907</u>	<u>\$ (70,108,613)</u>
	General revenues:				
MT	Property taxes, levied for general purposes				14,197,059
DT	Property taxes, levied for debt service				9,347,260
GC	Grants and contributions not restricted to specific programs				41,951,131
IE	Investment earnings				4,708,691
MI	Miscellaneous				<u>54,832</u>
TR	Total general revenues				<u>70,258,973</u>
CN	Change in net position				150,360
	Net position - beginning, as previously reported				40,817,964
	Implementation of GASB 101, <i>Compensated Absences</i>				(2,458,081)
	Net position - beginning, as restated				<u>38,359,883</u>
NE	NET POSITION - ENDING				<u>\$ 38,510,243</u>

The Notes to the Financial Statements are an integral part of this statement.

Splendora Independent School District

Balance Sheet – Governmental Funds

June 30, 2025

199

Data Control Codes		General Fund
	ASSETS	
1110	Cash and cash equivalents	\$ 6,332,701
1120	Current investments	5,229,334
1220	Property taxes receivable	1,437,087
1230	Allowance for uncollectible taxes	(57,000)
1240	Due from other governments	5,141,862
1250	Accrued interest	-
1260	Due from other funds	497,169
1290	Other receivables	29,388
1300	Inventories	257,045
1410	Prepaid items	267,631
1000	Total assets	19,135,217
1000a	TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 19,135,217</u>
	LIABILITIES	
2110	Accounts payable	\$ 240
2160	Accrued wages payable	6,240,053
2170	Due to other funds	14,887
2180	Due to other governments	-
2200	Accrued expenditures	169,930
2300	Unearned revenue	6,500
2000	Total liabilities	6,431,610
	DEFERRED INFLOWS OF RESOURCES	
2600	Unavailable revenue - property taxes	1,380,087
	Total deferred inflows of resources	1,380,087
	FUND BALANCES	
3410	Nonspendable - inventories	257,045
3430	Nonspendable - prepaid items	267,631
3450	Restricted - grant funds	-
3470	Restricted - capital acquisition and contractual obligations	-
3480	Restricted - debt service	-
3510	Committed - construction	1,730,000
3545	Committed - other	170,000
3600	Unassigned	8,898,844
3000	Total fund balances	11,323,520
4000	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 19,135,217</u>

The Notes to the Financial Statements are an integral part of this statement.

Exhibit C-1

599	699		98
Debt Service Fund	Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
\$ 6,814,206	\$ 51,659,848	\$ 852,316	\$ 65,659,071
-	23,267,712	1,344,581	29,841,627
749,807	-	-	2,186,894
(30,000)	-	-	(87,000)
306	-	684,227	5,826,395
-	115,741	-	115,741
14,887	-	1,959	514,015
-	-	-	29,388
-	-	166,435	423,480
-	-	-	267,631
<u>7,549,206</u>	<u>75,043,301</u>	<u>3,049,518</u>	<u>104,777,242</u>
<u>\$ 7,549,206</u>	<u>\$ 75,043,301</u>	<u>\$ 3,049,518</u>	<u>\$ 104,777,242</u>
\$ -	\$ -	\$ -	\$ 240
-	-	373,607	6,613,660
-	-	499,128	514,015
11,161	-	-	11,161
-	6,247,072	7,632	6,424,634
-	-	84,846	91,346
11,161	6,247,072	965,213	13,655,056
<u>719,807</u>	<u>-</u>	<u>-</u>	<u>2,099,894</u>
719,807	-	-	2,099,894
-	-	-	257,045
-	-	-	267,631
-	-	1,711,685	1,711,685
-	68,796,229	-	68,796,229
6,818,238	-	-	6,818,238
-	-	-	1,730,000
-	-	372,620	542,620
-	-	-	8,898,844
<u>6,818,238</u>	<u>68,796,229</u>	<u>2,084,305</u>	<u>89,022,292</u>
<u>\$ 7,549,206</u>	<u>\$ 75,043,301</u>	<u>\$ 3,049,518</u>	<u>\$ 104,777,242</u>

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Exhibit C-1R

Splendora Independent School District

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2025

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS (EXHIBIT C-1) \$ 89,022,292

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The governmental capital assets at year-end consist of:

Governmental capital assets costs	\$ 296,673,566	
Accumulated depreciation of governmental capital assets	<u>(63,541,278)</u>	233,132,288

Property taxes receivable, which will be collected subsequent to year-end, but are not available soon enough to pay expenditures and, therefore, are deferred in the funds.	2,099,894
---	-----------

Long-term liabilities, including bonds, claims payable, compensated absences, arbitrage, and net pension and OPEB liabilities, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Liabilities at year-end related to such items consist of:

Bonds payable, at original par	\$ (235,760,000)	
Premiums on bonds payable	(13,524,272)	
Accrued interest on the bonds	(3,129,992)	
Claims payable	(170,000)	
Compensated absences	(3,000,517)	
Arbitrage liability	(1,918,400)	
Net pension liability	(19,753,273)	
Net OPEB liability	<u>(12,682,886)</u>	(289,939,340)

Deferred charge on refunding is reported as deferred outflow of resources in the statement of net position and is not reported in the governmental funds due to it is not a current financial resource available to pay for current expenditures.	306,095
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Deferred gain on refunding is reported as deferred inflow of resources in the statement of net position and is not reported in the governmental funds due to it is not a current financial resource available to recognize as revenue.	(58,437)
--	----------

Deferred outflows of resources for pension represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then.	5,797,197
---	-----------

Deferred inflows of resources for pension represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.	(412,856)
--	-----------

Deferred outflows of resources for OPEB represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then.	9,170,615
--	-----------

Deferred inflows of resources for OPEB represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.	<u>(10,607,505)</u>
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TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES (EXHIBIT A-1) \$ 38,510,243

Splendora Independent School District
Statements of Revenues, Expenditures, and Changes
in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2025

199

Data Control Codes		General Fund
REVENUES		
5700	Local and intermediate sources	\$ 15,132,725
5800	State program revenues	44,979,454
5900	Federal program revenues	399,184
5020	Total revenues	60,511,363
EXPENDITURES		
	Current:	
0011	Instruction	35,678,183
0012	Instructional resources and media services	180,421
0013	Curriculum and instructional staff development	1,638,839
0021	Instructional leadership	1,562,850
0023	School leadership	3,098,856
0031	Guidance, counseling, and evaluation services	2,087,894
0032	Social work services	124,516
0033	Health services	480,279
0034	Student transportation	4,140,189
0035	Food services	-
0036	Extracurricular activities	1,578,963
0041	General administration	2,923,777
0051	Plant maintenance and operations	5,823,559
0052	Security and monitoring services	1,106,013
0053	Data processing services	938,718
0061	Community services	229,637
	Debt service:	
0071	Principal on long-term debt	-
0072	Interest on long-term debt	-
0073	Issuance costs and fees	-
	Capital outlay:	
0081	Facilities acquisition and construction	1,327
	Intergovernmental:	
0093	Payments related to shared services arrangements	-
0099	Other intergovernmental charges	213,406
6030	Total expenditures	61,807,427
1100	Excess (deficiency) of revenues over (under) expenditures	(1,296,064)
OTHER FINANCING SOURCES (USES)		
7911	Capital-related debt issued (regular bonds)	-
7916	Premium or discount on issuance of bonds	-
7080	Total other financing sources (uses)	-
1200	Net change in fund balances	(1,296,064)
0100	Fund balances - beginning	12,619,584
3000	FUND BALANCES - ENDING	<u>\$ 11,323,520</u>

The Notes to the Financial Statements are an integral part of this statement

Exhibit C-2

599		699		98	
Debt Service Fund		Capital Projects Fund		Total Nonmajor Funds	
				Total Governmental Funds	
\$	9,330,314	\$	4,216,520	\$	890,709
	1,447,765		-		1,046,771
	-		-		6,191,162
	10,778,079		4,216,520		8,128,642
	-		-		1,258,177
	-		-		188,168
	-		-		530,409
	-		-		78,923
	-		-		-
	-		-		621,134
	-		-		-
	-		-		-
	-	462,800			65,368
	-	-			4,504,069
	-	-			404,997
	-	-			6,000
	-	-			198,114
	-	-			340,350
	-	-			-
	-	-			85,534
	2,665,000	-			-
	7,426,872	-			-
	1,950	449,550			-
	-	110,383,409			-
	-	-			60,803
	-	-			-
	10,093,822	111,295,759			8,342,046
	684,257	(107,079,239)			(213,404)
	-	50,000,000			-
	1,379,191	449,550			-
	1,379,191	50,449,550			-
	2,063,448	(56,629,689)			(213,404)
	4,754,790	125,425,918			2,297,709
\$	6,818,238	\$	68,796,229	\$	2,084,305
				\$	89,022,292

Exhibit C-3

Splendora 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 Fiscal Year Ended June 30, 2025

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS (EXHIBIT C-2) \$ (56,075,709)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense.

Capital assets additions	\$ 111,783,600	
Depreciation expense	<u>(3,686,793)</u>	108,096,807

Because some property taxes will not be collected for several months after the District's fiscal year end, they are not considered "available" revenues and are deferred in the governmental funds. Unavailable tax revenues increased by this amount this year. 109,163

Issuance of bonds provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.

