

SIERRA BLANCA INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL AND
COMPLIANCE REPORT

FOR THE YEAR ENDED
JUNE 30, 2025



SINGLETON, CLARK
& COMPANY, PC CERTIFIED PUBLIC ACCOUNTANTS

SIERRA BLANCA INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL AND COMPLIANCE REPORT
FOR THE YEAR ENDED JUNE 30, 2025

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CERTIFICATE OF BOARD

Sierra Blanca Independent School District
Name of School District

Hudspeth
County

115-902
Co.-Dist. Number

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

Signature of Board Secretary

Signature of Board President

If the Board of Trustees disapproved of 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
Sierra Blanca Independent School District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sierra Blanca 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2025, and the respective changes in financial position and the respective budgetary comparison for the General Fund 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards 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 section which precedes the basic financial statements and the pension and other post-employment benefits liabilities related schedules following the notes to the financial statements be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual schedules of nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

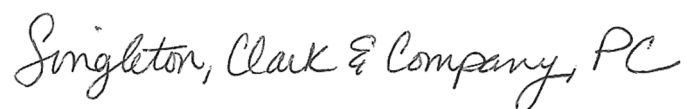
Other Information

Management is responsible for the other information included within the annual report. The other information comprises exhibits required by the Texas Education Agency which present property tax collection and receivable information, budget-to-actual comparisons for the Child Nutrition Fund and Debt Service Fund, and information related to expenditure levels of selected state funding allotments. Our opinions on the basic financial statements do not cover this other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sierra Blanca Independent School District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Singleton, Clark & Company, PC".

Singleton, Clark & Company, PC
Alpine, Texas

August 22, 2025

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SIERRA BLANCA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of Sierra Blanca Independent School District (the "District") discuss and analyze the financial performance of the District for the fiscal year ended June 30, 2025. Please read this information in conjunction with the District's basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position for governmental activities increased by \$273,615 as a result of this year's current operations, to end at \$3,539,857.
- Total governmental funds of the District (the General Fund plus all Special Revenue Funds, the Capital Projects Fund, and the Debt Service Fund) reported an overall fund balance decrease of \$3,843,725, to end at \$3,172,664.
- The General Fund of the District reported a fund balance decrease of \$28,819 for the year, to end at \$1,584,142.

OVERVIEW OF THE FINANCIAL SECTION

The Financial Section is the most substantial part of this Annual Financial and Compliance Report. It consists of the independent auditor's report, management's discussion and analysis (this section), a set of basic financial statements with required note disclosures, and finally, required supplementary information and other supporting statements and schedules as applicable.

Independent Auditor's Report

State law requires the District's financial statements to be audited by an independent certified public accountant each year. The primary purpose of the annual audit is for the auditor to express an opinion as to whether the financial statements of the District appear to be free from material misstatement. The audit is required to be conducted 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 District received an *Unmodified* opinion on its financial statements this year.

Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) section of the report is intended to introduce the financial statements and to provide discussion and analysis regarding the financial performance of the District during the year. The MD&A is written by management of the District and provides for a less formal presentation of the financial activities of the District than is found within the basic financial statements themselves.

Basic Financial Statements

The Basic Financial Statements consist of a series of financial statements and required note disclosures. These statements include government-wide financial statements which present the District in a consolidated and long-term manner using full-accrual accounting similar to that of a business enterprise, and fund financial statements which present a more detailed view of the District using a more short-term view and traditional modified-accrual governmental accounting. These financial statements are followed with detailed notes which provide narrative explanations and additional data for full disclosure of information.

SIERRA BLANCA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025

Required Supplementary Information

The previously discussed Management's Discussion and Analysis section is considered to be required supplementary information, however, the governmental reporting framework requires that it be presented before the financial statements. When applicable, additional required supplementary information must follow the financial statements. Within this financial report, the District presents required schedules related to its participation in the Teacher Retirement System of Texas and the Texas Public School Retired Employees Group Insurance Plan.

Combining and Individual Fund Statements and Schedules

The combining statements provide detailed information about the District's nonmajor funds. While the primary financial statements present the nonmajor funds in a consolidated manner, the combining statements list all of the nonmajor funds separately, each in its own column. In addition, this section also includes schedules required by the Texas Education Agency to report tax collection information and budget to actual information for the District's debt service functions.

OVERVIEW OF THE FEDERAL AWARDS SECTION

Report on Internal Controls and Compliance

In accordance with *Government Auditing Standards*, the auditor is required to consider the internal controls the District has in place over financial reporting and whether any noncompliance with rules, laws, and regulations was noted during the audit. This report describes the scope of the testing of internal control and compliance, however, it does not provide an opinion on the effectiveness of internal control or on compliance.

Schedule of Findings and Questioned Costs

The Schedule of Findings and Questioned Costs provides an overall summary of auditor results, including identification of the type of opinion on the financial statements, whether any significant deficiencies or material weaknesses in internal controls were observed by the audit firm, and whether any material noncompliance was noted. This schedule also lists any audit findings reported by the audit firm for the year.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins with the government-wide financial statements which immediately follow this section. The government-wide financial statements include the Statement of Net Position and the Statement of Activities. The primary purpose of these financial statements is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets, deferred outflows, liabilities, and deferred inflows at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

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

SIERRA BLANCA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025

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

In the Statement of Net Position and the Statement of Activities, school districts divide up their financial activities as follows:

- Governmental activities – School districts report basic services here, including the instruction of students, counseling, co-curricular activities, child nutrition services, transportation, maintenance, community services, and general administration. Property taxes, state block grants based on student attendance and demographics, and other state and federal grants finance most of these activities.
- Business-type activities – School districts may charge a fee to "customers" to help it cover all or most of the cost of services it provides for child care programs or other activities that closely model a business venture.

Our school district reported governmental activities this year, however, we did not engage in business-type activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements follow the government-wide statements and provide detailed information about the most significant funds of the District, not the District as a whole. Laws and regulations require the District to establish separate funds, such as for grants received from the state and federal government, money received from bond issues for capital projects, or for money raised specifically for debt service purposes, in order to clearly display financial accountability for use of these funds.

School districts use two different kinds of funds for operations, governmental funds and proprietary funds, which use different accounting approaches.

- A school district will use *governmental funds* to account for basic services. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.
- A school district will use *proprietary funds* to account for the activities for which it charges users (whether outside customers or other units of the District). Proprietary funds use the same accounting methods employed in the Statement of Net Position and the Statement of Activities. In fact, when a district utilizes enterprise funds, (one category of proprietary funds) these are the business-type activities reported in the government-wide statements but they contain more detail and additional information, such as cash flows. Internal service funds (the other category of proprietary funds) report activities that provide supplies and services for a district's other programs and activities, such as a district's self-insurance programs.

SIERRA BLANCA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025

Our District reported several governmental funds this year, however, we did not utilize proprietary funds.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities and alumni scholarship programs. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages that follow the governmental fund and proprietary fund financial statements. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is however responsible for applying sound financial internal controls over these funds and for ensuring that these resources are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net position of the District's governmental activities increased from \$3,357,704 to \$3,539,857. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was \$499,689 at June 30, 2025.

Table I
Sierra Blanca Independent School District
Net Position

	Governmental Activities 2025	Governmental Activities 2024	Change
Current & Other Assets	\$ 3,954,347	\$ 8,263,779	\$ (4,309,432)
Capital Assets	10,902,045	7,034,146	3,867,899
Total Assets	14,856,392	15,297,925	(441,533)
Deferred Outflows of Resources	1,070,014	1,376,098	(306,084)
Current Liabilities	779,466	1,263,972	(484,506)
Long-Term Liabilities	10,465,797	10,752,529	(286,732)
Total Liabilities	11,245,263	12,016,501	(771,238)
Deferred Inflows of Resources	1,141,286	1,299,818	(158,532)
Net Position:			
Net Investment in Capital Assets	2,171,773	(2,262,085)	4,433,858
Restricted	868,395	5,402,391	(4,533,996)
Unrestricted	499,689	217,398	282,291
Total Net Position	\$ 3,539,857	\$ 3,357,704	\$ 182,153