Par value	\$ (50,000,000)	
(Premium) discount	<u>(1,828,741)</u>	(51,828,741)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 2,665,000

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due, and includes amortization of related long-term debt accounts. The changes reported in the statement of activities consist of the following:

Accrued interest on current interest bonds payable decreased	\$ (933,317)	
Arbitrage	(1,367,345)	
Net amortization of bond premiums	672,404	
Net amortization of deferred charge and gain on refunding	<u>(7,205)</u>	(1,635,463)

Repayment of claims payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 34,000

The increase in compensated absences is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. (481,798)

The net change in net pension liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following:

Deferred outflows increased	\$ (4,660,188)	
Deferred inflows decreased	537,706	
Net pension liability increased	<u>2,505,041</u>	(1,617,441)

The net change in net OPEB liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following:

Deferred outflows increased	\$ 1,797,655	
Deferred inflows increased	2,699,056	
Net OPEB liability increased	<u>(3,612,169)</u>	884,542

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES (EXHIBIT B-1) \$ 150,360

Exhibit E-1

Splendora Independent School District

Statement of Fiduciary Net Position

Fiduciary Fund

June 30, 2025

865

Custodial Fund

Student Activity

ASSETS

Cash and cash equivalents

\$ 143,508

Total assets

143,508

NET POSITION

Restricted for:

Student activities

143,508

TOTAL NET POSITION

\$ 143,508

The Notes to the Financial Statements are an integral part of this statement.

Exhibit E-2

Splendora Independent School District
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2025

865

Custodial Fund

Student Activity

ADDITIONS

Student club fees

\$ 199,824

Total additions

199,824

DEDUCTIONS

Student activities

211,491

Total deductions

211,491

Net change in fiduciary net position

(11,667)

Net position - beginning of year

155,175

NET POSITION - END OF YEAR

\$ 143,508

Splendor Independent School District

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies

A. Description of Government-wide Financial Statements

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

B. Reporting Entity

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

C. Basis of Presentation – Government-wide Financial Statements

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

The effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of Presentation – Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

The *capital projects fund* accounts for the acquisition and construction of the District's major capital facilities.

Additionally, the District reports the following fund type, included in nonmajor governmental funds:

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

The District's fiduciary funds consist of the following:

The *custodial fund* accounts for assets held by the District for student activities. Contributions, gifts and fundraisers benefit the student organizations that raise the funds and are not held in a trust.

Splendora Independent School District

Notes to the Financial Statements

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

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds are eliminated in governmental activities.

E. Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as required under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

1. Cash and Cash Equivalents

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

2. Investments

Investments for the District, except for certain investment pools, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost or net asset value.

Splendora Independent School District

Notes to the Financial Statements

3. Inventories and Prepaid Items

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

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

4. Capital Assets

Capital assets, which include land and improvements, construction in progress, buildings and improvements, and furniture and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. The District's infrastructure includes parking lots and sidewalks associated with various buildings. The cost of the infrastructure was initially capitalized with the building cost and is being depreciated over the same useful life as the building. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000, and an estimated useful life in excess of two years.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the District chose to include all such items regardless of their acquisition date or amount. The District was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the District constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Land and improvements and construction in progress are not depreciated. The buildings and improvements and furniture and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Capital Asset Classes	Lives
Buildings and improvements	3-50
Furniture and equipment	3-25

5. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension and OPEB activities are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and OPEB plan, except for projected and actual earnings differences on investments which are amortized on a closed basis over a 5-year period.
- District contributions to the pension and OPEB plans after the measurement date of each plan are recognized in the subsequent fiscal year as a reduction of the applicable pension/OPEB liability.
- Deferred charge/gain on refunding is amortized over the shorter of the life of the refunded or refunding debt.
- Property taxes are recognized in the period the amount becomes available.

Splendora Independent School District

Notes to the Financial Statements

6. *Compensated Absences*

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

State Personal Leave

The District is required under Texas Education Code 22.003 to provide eligible employees with a minimum of five days of personal leave per year (state leave) with no limit on accumulation and no restrictions on transfer between Districts.

Local Leave

The District's policy provides eligible employees with five days of local personal leave per year (local leave) with no limit on accumulation. Local leave benefits are eligible for payment upon separation from employment, with limitations.

A liability for the estimated value of leave benefits that will be paid upon separation of service or used by employees as time off is included in the liability for compensated absences.

7. *Net Position Flow Assumption*

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

It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

8. *Fund Balance Flow Assumptions*

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

9. *Fund Balance Policies*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Splendora Independent School District

Notes to the Financial Statements

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The board is the highest level of decision-making authority for the District that can, by board action or adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the board action or resolution remains in place until a similar action is taken (the board action or adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board has, by policy, authorized the superintendent or his designee to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

10. Pension

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

11. Other Postemployment Benefits

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

G. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

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

H. Use of Estimates

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

Splendora Independent School District

Notes to the Financial Statements

I. Data Control Codes

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

J. Implementation of New Accounting Standards

GASB Statement No. 101, Compensated Absences (GASB 101), improves the information needs of financial statements users by updating the recognition and measurement guidance for compensated absences under a unified model and amending certain previously required disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2023, with earlier application encouraged. GASB 101 was implemented in the District's fiscal year 2025 financial statements with a restatement of \$2,458,081 to net position as of July 1, 2024 to reflect the changes adopted to conform to the new standard.

GASB Statement No. 102, Certain Risk Disclosures (GASB 102), improves financial reporting by providing users of financial statements with essential information regarding certain concentrations of constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. The requirements of this statement are effective for reporting periods beginning after June 15, 2024, with earlier application encouraged. GASB 102 was implemented in the district's fiscal year 2025 financial statements with no impact to amounts or disclosures previously reported.

K. Recent Accounting Pronouncements

GASB Statement No. 103, Financial Reporting Model Improvements (GASB 103), improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement also addresses certain application issues. The requirements of this statement are effective for reporting periods beginning after June 15, 2025, with earlier application encouraged. GASB 103 will be implemented in the district's fiscal year 2026 financial statements and the impact has not yet been determined.

GASB Statement No. 104, Disclosure of Certain Capital Assets (GASB 104), establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures. It also establishes requirements for capital assets held for sale, including additional disclosures for those capital assets. The requirements of this statement are effective for reporting periods beginning after June 15, 2025, with earlier application encouraged. GASB 104 will be implemented in the district's fiscal year 2026 financial statements and the impact has not yet been determined.

Note 2. Stewardship, Compliance, and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, National School Breakfast and Lunch Program special revenue fund and debt service fund. All other governmental funds adopt project length budgets. All annual appropriations lapse at fiscal year-end. The following procedures are followed in establishing the budgetary data reflected in the financial statements.

1. Prior to June 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget after the ten days' public notice of the meeting has been given.
3. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board.

Splendora Independent School District

Notes to the Financial Statements

The appropriated budget is prepared by fund, function, and campus/department. The District's campus/department heads may make transfers of appropriations within a campus/department. Transfers of appropriations between campus/departments require the approval of the District's management. Transfers of appropriations between functions require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level within a fund.

B. Encumbrances

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as restricted, committed, or assigned fund balances as appropriate. The encumbrances do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year. The District did not have any outstanding encumbrances at June 30, 2025.

Note 3. Detailed Notes on All Funds

A. Deposits and Investments

Cash Deposits

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas School Depository Act. The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the District's and the depository banks' agent bank. The pledged securities shall be 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.

Investments

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

Splendora Independent School District

Notes to the Financial Statements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application* provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

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

	June 30, 2025	Fair Value Measurements Using			Percent of Total Investments	Weighted Average Maturity (Days)	Credit Risk
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)			
Investments measured at amortized cost:							
Investment pools:							
TexPool	\$ 7,404,153	\$ -	\$ -	\$ -	24%	38	AAAm*
Lone Star	310,826	-	-	-	1%	28	AAAm*
Investments measured at net asset value:							
Texas Class	78,385	-	-	-	1%	37	AAAm*
Investments measured at fair value:							
U.S Treasury Notes	22,048,263	-	22,048,263	-	74%	75	Not rated
Total value	\$ 29,841,627	\$ -	\$ 22,048,263	\$ -	100%		
Portfolio weighted average maturity						65	

* Standard & Poor's Rating

Investment pools are measured at amortized cost and net asset value. Such investments are not subject to the fair value hierarchy reporting.

US Treasury securities, classified as level 2, are measured at fair value based on price obtained from broker dealers and/or pricing vendors, including observed transactions such as last price traded when available, or valuations in reference to similar securities for which prices are available.

The TexPool and Lone Star investment pools are external investment pools measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, investment pools must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pools transact at a net asset value of \$1.00 per share, have weighted average maturity of 60 days or less and weighted average life of 120 days or less, investments held are highly rated by nationally recognized statistical rating organization, have no more than 5% of portfolio with one issuer (excluding US government securities), and can meet reasonably foreseeable redemptions.

Splendora Independent School District

Notes to the Financial Statements

Texas CLASS is an external investment pool measured at net asset value. It was created in accordance with the requirements contained in section 2256.016 of the Public Funds Investment Act (PFIA). The Texas CLASS Trust Agreement is an agreement of indefinite term regarding the investment, reinvestment, and withdrawal of local government funds. The parties to the Trust Agreement are Texas local government entities that choose to participate in the Trust (the Participants), Public Trust Advisors, LLC (Public Trust) as Program Administrator, and Wells Fargo Bank Texas, N.A. as Custodian.

TexPool, Texas CLASS and Lone Star have a redemption notice period of one day and no maximum transaction amounts. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

Credit Risk

At year end, the District's investments were rated as noted in the preceding table. TexPool is duly chartered and administered by the State Comptroller's Office. Lone Star is duly chartered by the State of Texas Interlocal Cooperation Act and is administered by First Public, LLC., formerly the Texas Association of School Boards Financial Services. Texas CLASS is duly chartered and administered by the State Comptroller's Office. All credit ratings met acceptable levels required by legal guidelines prescribed by both the PFIA and the District's investment policy.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The District monitors interest rate risk utilizing weighted average maturity analysis. In accordance with its investment policy, the District shall have a maximum dollar weighted maturity of 180 days. The maximum allowable stated maturity of any other individual investment owned by the District is not to exceed one year from the time of purchase.

Concentration of Credit Risk

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

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2025, the District's bank balance was not exposed to custodial credit risk because it was insured and collateralized with securities held by the District's agent in the District's name.

Custodial Credit Risk – Investments

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

B. Receivables

Tax revenues of the general and debt service fund are reported net of uncollectible amounts. Total change in uncollectible amounts related to revenues of the current period increased (decreased) revenues as follows:

Change in uncollectibles related to general fund property taxes	\$	(1,000)
Change in uncollectibles related to debt service property taxes		<u>(3,000)</u>
Total change in uncollectibles of the current fiscal year	\$	<u>(4,000)</u>

Splendora Independent School District

Notes to the Financial Statements

Approximately 61% of the outstanding balance of property taxes receivable is not anticipated to be collected within the next year.

C. Interfund Receivables, Payables, and Transfers

1. Receivables/Payables

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

Fund	Interfund Receivables	Interfund Payables
General fund	\$ 497,169	\$ (14,887)
Debt service fund	14,887	-
Other governmental funds - nonmajor	1,959	(499,128)
Totals	<u>\$ 514,015</u>	<u>\$ (514,015)</u>

Interfund balances consist of short-term lending/borrowing arrangements that generally result from payroll and other regularly occurring charges that are primarily paid by the general fund and then charged back to the appropriate other fund. Additionally, some lending/borrowing may occur between two or more nonmajor governmental funds.

D. Capital Assets

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

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land and improvements	\$ 14,936,419	\$ -	\$ -	\$ 14,936,419
Construction in progress	29,841,453	110,290,497	-	140,131,950
Total capital assets, not being depreciated	44,777,872	110,290,497	-	155,068,369
Capital assets, being depreciated:				
Buildings and improvements	124,899,354	12,950	-	124,912,304
Furniture and equipment	15,411,953	1,480,153	(199,213)	16,692,893
Total capital assets, being depreciated	140,311,307	1,493,103	(199,213)	141,605,197
Less accumulated depreciation for:				
Buildings and improvements	(48,090,519)	(3,086,218)	-	(51,176,737)
Furniture and equipment	(11,963,179)	(600,575)	199,213	(12,364,541)
Total accumulated depreciation	(60,053,698)	(3,686,793)	199,213	(63,541,278)
Total capital assets, being depreciated, net	80,257,609	(2,193,690)	-	78,063,919
Governmental activities capital assets, net	<u>\$ 125,035,481</u>	<u>\$ 108,096,807</u>	<u>\$ -</u>	<u>\$ 233,132,288</u>

Splendora Independent School District

Notes to the Financial Statements

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

Governmental activities:		
11 Instruction	\$	2,599,274
12 Instructional resources and media services		66,299
21 Instructional leadership		337
23 School leadership		37,390
31 Guidance, counseling, and evaluation services		12,350
33 Health services		12,137
34 Student transportation		331,830
35 Food services		265,287
36 Extracurricular activities		244,000
41 General administration		13,749
51 Plant maintenance and operations		56,482
52 Security and monitoring services		40,914
61 Community services		6,744
Total depreciation expense-governmental activities	\$	<u>3,686,793</u>

Construction Commitments

The District has active construction projects as of June 30, 2025. The projects include the construction and equipment of school facilities. At year end, the District's commitments with contractors are as follows:

<u>Project</u>	<u>Remaining Commitment</u>
New Junior High School	\$ 4,000,321
Peach Creek Elementary School	2,559,833
High School Addition	481,535
Greenleaf Elementary School	<u>19,157,936</u>
Total	<u>\$ 26,199,625</u>

The commitment for construction and equipment of school facilities is being financed by general obligation bonds secured by tax revenues and local funds.

E. Long-term Liabilities

The District's long-term liabilities consist of bond indebtedness, claims payable, arbitrage liability, compensated absences, net pension liability and net OPEB liability. The current requirements for general obligation bonds principal and interest expenditures are accounted for in the debt service fund. Other long-term liabilities are generally liquidated with resources of the general fund.

Splendora Independent School District

Notes to the Financial Statements

Changes in Long-term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2025, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 188,425,000	\$ 50,000,000	\$ (2,665,000)	\$ 235,760,000	\$ 3,255,000
Issuance premiums	12,367,935	1,828,741	(672,404)	13,524,272	-
Total bonds payable, net	200,792,935	51,828,741	(3,337,404)	249,284,272	3,255,000
Claims payable	204,000	-	(34,000)	170,000	34,000
Compensated absences*	2,518,719	481,798	-	3,000,517	2,550,439
Arbitrage liability	551,055	1,367,345	-	1,918,400	-
Net pension liability	22,258,314	2,123,180	(4,628,221)	19,753,273	-
Net OPEB liability	9,070,717	4,026,637	(414,468)	12,682,886	-
Governmental activities long-term liabilities	\$ 235,395,740	\$ 59,827,701	\$ (8,414,093)	\$ 286,809,348	\$ 5,839,439

* Compensated absences are reported as a net change for the year as allowed under the provisions of GASB 101, *Compensated Absences*, paragraph 30. Beginning balance is restated for the implementation of GASB 101, *Compensated Absences*.

General Obligation Bonds

The District issues general obligation bonds to provide funds for the construction and equipment of school buildings (BLDG) and to refund general obligation bonds (REF). General obligation bonds are direct obligations and pledge the full faith and credit of the District. The following is a summary of changes in the general obligation bonds for the fiscal year.

Series	Interest Rate	Original Issue	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
2002 BLDG	4.25-6.25%	\$ 13,870,000	2032	\$ 1,900,000	\$ -	\$ -	\$ 1,900,000
2015 REF	2.00-4.00%	3,530,000	2033	2,045,000	-	(200,000)	1,845,000
2016A REF	2.00-5.00%	14,315,000	3039	10,995,000	-	(550,000)	10,445,000
2016B BLDG & REF	2.00-5.00%	32,225,000	2037	12,665,000	-	(825,000)	11,840,000
2020 REF	2.25-5.00%	5,890,000	2030	3,555,000	-	(645,000)	2,910,000
2020A REF	3.00-3.00%	8,160,000	2043	8,160,000	-	-	8,160,000
2021 REF	3.00-3.00%	2,165,000	2027	1,135,000	-	(365,000)	770,000
2023 BLDG	4.10-5.00%	97,975,000	2053	97,975,000	-	(80,000)	97,895,000
2024 BLDG	5.00-5.00%	49,995,000	2054	49,995,000	-	-	49,995,000
2025 BLDG	5.00-5.00%	49,995,000	2055	-	50,000,000	-	50,000,000
Total general obligation bonds				\$ 188,425,000	\$ 50,000,000	\$ (2,665,000)	\$ 235,760,000

Splendora Independent School District

Notes to the Financial Statements

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

Year Ending June 30,	Principal	Interest	Total Requirements
2026	\$ 3,255,000	\$ 9,863,821	\$ 13,118,821
2027	3,465,000	10,592,398	14,057,398
2028	3,625,000	10,447,323	14,072,323
2029	3,785,000	10,304,423	14,089,423
2030	3,925,000	10,169,048	14,094,048
2031	4,085,000	10,020,386	14,105,386
2032	4,245,000	9,863,936	14,108,936
2033	4,430,000	9,682,286	14,112,286
2034	5,255,000	9,492,536	14,747,536
2035	5,530,000	9,257,286	14,787,286
2036	5,835,000	9,009,336	14,844,336
2037	6,120,000	8,756,723	14,876,723
2038	6,425,000	8,491,261	14,916,261
2039	6,755,000	8,199,011	14,954,011
2040	7,105,000	7,891,261	14,996,261
2041	7,505,000	7,547,510	15,052,510
2042	7,920,000	7,184,160	15,104,160
2043	8,360,000	6,800,460	15,160,460
2044	8,830,000	6,395,160	15,225,160
2045	9,245,000	6,005,275	15,250,275
2046	9,690,000	5,596,755	15,286,755
2047	10,145,000	5,163,502	15,308,502
2048	10,610,000	4,709,565	15,319,565
2049	11,110,000	4,234,475	15,344,475
2050	11,625,000	3,721,200	15,346,200
2051	12,160,000	3,184,137	15,344,137
2052	12,725,000	2,628,037	15,353,037
2053	13,320,000	2,045,900	15,365,900
2054	13,940,000	1,433,750	15,373,750
2055	14,735,000	736,750	15,471,750
Totals	\$ 235,760,000	\$ 209,427,671	\$ 445,187,671

As of June 30, 2025, the District had no authorized but unissued bonds. In June 2025, the District issued \$50,000,000 of Unlimited Tax School Building Bonds, Series 2025. The bonds pay principal and interest semiannually on February 15 and August 15, at an interest rate of 5.00%, and mature on February 15, 2055. The proceeds from the bonds will be used for the construction of school buildings and equipment in the District.

In prior years, the District defeased certain bonds through the issuance of the new bonds and placed the proceeds in an irrevocable trust to provide for all future debt service payments of the old bonds. Securities being utilized to repay the refinanced debt as it becomes due consist solely of U.S. government obligations. Accordingly, the trust account securities and the liability for the defeased bonds are not included in the District's basic financial statements. As of June 30, 2025, there were no outstanding defeased bonds.