SIERRA BLANCA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025

Table II
SIERRA BLANCA INDEPENDENT SCHOOL DISTRICT
Changes in Net Position

	Governmental Activities 2025	Governmental Activities 2024	Change
Revenues:			
Program Revenues:			
Charges for Services	\$ 19,161	\$ 20,497	\$ (1,336)
Operating Grants & Contributions	336,179	410,456	(74,277)
General Revenues:			
Maintenance & Operations Taxes	1,442,821	1,556,478	(113,657)
Debt Service Taxes	755,385	716,671	38,714
State Aid - Formula Grants	668,534	358,276	310,258
Grants & Contributions not Restricted	89,439	28,589	60,850
Investment Earnings	171,801	331,999	(160,198)
Miscellaneous	39,333	183,568	(144,235)
Total Revenue	<u>3,522,653</u>	<u>3,606,534</u>	<u>(83,881)</u>
Expenses:			
Instruction	1,377,627	1,431,853	(54,226)
Instructional Resources & Media Services	33,279	27,564	5,715
Curriculum & Instructional Staff Development	3,667	4,810	(1,143)
School Leadership	108,968	53,526	55,442
Guidance, Counseling, & Evaluation Services	51	404	(353)
Health Services	202	508	(306)
Student Transportation	50,207	19,015	31,192
Food Services	144,918	138,594	6,324
Extracurricular Activities	130,142	124,083	6,059
General Administration	451,819	389,674	62,145
Facilities Maintenance and Operations	340,196	293,664	46,532
Security and Monitoring Services	93,925	24,410	69,515
Data Processing Services	110,703	171,446	(60,743)
Debt Service	243,666	264,242	(20,576)
Payments to Fiscal Agent of SSA	45,129	40,068	5,061
Other Intergovernmental Charges	114,539	91,421	23,118
Total Expenses	<u>3,249,038</u>	<u>3,075,282</u>	<u>173,756</u>
Gain (Loss) on Sale of Assets	-	3,240	(3,240)
Change in Net Position	<u>273,615</u>	<u>534,492</u>	<u>(260,877)</u>
Net Position at 7/1/25 (Restated) and 7/1/24	<u>3,266,242</u>	<u>2,823,212</u>	<u>443,030</u>
Net Position at 6/30/25 and 6/30/24	<u>\$ 3,539,857</u>	<u>\$ 3,357,704</u>	<u>\$ 182,153</u>

SIERRA BLANCA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025

THE DISTRICT'S FUNDS

As the District completed this annual period, the General Fund reported a fund balance of \$1,584,142, which is \$28,819 less than last year's total of \$1,612,961. The decrease in fund balance relates primarily to the expected deficit for the year, but the decrease was much less than originally appropriated.

The District's State Funded Special Revenue Fund (fund 429) reported a fund balance of \$-0-. Fund 429 is a Special Revenue fund utilized to help supplement payroll, supplies, and other support expenditures during the year. Both revenues and expenditures totaled \$204,514 in accordance with generally accepted accounting practices for cost-reimbursement grants.

The District's Debt Service Fund reported a fund balance of \$847,160 which is \$140,752 more than last year's total of \$706,408. The purpose of the Debt Service Fund is to provide for the payment of bond principal and interest as they become due.

The District's Capital Projects Fund reported a fund balance of \$723,043 which is \$3,956,717 less than last year's total of 4,679,760. The Capital Projects Fund is significantly less than prior year end due to the District's ongoing Building and Improvement projects. The purpose of the Capital Projects Fund is to provide for the separate and clear accountability of the use of funds raised for specific capital projects.

The District's other governmental funds reported combined fund balance increase of \$1,059 as a result of the current year's operations, to end at \$18,319.

Over the course of the year, the Board of Trustees generally revises the District's budget based on financial updates provided by management of the District. These amendments involve moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs, or to react to originally unforeseen circumstances, such as unanticipated new revenues or unavoidable new costs. The budget amendments made to Local & Intermediate Sources as well as Student Transportation, Extracurricular Activities, Facilities Maintenance & Operations, Data Processing Services, and Principal on Long Term Debt function line items were considered significant.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2025, the District had \$10,902,045 (net of accumulated depreciation) invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance.

**SIERRA BLANCA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

A summary of the ending balances of capital assets by major category for both 2025 and 2024 is as follows:

	Governmental Activities 2025	Governmental Activities 2024	Change
Land	\$ 59,643	\$ 59,643	\$ -
Construction in Progress	4,874,463	1,285,193	3,589,270
Buildings	8,805,127	8,170,959	634,168
Furniture and Equipment	913,410	804,051	109,359
Right to Use Lease Assets	20,884	20,884	-
Total	14,673,527	10,340,730	4,332,797
Less Accumulated Depreciation	(3,771,482)	(3,306,584)	(464,898)
Capital Assets, Net of Depreciation	\$ 10,902,045	\$ 7,034,146	\$ 3,867,899

Debt

At year-end, the District had \$9,093,276 in bonds and other long-term debt outstanding versus \$9,387,693 last year. The decrease is attributable to the District making scheduled payments on its long-term debt during the year.