Splendora Independent School District

Notes to the Financial Statements

Federal Arbitrage

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

In the District's government-wide financial statements, a liability must be recognized by the District as soon as rebatable arbitrage occurs. As of June 30, 2025, the District estimates an arbitrage liability of \$1,918,400. The District estimates and updates its liability annually for all tax-exempt issuances.

Claims Payable

During 2022, the District entered into a mediated settlement agreement in the amount of \$300,000 requiring annual payments through 2030.

The following is a summary of changes in the claims payable for the fiscal year:

Description	Interest Rate	Original Obligation	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
Claim payable	N/A	\$ 300,000	2030	\$ 204,000	\$ -	\$ (34,000)	\$ 170,000
Total Claims Payable				<u>\$ 204,000</u>	<u>\$ -</u>	<u>\$ (34,000)</u>	<u>\$ 170,000</u>

Year Ending June 30,	Principal	Interest	Total Requirements
2026	\$ 34,000	\$ -	\$ 34,000
2027	34,000	-	34,000
2028	34,000	-	34,000
2029	34,000	-	34,000
2030	<u>34,000</u>	<u>-</u>	<u>34,000</u>
Totals	<u>\$ 170,000</u>	<u>\$ -</u>	<u>\$ 170,000</u>

F. Fund Balance

Other committed fund balance includes the following commitments of funds:

General Fund:	
Claims liability	\$ 170,000
Other governmental funds:	
Campus activity funds	<u>372,620</u>
Total other committed fund balance	<u>\$ 542,620</u>

Splendora Independent School District

Notes to the Financial Statements

G. Revenues from Local and Intermediate Sources

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

	General	Debt Service	Capital Projects	Nonmajor Funds	Totals
Property taxes	\$ 14,161,588	\$ 9,273,568	\$ -	\$ -	\$ 23,435,156
Investment income	368,439	56,746	4,216,520	66,986	4,708,691
Food sales	-	-	-	365,414	365,414
Extracurricular activities	359,108	-	-	458,309	817,417
Other	243,590	-	-	-	243,590
Totals	<u>\$ 15,132,725</u>	<u>\$ 9,330,314</u>	<u>\$ 4,216,520</u>	<u>\$ 890,709</u>	<u>\$ 29,570,268</u>

Note 4. Other Information

A. Risk Management

Property/Liability

The District is exposed to various risks of loss related to property/liability losses for which the District participates in the Texas Political Subdivisions Joint Self Insurance Fund ("Fund"). The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund's membership, obtain competitive costs for coverages, and develop a comprehensive loss control program. The District pays an annual premium to the Fund for its liability coverage and transfers the risk of loss to the Fund. The District's agreement with the Fund provides that the Fund will be self-sustaining through member premiums and may provide, through commercial companies, reinsurance contracts. In the event that the Fund was to discontinue operations, the member districts would be responsible for any eligible claims not funded by the Fund. In addition, there were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

Health Insurance

During the year ended June 30, 2025, employees of the District were covered by TRS Active-Care ("the Plan") a statewide health coverage program of Texas public education employees, implemented by the Teacher Retirement System of Texas. The District paid premiums of \$225 per month, per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to the TRS. The legislature created the Plan for public school employee group health coverage in 2002-03, requiring all Districts with fewer than 500 employees to participate in the Plan.

Workers' Compensation

Beginning in the year ended June 30, 2025, employees of the District were covered by a limited risk management program for workers' compensation of the Texas Public Schools Workers' Compensation Project ("the Project"). The Project was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and Chapter 504, Texas Labor Code. As a self-funded member of the Project, the District is solely responsible for all claims cost, both reported and unreported. A third-party administrator provides administrative services to its self-funded members including claims administration and customer service.

Splendora Independent School District

Notes to the Financial Statements

Liabilities of the fund are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities also include an estimated amount for claims that have been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are re-evaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from stop-loss or subrogation, are another component of the claims liability estimate. The Project limits the liability per occurrence to \$350,000. There were no significant reductions in insurance coverage from the prior year. Settlements have not exceeded coverages for each of the past two fiscal years.

B. Contingencies

The District participates in a number of federal and state financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of the Single Audit Act through June 30, 2025, these programs are subject to financial and compliance audits by the grantor agencies. The District is also subject to audit by the TEA of the attendance data upon which payments from the agency are based. These audits could result in questioned costs or refunds to be paid back to the granting agencies.

C. Defined Benefit Pension Plan

Plan Description

The District participates in a cost-sharing multiple-employer defined benefit pension plan 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 workload and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

Pension Plan Fiduciary Net Position

Detailed information about the TRS's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://www.trs.texas.gov/learning-resources/publications>; by writing to TRS at P.O. Box 149676, Austin, TX 78714-0185; or by calling 1-800-223-8778.

Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3% (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 where 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 in under a previous rule. There are no automatic postemployment benefit changes, including automatic cost of living adjustments (COLAs). Ad hoc postemployment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as previously noted in the Plan Description above.

Splendora Independent School District

Notes to the Financial Statements

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

Contributions

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

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

Rates for such plan fiscal years are as follows:

	Contribution Rates	
	2025	2024
Member	8.25%	8.25%
Non-employer contributing entity (State)	8.25%	8.25%
Employers (District)	8.25%	8.25%

The contribution amounts for the District's fiscal year 2025 are as follows:

District contributions	\$	1,855,562
Member contributions		3,680,944
NECE on-behalf contributions (State)		3,603,766

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

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 the fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities, or the State of Texas as the employer for senior colleges, universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any 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.

Splendora Independent School District

Notes to the Financial Statements

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

- 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.
- Public education employer contribution - all public schools, charter schools and regional education service centers must contribute 1.9% of the member's salary beginning in fiscal year 2024, gradually increasing to 2.0% in fiscal year 2025.

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

On June 30, 2025, the District reported a liability of \$19,753,273 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 are as follows:

District's proportionate share of the net pension liability	\$ 19,753,273
State's proportionate share of the net pension liability associated with the District	<u>24,553,874</u>
Total	<u><u>\$ 44,307,147</u></u>

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

At the measurement date of August 31, 2024, the District's proportion of the collective net pension liability was 0.0323377% which was a decrease of 0.00007% from its proportion measured as of August 31, 2023.

For the fiscal year ended June 30, 2025, the District recognized pension expense of \$6,407,601 and revenue of \$2,934,598 for support provided by the State.

On June 30, 2025, the District reported 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 experience	\$ 1,088,773	\$ 154,224
Changes of assumptions	1,019,904	136,734
Difference between projected and actual earnings on pension plan investments	120,073	-
Changes in proportion and difference between District's contributions and the proportionate share of contributions	1,994,302	121,898
District contributions paid subsequent to the measurement date	<u>1,574,145</u>	<u>-</u>
Totals	<u><u>\$ 5,797,197</u></u>	<u><u>\$ 412,856</u></u>

Splendora Independent School District

Notes to the Financial Statements

\$1,574,145 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,		
2026	\$	653,375
2027		2,691,821
2028		666,974
2029		(264,574)
2030		62,600
Thereafter		-
Total	\$	<u>3,810,196</u>

Actuarial Methods and Assumptions

The actuarial valuation of the total pension liability was performed as of August 31, 2023. Update procedures were used to roll forward the total pension liability to August 31, 2024 and was determined using the following actuarial methods and assumptions:

Actuarial cost method	Individual entry age normal
Asset valuation method	Fair value
Single discount rate	7.00%
Long-term expected rate of return	7.00%
Municipal bond rate as of August 2024	3.87% - The source for the rate is the Bond Buyers 20 Index which represents the estimated yield of a portfolio of 20 general obligation bonds maturing in 20 years based on a survey of municipal bond traders.
Last year ending August 31 in projection period (100 years)	2123
Inflation	2.30%
Salary increases	2.95% to 8.95% including inflation
Ad hoc postemployment benefit changes	None
Mortality rates	The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioners Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published projection scale ("U-MP"). The active mortality rates were based on the published PUB(2010) Mortality Tables for Teachers, below median, also with full generational mortality.

Splendora Independent School District

Notes to the Financial Statements

The actuarial methods and assumptions are primarily based on a study of actual experience for the four-year period ending August 31, 2021 and adopted in July 2022.

Discount Rate and Long-term Expected Rate of Return

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

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

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

Asset Class	Target Allocation**	Long-term Expected Geometric Real Rate of Return***	Expected Contribution to Long-term Portfolio Returns
Global equity:			
U.S.	18.0%	4.4%	1.0%
Non-U.S. developed	13.0%	4.2%	0.8%
Emerging markets	9.0%	5.2%	0.7%
Private equity	14.0%	6.7%	1.2%
Stable value:			
Government bonds	16.0%	1.9%	0.4%
Absolute return*	-	4.0%	-
Stable value hedge funds	5.0%	3.0%	0.2%
Real return:			
Real estate	15.0%	6.6%	1.2%
Energy, natural resources and infrastructure	6.0%	5.6%	0.4%
Commodities	-	2.5%	-
Risk parity:			
Risk parity	8.0%	4.0%	0.4%
Asset allocation leverage:			
Cash	2.0%	1.0%	-
Asset allocation leverage cash	-6.0%	1.3%	-0.1%
Inflation expectation	-		2.4%
Volatility drag****	-		-0.7%
Total	100.0%		7.90%

* Absolute return includes credit sensitive investments.

** Target allocations are based on the FY 2024 policy model.

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

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

Splendora Independent School District

Notes to the Financial Statements

Discount Rate Sensitivity Analysis

The following table presents the District's proportionate share of the TRS net pension liability calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 31,550,983	\$ 19,753,273	\$ 9,978,032

Change of Assumptions Since the Prior Measurement Date

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

Change of Benefit Terms Since the Prior Measurement Date

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

D. Defined Other Postemployment Benefit Plan

Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined benefit Other Postemployment Benefit (OPEB) plan that has a special funding situation. TRS-Care was established in 1986 by the Texas Legislature and is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees 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.

OPEB Plan Fiduciary Net Position

Detailed information about the TRS-Care's fiduciary net position is available in the separately issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://www.trs.texas.gov/learning-resources/publications>; by writing to TRS at P.O. Box 149676, Austin, TX 78714-0185; or by calling 1-800-223-8778.

Benefits Provided

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

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. There are no automatic post-employment benefit changes, including automatic cost of living adjustments (COLAs). The Board of Trustees of TRS is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052.

Splendora Independent School District

Notes to the Financial Statements

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

TRS-Care Monthly Premium Rates

	Medicare	Non-medicare
Retiree or surviving spouse	\$ 135	\$ 200
Retiree and spouse	529	689
Retiree and surviving spouse and children	468	408
Retiree and family	1,020	999

Contributions

Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and 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% or not more than 0.75% of the salary of each active employee of the employer. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act.

Rates for such plan fiscal years are as follows:

	Contribution Rates	
	2025	2024
Active employee	0.65%	0.65%
Non-employer contribution entity (State)	1.25%	1.25%
Employers (District)	0.75%	0.75%
Federal/private funding*	1.25%	1.25%

* Contributions paid from federal funds and private grants are remitted by the employer (District) and paid at the State rate.

The contribution amounts for the District's fiscal year 2025 are as follows:

District contributions	\$ 385,251
Member contributions	293,578
NECE on-behalf contributions (State)	526,575

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

Splendora Independent School District

Notes to the Financial Statements

The State of Texas also contributed \$294,759, \$232,816 and \$196,346 in 2025, 2024, and 2023, respectively, for on-behalf payments for Medicare Part D.

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

On June 30, 2025, the District reported a liability of \$12,682,886 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided by 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 are as follows:

District's proportionate share of the net OPEB liability	\$ 12,682,886
State's proportionate share of the net OPEB liability associated with the District	<u>15,891,484</u>
Total	<u><u>\$ 28,574,370</u></u>

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

At the measurement date of August 31, 2024, the employer's proportion of the collective net OPEB liability was 0.0417866% which was an increase of 0.000814% from its proportion measured as of August 31, 2023.

For the fiscal year ended June 30, 2025, the District recognized net OPEB revenue of \$2,564,891 due to recognition of deferred inflows in excess of deferred outflows and current year expense. OPEB revenue of \$2,065,600 was recognized for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,430,883	\$ 6,329,448
Changes of assumptions	1,623,260	4,138,279
Difference between projected and actual earnings on OPEB plan investments	-	35,517
Changes in proportion and difference between District's contributions and the proportionate share of contributions	4,789,165	104,261
District contributions paid subsequent to the measurement date	<u>327,307</u>	<u>-</u>
Totals	<u><u>\$ 9,170,615</u></u>	<u><u>\$ 10,607,505</u></u>

Splendora Independent School District

Notes to the Financial Statements

\$327,307 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,		
2026	\$	(821,942)
2027		(247,518)
2028		(697,278)
2029		(625,881)
2030		(154,983)
Thereafter		783,405
Total	\$	(1,764,197)

Actuarial Methods and Assumptions

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

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The following assumptions used for the valuation of the TRS-Care OPEB liability are identical to the assumptions employed in the August 31, 2023 TRS pension actuarial valuation that was rolled forward to August 31, 2024:

Demographic Assumptions	Economic Assumptions
Rates of mortality	General inflation
Rates of retirement	Wage inflation
Rates of termination	
Rates of disability	

See Note 4.C for detail on these assumptions. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2021.

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

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

Splendora Independent School District

Notes to the Financial Statements

The following methods and additional assumptions were used in the TRS-Care OPEB valuation:

Actuarial cost method	Individual entry age normal
Single discount rate	3.87% as of August 31, 2024
Aging factors	Based on the Society of Actuaries' 2013 Study "Health Care Costs - From Birth to Death".
Election rates	Normal retirement: 62% participation prior to age 65 and 25% after age 65. Pre-65 retirees: 30% of pre-65 retirees are assumed to discontinue coverage at age 65.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Ad hoc postemployment benefit changes	None

Discount Rate

A single discount rate of 3.87% was used to measure the total OPEB liability at August 31, 2024. This was a decrease of 0.26% in the discount rate since the August 31, 2023 measurement date. The plan is essentially a "pay-as-you-go" plan and, based on the assumption that contributions are made at the statutorily required rates, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments to current plan members and therefore, the single discount rate is equal to the prevailing municipal bond rate. The source for the rate is the same used for the pension plan.

Sensitivity Analysis of Rates

Discount Rate

The following table presents the District's proportionate share of the TRS-Care net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that was 1% less than and 1% greater than the discount rate that was used (3.87%) in measuring the net OPEB liability.

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
District's proportionate share of the net OPEB liability	\$ 15,067,861	\$ 12,682,886	\$ 10,755,790

Splendora Independent School District

Notes to the Financial Statements

Healthcare Cost Trend Rates

The following table presents the District's proportionate share of net OPEB liability 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% lower or 1% higher than the assumed health-care cost trend rate:

		1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$	10,328,328	\$ 12,682,886	\$ 15,751,110

Change of Assumptions Since the Prior Measurement Date

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

- The discount rate changed from 4.13% as of August 31, 2023 to 3.87% as of August 31, 2024. Additionally, the tables used to model the impact of aging on the underlying claims were revised.

Change of Benefit Terms Since the Prior Measurement Date

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

E. Joint Venture-Shared Service Arrangement

The District participates in the following shared service arrangements:

Conroe ISD Regional Day School Program for the Deaf

The District participates in a shared services arrangement, Conroe ISD Regional Day School Program for the Deaf, with numerous districts for the education of students with a hearing impairment. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Conroe Independent School District, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent is responsible for the financial activities of the shared services arrangement.

Required Supplementary Information

Exhibit G-1

Splendora Independent School District
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2025

Data Control Codes		Budgeted Amounts			Variance with Final Budget
		Original	Final	Actual	Positive
					(Negative)
REVENUES					
5700	Local and intermediate sources	\$ 16,104,000	\$ 16,154,000	\$ 15,132,725	\$ (1,021,275)
5800	State program revenues	43,001,000	43,001,000	44,979,454	1,978,454
5900	Federal program revenues	395,000	395,000	399,184	4,184
5020	Total revenues	59,500,000	59,550,000	60,511,363	961,363
EXPENDITURES					
Current:					
0011	Instruction	35,111,500	35,391,352	35,678,183	(286,831)
0012	Instructional resources and media services	184,710	176,010	180,421	(4,411)
0013	Curriculum and instructional staff development	1,741,875	1,653,773	1,638,839	14,934
0021	Instructional leadership	1,522,062	1,556,062	1,562,850	(6,788)
0023	School leadership	2,919,698	3,086,198	3,098,856	(12,658)
0031	Guidance, counseling, and evaluation services	2,267,315	2,102,765	2,087,894	14,871
0032	Social work services	127,525	125,425	124,516	909
0033	Health services	472,735	479,835	480,279	(444)
0034	Student transportation	3,580,705	4,143,205	4,140,189	3,016
0036	Extracurricular activities	1,487,150	1,611,550	1,578,963	32,587
0041	General administration	2,839,480	2,978,580	2,923,777	54,803
0051	Plant maintenance and operations	6,366,625	5,947,625	5,823,559	124,066
0052	Security and monitoring services	960,650	1,119,650	1,106,013	13,637
0053	Data processing services	959,075	937,819	938,718	(899)
0061	Community services	283,895	235,651	229,637	6,014
Capital outlay:					
0081	Facilities acquisition and construction	3,150,000	1,500	1,327	173
Intergovernmental:					
0099	Other intergovernmental charges	225,000	213,500	213,406	94
6030	Total expenditures	64,200,000	61,760,500	61,807,427	(46,927)
1100	Excess (deficiency) of revenues				
1100	over (under) expenditures	(4,700,000)	(2,210,500)	(1,296,064)	914,436
1200	Net change in fund balance	(4,700,000)	(2,210,500)	(1,296,064)	914,436
0100	Fund balance - beginning	12,619,584	12,619,584	12,619,584	-
3000	FUND BALANCE - ENDING	\$ 7,919,584	\$ 10,409,084	\$ 11,323,520	\$ 914,436

The Notes to the Required Supplementary Information are an integral part of this schedule.