A summary of the ending balances of long-term debt by type for both 2025 and 2024 is as follows:

	Governmental Activities 2025	Governmental Activities 2024	Change
Bonds Payable	\$ 8,506,045	\$ 8,884,235	\$ (378,190)
Notes Payable	436,307	394,778	41,529
Leases Payable	13,125	17,218	(4,093)
Compensated Absences	137,799	91,462	46,337
Total	\$ 9,093,276	\$ 9,387,693	\$ (294,417)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the fiscal year 2025- 2026 budget and tax rates. Those factors include property values, changes in enrollment, the economy, projections of future budget years, and legislative mandates. The District has adopted a General Fund budget of \$2.4 million for the 2025-2026 fiscal year. This reflects an approximate decrease of \$100,000 in budgeted expenditures from the fiscal year 2024-2025 adopted budget to fiscal year 2025-2026.

For the 2025-2026 budget year, the District has held decreased its maintenance and operations tax rate at \$0.6922 per hundred of taxable value. The District adopted a debt service tax rate of \$0.4100 for the 2025-2026 budget year in order to fund required debt payments in the coming year. The combined tax rate of the District for the 2025-2026 budget year is \$1.1022 per hundred of taxable value.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Office, at Sierra Blanca Independent School District, 500 Sierra Blanca Avenue, Sierra Blanca, Texas 79851, or by calling (915) 369-3741.

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BASIC FINANCIAL STATEMENTS

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SIERRA BLANCA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

Data Control Codes	Primary Government 1 Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 3,541,242
1225 Property Taxes Receivable, net	116,632
1240 Due from Other Governments	296,473
Capital Assets:	
1510 Land Purchases and Improvements	59,643
1520 Buildings and Improvements, net	5,651,320
1530 Furniture and Equipment, net	297,815
1550 Right to Use Assets, net	18,804
1580 Construction in Progress	4,874,463
1000 Total Assets	<u>14,856,392</u>
DEFERRED OUTFLOWS OF RESOURCES	
1705 Deferred Outflows-Pension	482,126
1706 Deferred Outflows-OPEB	587,888
Total Deferred Outflows of Resources	<u>1,070,014</u>
LIABILITIES	
2110 Accounts Payable	514,541
2120 Bonds and Loans Payable - Current Year	3,748
2140 Interest Payable	114,415
2150 Payroll Deductions and Withholdings	704
2160 Accrued Wages Payable	139,319
2200 Accrued Expenses	6,739
Noncurrent Liabilities:	
2501 Due Within One Year	452,946
2502 Due in More Than One Year	8,640,330
2540 Net Pension Liability	859,583
2545 Other Post-Employment Benefits Liability	512,938
2000 Total Liabilities	<u>11,245,263</u>
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflows-Pension	312,579
2606 Deferred Inflows-OPEB	828,707
Total Deferred Inflows of Resources	<u>1,141,286</u>
NET POSITION	
3200 Net Investment in Capital Assets	2,171,773
Restricted for:	
3850 Debt Service	868,395
3900 Unrestricted	499,689
3000 Total Net Position	<u>\$ 3,539,857</u>

The notes to the financial statements are an integral part of this statement.

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SIERRA BLANCA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
JUNE 30, 2025

		Program Revenues		Net (Expense)	
		3	4	Rev. & Changes in Net Position	
1				6	
Data			Operating	Primary Gov.	
Control		Charges for	Grants and	Governmental	
Codes	Expenses	Services	Contributions	Activities	
Primary Government:					
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 1,377,627	\$ -	\$ 200,103	\$ (1,177,524)
12	Instructional Resources & Media Services	33,279	-	89	(33,190)
13	Curriculum & Instructional Staff Development	3,667	-	-	(3,667)
23	School Leadership	108,968	-	243	(108,725)
31	Guidance, Counseling, & Evaluation Services	51	-	-	(51)
33	Health Services	202	-	-	(202)
34	Student Transportation	50,207	-	8	(50,199)
35	Food Services	144,918	10,150	-	(134,768)
36	Extracurricular Activities	130,142	3,433	65	(126,644)
41	General Administration	451,819	5,578	457	(445,784)
51	Facilities Maintenance and Operations	340,196	-	143	(340,053)
52	Security and Monitoring Services	93,925	-	126,518	32,593
53	Data Processing Services	110,703	-	75	(110,628)
72	Interest on Long-Term Debt	240,503	-	8,478	(232,025)
73	Bond Issuance Cost & Fees	3,163	-	-	(3,163)
93	Payments to Fiscal Agent/Member Dist. of SS.	45,129	-	-	(45,129)
99	Other Intergovernmental Charges	114,539	-	-	(114,539)
TG	Total Governmental Activities:	3,249,038	19,161	336,179	(2,893,698)
TP	TOTAL PRIMARY GOVERNMENT:	\$ 3,249,038	\$ 19,161	\$ 336,179	(2,893,698)
General Revenues:					
Taxes:					
MT	Property Taxes, Levied for General Purposes				1,442,821
DT	Property Taxes, Levied for Debt Service				755,385
SF	State Aid - Formula Grants				668,534
GC	Grants and Contributions, not Restricted				89,439
IE	Investment Earnings				171,801
MI	Miscellaneous				39,333
	Total General Revenues				3,167,313
CN	Change in Net Position				273,615
NB	Net Position -- Beginning (Restated)				3,266,242
NE	Net Position -- Ending				\$ 3,539,857