Exhibit G-2

Splendora Independent School District

Schedule of the District's Proportionate Share of the Net Pension
Liability of a Cost-Sharing Multiple-Employer Pension Plan
Teacher Retirement System of Texas
For the Last Ten Fiscal Years*

Year	District's Proportion of Net Pension Liability	District's Proportionate Share of the Net Pension Liability	State's Proportionate Share of the Net Pension Liability Associated with the District	Total	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2025	0.0323378%	\$ 19,753,273	\$ 24,553,874	\$ 44,307,147	\$ 42,109,482	46.91%	77.51%
2024	0.0324038%	22,258,314	25,220,065	47,478,379	38,347,060	58.04%	73.15%
2023	0.0278008%	16,504,603	21,786,764	38,291,367	33,483,520	49.29%	75.62%
2022	0.0271552%	6,915,468	9,670,202	16,585,670	31,169,316	22.19%	88.79%
2021	0.0244102%	13,073,611	20,487,116	33,560,727	29,318,562	44.59%	75.54%
2020	0.0254541%	13,231,834	18,376,485	31,608,319	27,004,992	49.00%	75.24%
2019	0.0240344%	13,229,115	19,029,341	32,258,456	24,961,187	53.00%	73.74%
2018	0.0217969%	6,969,463	10,625,117	17,594,580	22,205,049	31.39%	82.17%
2017	0.0206477%	7,802,450	12,252,564	20,055,014	20,809,777	37.49%	78.00%
2016	0.0209355%	7,400,421	11,535,411	18,935,832	19,614,488	37.73%	78.43%

* The amounts presented for the fiscal years were determined as of the Plan's fiscal year, August 31 of the prior year.

Exhibit G-3

Splendora Independent School District
Schedule of the District's Contributions to the
Teacher Retirement System of Texas Pension Plan
For the Last Ten Fiscal Years*

Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 1,855,562	\$ (1,855,562)	\$ -	\$ 44,620,050	4.16%
2024	1,819,600	(1,819,600)	-	41,571,173	4.38%
2023	1,609,541	(1,609,541)	-	37,549,726	4.29%
2022	1,267,094	(1,267,094)	-	33,077,078	3.83%
2021	1,128,189	(1,128,189)	-	31,169,316	3.62%
2020	989,363	(989,363)	-	29,318,562	3.37%
2019	880,688	(880,688)	-	26,680,249	3.30%
2018	793,198	(793,198)	-	24,539,187	3.23%
2017	701,344	(701,344)	-	22,205,049	3.16%
2016	654,655	(654,655)	-	20,627,593	3.17%

* The amounts presented for the fiscal years were determined as of the District's fiscal year end.

Exhibit G-4

Splendora Independent School District

Schedule of the District's Proportionate Share of the Net OPEB
Liability of a Cost-Sharing Multiple-Employer OPEB Plan
Teacher Retirement System of Texas
For the Last Eight Fiscal Years*

Year	District's Proportion of Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	State's Proportionate Share of the Net OPEB Liability Associated with the District	Total	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2025	0.0417866%	\$ 12,682,886	\$ 15,891,484	\$ 28,574,370	\$ 42,109,482	30.12%	13.70%
2024	0.0409730%	9,070,717	10,945,214	20,015,931	38,347,060	23.65%	14.94%
2023	0.0357170%	8,552,072	10,432,184	18,984,256	33,483,520	25.54%	11.52%
2022	0.0359766%	13,877,785	18,593,139	32,470,924	31,169,316	44.52%	6.18%
2021	0.0334260%	12,706,734	17,074,805	29,781,539	29,318,562	43.34%	4.99%
2020	0.0329609%	15,587,604	20,714,438	36,302,042	27,004,992	57.72%	2.66%
2019	0.0303332%	15,145,664	21,245,185	36,390,849	24,961,187	60.68%	1.57%
2018	0.0261940%	11,390,796	17,748,283	29,139,079	22,205,049	51.30%	0.91%

* The amounts presented for the fiscal years were determined as of the Plan's fiscal year, August 31 of the prior year.
Ten years of data is not available.

Exhibit G-5

Splendora Independent School District
Schedule of the District's Contributions to the
Teacher Retirement System of Texas OPEB Plan
For the Last Eight Fiscal Years*

Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 385,251	\$ (385,251)	\$ -	\$ 44,620,050	0.86%
2024	373,676	(373,676)	-	41,571,173	0.90%
2023	339,296	(339,296)	-	37,549,726	0.90%
2022	289,067	(289,067)	-	33,077,078	0.87%
2021	260,855	(260,855)	-	31,169,316	0.84%
2020	262,993	(262,993)	-	29,318,562	0.90%
2019	226,415	(226,415)	-	26,680,249	0.85%
2018	196,832	(196,832)	-	24,539,187	0.80%

* The amounts presented for the fiscal years were determined as of the District's fiscal year end.
Ten years of data is not available.

Splendora Independent School District

Notes to the Required Supplementary Information

Note 1. Budget

A. Budgetary Information

Each school district in Texas is required by law to prepare annually a budget of anticipated revenues and expenditures for the general fund, debt service fund, and the National School Breakfast and Lunch Program special revenue fund. The Texas Education Code requires the budget to be prepared not later than June 19 and adopted by June 30 of each year. The budgets are prepared on a basis of accounting that is used for reporting in accordance with generally accepted accounting principles.

The following procedures are followed in establishing the budgetary data reflected in the fund financial schedules:

- 1.** Prior to June 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
- 2.** A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
- 3.** Prior to July 1, the budget is formally approved and adopted by the Board.

The appropriated budget is prepared by fund and function. The District's campus/department heads may make transfers of appropriations within a campus or department. Transfers of appropriations between campuses or departments require the approval of the District's management. Increasing any one of the functional spending categories, or revenues object accounts and other resources require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level within a fund. All annual appropriations lapse at fiscal year-end.

B. Excess of Expenditures Over Appropriations

For fiscal year June 30, 2025, expenditures exceeded appropriations in the following functions (the legal level of budgetary control):

<u>Fund</u>	<u>Function</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund	11	\$ 35,391,352	\$ 35,678,183	\$ (286,831)
General Fund	12	176,010	180,421	(4,411)
General Fund	21	1,556,062	1,562,850	(6,788)
General Fund	23	3,086,198	3,098,856	(12,658)
General Fund	33	479,835	480,279	(444)
General Fund	53	937,819	938,718	(899)

Splendora Independent School District

Notes to the Required Supplementary Information

Note 2. Net Pension Liability and Net OPEB Liability

The following factors significantly affect trends in the amounts reported for the District's proportionate share of the net pension liability and net OPEB liability:

Changes in Actuarial Assumptions and Inputs

Measurement Date August 31,	Net Pension Liability		Net OPEB Liability
	Discount Rate	Long-term Expected Rate of Return	Discount Rate
2024	7.000%	7.000%	3.870%
2023	7.000%	7.000%	4.130%
2022	7.000%	7.000%	3.910%
2021	7.250%	7.250%	1.950%
2020	7.250%	7.250%	2.330%
2019	7.250%	7.250%	2.630%
2018	6.907%	7.250%	3.690%
2017	8.000%	8.000%	3.420%
2016	8.000%	8.000%	
2015	8.000%	8.000%	

Changes in Demographic and Economic Assumptions

For measurement date August 31, 2018 – Net Pension Liability and Net OPEB Liability:

- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement and economic assumptions, including rates of salary increase for individual participants were updated based on the experience study performed for TRS for the period ending August 31, 2017.

Changes in Benefit Terms

For measurement date August 31, 2024 – Net Pension Liability:

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

For measurement date August 31, 2018 – Net OPEB Liability:

- Changes of benefit terms were made effective September 1, 2017 by the 85th Texas Legislature.

Splendora Independent School District

Notes to the Required Supplementary Information

Other Changes

For measurement date August 31, 2024 – Net OPEB Liability:

- The tables used to model impact of aging on the underlying claims were revised.

For measurement date August 31, 2022 – Net OPEB Liability:

- The participation rate for pre-65 retirees was lowered from 65% to 62%. The participation rate for post-65 retirees was lowered from 40% to 25%.

For measurement date August 31, 2020 – Net OPEB Liability:

- The participation rate for pre-65 retirees was lowered from 50% to 40%.
- The ultimate healthcare trend rate assumption decreased to reflect the repeal of the excise (Cadillac) tax on high-cost employer health plans.

For measurement date August 31, 2019 – Net Pension Liability:

- With the enactment of SB3 by the 2019 Texas Legislature, an assumption was made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected based on the actuarial assumptions.

For measurement date August 31, 2019 – Net OPEB Liability:

- The participation rate for pre-65 retirees was lowered from 70% to 65%. The participation rate for post-65 retirees was lowered from 75% to 50%. 25% of pre-65 retirees are assumed to discontinue their coverage at age 65.
- The trend rates were reset to better reflect the plan's anticipated experience.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20% to 15%. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20% to 10%.

For measurement date August 31, 2018 – Net OPEB Liability:

- Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018.
- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020.

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Supplementary Information

Splendora Independent School District

Combining Balance Sheet

Nonmajor Governmental Funds - Special Revenue Funds

June 30, 2025

		211	224	225
Data Control Codes		ESSA Title I Improving Basic Programs	IDEA-B Formula	IDEA-B Preschool
	ASSETS			
1110	Cash and cash equivalents	\$ -	\$ -	\$ -
1120	Current investments	-	-	-
1240	Due from other governments	134,500	204,835	4,979
1260	Due from other funds	-	-	-
1300	Inventories	-	-	-
1000	TOTAL ASSETS	<u><u>\$ 134,500</u></u>	<u><u>\$ 204,835</u></u>	<u><u>\$ 4,979</u></u>
	LIABILITIES			
2160	Accrued wages payable	\$ 65,533	\$ 59,493	\$ 3,870
2170	Due to other funds	68,967	145,003	1,109
2200	Accrued expenditures	-	339	-
2300	Unearned revenue	-	-	-
2000	Total liabilities	134,500	204,835	4,979
	FUND BALANCES			
3450	Restricted - grant funds	-	-	-
3545	Committed - other	-	-	-
3000	Total fund balances	-	-	-
4000	TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 134,500</u></u>	<u><u>\$ 204,835</u></u>	<u><u>\$ 4,979</u></u>

Exhibit H-1

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226	240	242	244	255	263
IDEA B Discretionary	National School Breakfast/ Lunch Program	Summer Feeding Program	Career and Technical Basic Grant	ESSA Title II, Part A; Teacher & Principal Training & Recruiting	Title III, Part A, English Language Acquisition and Enhancement
\$ -	\$ 496,984	\$ -	\$ -	\$ -	\$ -
-	1,221,265	-	-	-	-
1,025	-	24,242	2,761	41,160	43,066
-	1,959	-	-	-	-
-	166,435	-	-	-	-
<u>\$ 1,025</u>	<u>\$ 1,886,643</u>	<u>\$ 24,242</u>	<u>\$ 2,761</u>	<u>\$ 41,160</u>	<u>\$ 43,066</u>
\$ -	\$ 171,285	\$ 12,388	\$ -	\$ 1,207	\$ 17,003
1,025	-	10,148	2,761	39,484	24,618
-	3,673	1,706	-	469	1,445
-	-	-	-	-	-
1,025	174,958	24,242	2,761	41,160	43,066
-	1,711,685	-	-	-	-
-	-	-	-	-	-
-	1,711,685	-	-	-	-
<u>\$ 1,025</u>	<u>\$ 1,886,643</u>	<u>\$ 24,242</u>	<u>\$ 2,761</u>	<u>\$ 41,160</u>	<u>\$ 43,066</u>

Splendora Independent School District

Combining Balance Sheet

Nonmajor Governmental Funds - Special Revenue Funds - Continued

June 30, 2025

		287	288	289
Data Control Codes		Title VI, Part A, Subpart 1	Reserve Officers' Training Corps	Federally Funded Special Revenue Funds
	ASSETS			
1110	Cash and cash equivalents	\$ -	\$ 15,730	\$ 5,452
1120	Current investments	-	-	-
1240	Due from other governments	4,143	-	2
1260	Due from other funds	-	-	-
1300	Inventories	-	-	-
1000	TOTAL ASSETS	<u><u>\$ 4,143</u></u>	<u><u>\$ 15,730</u></u>	<u><u>\$ 5,454</u></u>
	LIABILITIES			
2160	Accrued wages payable	\$ 1,431	\$ 15,730	\$ 5,454
2170	Due to other funds	2,712	-	-
2200	Accrued expenditures	-	-	-
2300	Unearned revenue	-	-	-
2000	Total liabilities	4,143	15,730	5,454
	FUND BALANCES			
3450	Restricted - grant funds	-	-	-
3545	Committed - other	-	-	-
3000	Total fund balances	-	-	-
4000	TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 4,143</u></u>	<u><u>\$ 15,730</u></u>	<u><u>\$ 5,454</u></u>

Exhibit H-1

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385

397

410

429

461

Visually Impaired	Advanced Placement Incentives	State Textbook Fund	State Funded Special Revenue Funds	Campus Activity Funds	Total Nonmajor Funds (See Exhibit C-1)
\$ -	\$ -	\$ 84,846	\$ -	\$ 249,304	\$ 852,316
-	-	-	-	123,316	1,344,581
-	-	-	223,514	-	684,227
-	-	-	-	-	1,959
-	-	-	-	-	166,435
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,846</u>	<u>\$ 223,514</u>	<u>\$ 372,620</u>	<u>\$ 3,049,518</u>
\$ -	\$ -	\$ -	\$ 20,213	\$ -	\$ 373,607
-	-	-	203,301	-	499,128
-	-	-	-	-	7,632
-	-	84,846	-	-	84,846
-	-	84,846	223,514	-	965,213
-	-	-	-	-	1,711,685
-	-	-	-	372,620	372,620
-	-	-	-	372,620	2,084,305
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,846</u>	<u>\$ 223,514</u>	<u>\$ 372,620</u>	<u>\$ 3,049,518</u>

Splendora Independent School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds - Special Revenue Funds
For the Fiscal Year Ended June 30, 2025

		211	224	225
Data Control Codes				
	REVENUES			
5700	Local and intermediate sources	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-
5900	Federal program revenues	877,471	964,163	23,300
5020	Total revenues	877,471	964,163	23,300
	EXPENDITURES			
	Current:			
0011	Instruction	133,766	260,763	23,300
0012	Instructional resources and media services	157,198	-	-
0013	Curriculum and instructional staff development	500,973	2,540	-
0021	Instructional leadership	-	18,923	-
0031	Guidance, counseling, and evaluation services	-	621,134	-
0034	Student transportation	-	-	-
0035	Food services	-	-	-
0036	Extracurricular activities	-	-	-
0041	General administration	-	-	-
0051	Plant maintenance and operations	-	-	-
0052	Security and monitoring services	-	-	-
0061	Community services	85,534	-	-
	Intergovernmental:			
0093	Payments related to shared services arrangements	-	60,803	-
6030	Total expenditures	877,471	964,163	23,300
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	-
0100	Fund balances - beginning	-	-	-
3000	FUND BALANCES - ENDING	\$ -	\$ -	\$ -

Exhibit H-2

(Page 1 of 2)

226	240	242	244	255	263
IDEA B Discretionary	National School Breakfast/ Lunch Program	Summer Feeding Program	Career and Technical Basic Grant	ESSA Title II, Part A,: Teacher & Principal Training & Recruiting	Title III, Part A, English Language Acquisition and Enhancement
\$ -	\$ 424,200	\$ 73	\$ -	\$ -	\$ -
-	14,334	-	-	-	-
1,025	3,766,377	24,242	53,197	177,845	138,180
1,025	4,204,911	24,315	53,197	177,845	138,180
1,025	-	-	50,697	97,935	138,180
-	-	-	-	13,910	-
-	-	-	2,500	-	-
-	-	-	-	60,000	-
-	-	-	-	-	-
-	-	-	-	-	-
-	4,479,754	24,315	-	-	-
-	-	-	-	-	-
-	-	-	-	6,000	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,025	4,479,754	24,315	53,197	177,845	138,180
-	(274,843)	-	-	-	-
-	1,986,528	-	-	-	-
\$ -	\$ 1,711,685	\$ -	\$ -	\$ -	\$ -

Splendora Independent School District

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances

Nonmajor Governmental Funds - Special Revenue Funds - Continued

For the Fiscal Year Ended June 30, 2025

		287	288	289
Data Control Codes		Title VI, Part A, Subpart 1	Reserve Officers' Training Corps	Federally Funded Special Revenue Funds
REVENUES				
5700	Local and intermediate sources	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-
5900	Federal program revenues	70,992	88,916	5,454
5020	Total revenues	70,992	88,916	5,454
EXPENDITURES				
	Current:			
0011	Instruction	22,288	88,916	5,454
0012	Instructional resources and media services	17,060	-	-
0013	Curriculum and instructional staff development	24,192	-	-
0021	Instructional leadership	-	-	-
0031	Guidance, counseling, and evaluation services	-	-	-
0034	Student transportation	-	-	-
0035	Food services	-	-	-
0036	Extracurricular activities	-	-	-
0041	General administration	-	-	-
0051	Plant maintenance and operations	-	-	-
0052	Security and monitoring services	7,452	-	-
0061	Community services	-	-	-
	Intergovernmental:			
0093	Payments related to shared services arrangements	-	-	-
6030	Total expenditures	70,992	88,916	5,454
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	-
0100	Fund balances - beginning	-	-	-
3000	FUND BALANCES - ENDING	\$ -	\$ -	\$ -

Exhibit H-2

(Page 2 of 2)

385	397	410	429	461	
Visually Impaired	Advanced Placement Incentives	State Textbook Fund	State Funded Special Revenue Funds	Campus Activity Funds	Total Nonmajor Funds (See Exhibit C-2)
\$ -	\$ -	\$ -	\$ -	\$ 466,436	\$ 890,709
7,300	204	255,759	769,174	-	1,046,771
-	-	-	-	-	6,191,162
7,300	204	255,759	769,174	466,436	8,128,642
7,300	-	255,759	172,794	-	1,258,177
-	-	-	-	-	188,168
-	204	-	-	-	530,409
-	-	-	-	-	78,923
-	-	-	-	-	621,134
-	-	-	65,368	-	65,368
-	-	-	-	-	4,504,069
-	-	-	-	404,997	404,997
-	-	-	-	-	6,000
-	-	-	198,114	-	198,114
-	-	-	332,898	-	340,350
-	-	-	-	-	85,534
-	-	-	-	-	60,803
7,300	204	255,759	769,174	404,997	8,342,046
-	-	-	-	61,439	(213,404)
-	-	-	-	311,181	2,297,709
\$ -	\$ -	\$ -	\$ -	\$ 372,620	\$ 2,084,305

Splendora Independent School District

Schedule of Delinquent Taxes Receivable

For the Fiscal Year Ended June 30, 2025

Year Ended June 30,	1	2	3	10
	Tax Rates		Assessed/ Appraised Value For School Tax Purposes	Beginning Balance 7/1/24
	Maintenance	Debt Service		
2016 and prior years	1.1700	0.1455	539,891,980	\$ 153,161
2017	1.1700	0.4300	637,264,063	48,717
2018	1.1700	0.4300	722,675,938	57,114
2019	1.1700	0.4300	764,302,313	75,031
2020	1.0684	0.4300	825,212,427	93,440
2021	0.9751	0.4300	976,390,506	113,956
2022	0.9603	0.4452	1,100,801,483	162,751
2023	0.9429	0.4452	1,483,783,805	364,415
2024	0.7570	0.4552	1,644,871,803	1,005,146
2025	0.7552	0.5000	1,840,609,066	-
1000 TOTALS				<u>\$ 2,073,731</u>

8000 - Taxes refunded under section 26.1115, tax code, for owners who received an exemption
as provided by section 11.42(f), tax code

9000 - Portion of row 1000 for taxes paid into tax increment zone under chapter 311, tax code

Exhibit J-1

20	31	32	40	50	99
Current Year's Total Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance 06/30/25	Total Taxes Refunded Under Section 26.1115(c)
\$ -	\$ 14,398	\$ 1,790	\$ (7,303)	\$ 129,670	
-	5,650	2,077	569	41,559	
-	6,920	2,543	41	47,692	
-	9,541	3,506	454	62,438	
-	17,867	7,191	6,020	74,402	
-	25,387	11,195	9,340	86,714	
-	58,209	26,987	39,904	117,459	
-	91,625	43,262	59,801	289,329	
-	288,537	173,503	(128,917)	414,189	
<u>23,103,325</u>	<u>13,344,684</u>	<u>8,835,199</u>	<u>-</u>	<u>923,442</u>	
<u>\$ 23,103,325</u>	<u>\$ 13,862,818</u>	<u>\$ 9,107,253</u>	<u>\$ (20,091)</u>	<u>\$ 2,186,894</u>	

\$ 77,687

\$ -

Splendora Independent School District
Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual
National School Breakfast and Lunch Program
For the Fiscal Year Ended June 30, 2025

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ 743,000	\$ 743,000	\$ 424,200	\$ (318,800)
5800	State program revenues	14,000	14,000	14,334	334
5900	Federal program revenues	2,843,000	2,843,000	3,766,377	923,377
5020	Total revenues	3,600,000	3,600,000	4,204,911	604,911
EXPENDITURES					
	Current:				
0035	Food services	4,808,000	4,808,000	4,479,754	328,246
6030	Total expenditures	4,808,000	4,808,000	4,479,754	328,246
1100	Excess (deficiency) of revenues over (under) expenditures	(1,208,000)	(1,208,000)	(274,843)	933,157
1200	Net change in fund balance	(1,208,000)	(1,208,000)	(274,843)	933,157
0100	Fund balance - beginning	1,986,528	1,986,528	1,986,528	-
3000	FUND BALANCE - ENDING	\$ 778,528	\$ 778,528	\$ 1,711,685	\$ 933,157

Splendora Independent School District
Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual
Debt Service Fund
For the Fiscal Year Ended June 30, 2025

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive Negative
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ 9,410,000	\$ 9,410,000	\$ 9,330,314	\$ (79,686)
5800	State program revenues	225,000	225,000	1,447,765	1,222,765
5020	Total revenues	9,635,000	9,635,000	10,778,079	1,143,079
EXPENDITURES					
	Debt service:				
0071	Principal on long-term debt	2,655,000	2,665,000	2,665,000	-
0072	Interest on long-term debt	5,814,000	7,426,872	7,426,872	-
0073	Issuance costs and fees	-	10,128	1,950	8,178
6030	Total expenditures	8,469,000	10,102,000	10,093,822	8,178
1100	Excess (deficiency) of revenues over (under) expenditures	1,166,000	(467,000)	684,257	1,151,257
OTHER FINANCING SOURCES (USES)					
7916	Premium or discount on issuance of bonds	-	1,375,000	1,379,191	4,191
7080	Total other financing sources (uses)	-	1,375,000	1,379,191	4,191
1200	Net change in fund balance	1,166,000	908,000	2,063,448	1,155,448
0100	Fund balance - beginning	4,754,790	4,754,790	4,754,790	-
3000	FUND BALANCE - ENDING	\$ 5,920,790	\$ 5,662,790	\$ 6,818,238	\$ 1,155,448

Splendora Independent School District

Use of Funds Report – Select State Allotment Programs

For the Fiscal Year Ended June 30, 2025

<u>Data Control Codes</u>		<u>Responses</u>
<u>Section A: Compensatory Education Programs</u>		
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.	\$ 3,698,508
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30)	\$ 3,132,519
<u>Section B: Bilingual Education Programs</u>		
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.	\$ 961,237
AP8	List the actual direct progm expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25)	\$ 775,107

Overall Compliance, Internal Control Section and Federal Awards

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**Independent Auditor's Report on Internal Control over Financial
Reporting and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance
with *Government Auditing Standards***

To the Board of Trustees of
Splendora Independent School District

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 Splendora Independent School District (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated **October xx**, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

The Board of Trustees of
Splendora Independent School District

Purpose of this Report

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

(Name of Firm)

The Woodlands, Texas

October 16, 2025

**Independent Auditor's Report on Compliance for Each Major Federal
Program and Report on Internal Control over Compliance
Required by the Uniform Guidance**

The Board of Trustees of
Splendora Independent School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

The Board of Trustees of
Splendora Independent School District

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

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

(Name of Firm)

The Woodlands, Texas
October XX, 2025

Splendora Independent School District

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2025

Section 1. Summary of Auditor's Results

Financial Statements

- | | |
|--|---------------|
| 1. Type of auditor's report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified that are not considered to be material weaknesses? | None reported |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|---|--|
| 4. Internal control over major programs: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified that are not considered to be material weaknesses? | None reported |
| 5. Type of auditor's report issued on compliance with major programs | Unmodified |
| 6. Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? | No |
| 7. Identification of major programs | 10.553, 10.555 – Child Nutrition Cluster |
| 8. Dollar Threshold used to distinguish between Type A and Type B federal programs | \$750,000 |
| 9. Auditee qualified as a low risk auditee? | Yes |

Section 2. Financial Statement Findings

None reported

Section 3. Federal Award Findings and Questioned Costs

None reported

Splendora Independent School District

Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended June 30, 2025

Prior Year Findings

None reported

Exhibit K-1

Splendora Independent School District

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2025

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed Through State Department of Education:			
ESEA Title I, Part A - Improving Basic Programs	84.010A	25610101170907	\$ 830,257
ESEA Title I, 1003 School Improvement Grant	84.010A	24610141170907	<u>47,214</u>
Total Assistance Listing Number 84.010A			877,471
Special Education Cluster (IDEA):			
IDEA - Part B Formula	84.027A	256600011709076000	964,163
IDEA - High Cost	84.027A	66002406	<u>1,025</u>
Total Assistance Listing Number 84.027A			965,188
IDEA - Part B Preschool	84.173A	256610011709076000	<u>23,300</u>
Total Special Education Cluster (IDEA)			988,488
Career and Technology - Basic Grant	84.048A	25420006170907	53,197
Title III, Part A, English Language Acquisition and Language Enhancement	84.365A	25671001170907	125,605
Title III, Part A, Immigrant	84.365A	24671003170907	<u>12,575</u>
Total Assistance Listing Number 84.365A			138,180
ESEA Title II, Part A - Teacher and Principal Training and Recruiting	84.367A	25694501170907	177,845
Summer School, LEP	84.369A	69552402	5,454
Title IV, Part A, Subpart 1	84.424A	25680101170907	<u>70,992</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			2,311,627

The Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Exhibit K-1

Splendora Independent School District
Schedule of Expenditures of Federal Awards – Continued
For the Fiscal Year Ended June 30, 2025

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Child Nutrition Cluster:			
Passed Through State Department of Education:			
School Breakfast Program	10.553	71402401	162,659
School Breakfast Program	10.553	71402501	<u>691,291</u>
Total Assistance Listing Number 10.553			853,950
Passed Through Texas Department of Agriculture - Non-Cash Assistance:			
National School Lunch Program	10.555	806780706	236,744
Passed Through Texas Department of Agriculture:			
National School Lunch Program	10.555	71302401	487,013
National School Lunch Program	10.555	71302501	<u>2,180,124</u>
Total Assistance Listing Number 10.555			<u>2,903,881</u>
Total Child Nutrition Cluster			3,757,831
Passed Through Texas Department of Agriculture:			
Child and Adult Care Food Program (CACFP)	10.558	806780706	24,242
COVID-19 - Commodity Storage and Delivery	10.560	806780706	8,546
Passed Through Montgomery County, Texas:			
Forest Service Schools and Roads Cluster:			
Schools and Roads - Grant to States (Mineral Funds)	10.665	N/A	<u>1,955</u>
Total Forest Service Schools and Roads Cluster			<u>1,955</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			3,792,574
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Medicaid Cluster:			
Passed Through Texas Health and Human Services Commission			
Medicaid Administrative Claiming (MAC)	93.778	HHS000537900091	<u>35,699</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>35,699</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 6,139,900</u>

The Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

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Splendora Independent School District

Notes to Schedule of Expenditures of Federal Awards

Note 1. Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Splendora Independent School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements. National School Lunch Program non-cash commodities are recorded at their estimated market value at the time of donation.

Note 2. De Minimis Cost Rate

The District has elected not to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.

Note 3. Reconciliation to Basic Financial Statements

The following is a reconciliation of expenditures of federal awards per Exhibit K-1 and federal revenues reported on Exhibit C-2 of the District's Annual Financial Report:

Total expenditures of federal awards per Exhibit K-1	\$	6,139,900
Additional federal revenues reported in governmental funds:		
SHARS		314,404
E-Rate		47,126
ROTC		88,916
Total federal revenues per Exhibit C-2	\$	<u><u>6,590,346</u></u>

Splendora Independent School District
Schedule of Required Responses to Selected
School FIRST Indicators (Unaudited)
For the Fiscal Year Ended June 30, 2025

Data 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? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments.)	Yes
	Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued.	
	Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been 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.	\$ -