The notes to the financial statements are an integral part of this statement.

SIERRA BLANCA INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

		10	50	
Data			State Funded	
Control		General	Special Revenue	Debt
Codes		Fund	Fund	Service Fund
ASSETS				
1110	Cash and Cash Equivalents	\$ 1,457,941	\$ -	\$ 847,260
1220	Property Taxes - Delinquent	953,959	-	212,361
1230	Allowance for Uncollectible Taxes (Credit)	(858,562)	-	(191,126)
1240	Due from Other Governments	158,855	137,019	-
1260	Due from Other Funds	158,429	-	-
1000	Total Assets	\$ 1,870,622	\$ 137,019	\$ 868,495
LIABILITIES				
2110	Accounts Payable	\$ 16,703	\$ -	\$ -
2120	Bonds and Loans Payable - Current Year	3,748	-	-
2150	Payroll Deductions and Withholdings	704	-	-
2160	Accrued Wages Payable	139,319	-	-
2170	Due to Other Funds	23,870	137,019	100
2200	Accrued Expenditures	6,739	-	-
2000	Total Liabilities	191,083	137,019	100
DEFERRED INFLOWS OF RESOURCES				
2600	Deferred Inflows-Unavailable Revenues	95,397	-	21,235
	Total Deferred Inflows of Resources	95,397	-	21,235
FUND BALANCES				
	Restricted for:			
3470	Capital Acq. and Contractual Oblig.	-	-	-
3480	Retirement of Long-Term Debt	-	-	847,160
	Assigned for:			
3590	Other Assigned Fund Balance	-	-	-
3600	Unassigned Fund Balance	1,584,142	-	-
3000	Total Fund Balances	1,584,142	-	847,160
4000	Total Liabilities, Deferred Inflows, and Fund Balances	\$ 1,870,622	\$ 137,019	\$ 868,495

The notes to the financial statements are an integral part of this statement.

60		98
Capital Projects Fund	Other Funds	Total Governmental Funds
\$ 1,217,722	\$ 18,319	\$ 3,541,242
-	-	1,166,320
-	-	(1,049,688)
-	599	296,473
3,159	-	161,588
<u>\$ 1,220,881</u>	<u>\$ 18,918</u>	<u>\$ 4,115,935</u>
\$ 497,838	\$ -	\$ 514,541
-	-	3,748
-	-	704
-	-	139,319
-	599	161,588
-	-	6,739
<u>497,838</u>	<u>599</u>	<u>826,639</u>
-	-	116,632
-	-	116,632
723,043	-	723,043
-	-	847,160
-	18,319	18,319
-	-	1,584,142
<u>723,043</u>	<u>18,319</u>	<u>3,172,664</u>
<u>\$ 1,220,881</u>	<u>\$ 18,918</u>	<u>\$ 4,115,935</u>

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

		1	
3000C1	Total Fund Balances - Governmental Funds		\$ 3,172,664
1	Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		
	Governmental capital assets	\$ 14,673,527	
	Less accumulated depreciation	<u>(3,771,482)</u>	10,902,045
2	Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
	Bonds payable, including unamortized premiums	(8,506,045)	
	Deferred charges on refunding	-	
	Notes payable	(436,307)	
	Right to use lease asset & SBITA payables	(13,125)	
	Compensated absences	(137,799)	
	Net pension liability	(859,583)	
	Net OPEB liability	<u>(512,938)</u>	(10,465,797)
3	Accrued interest on long-term debt related to governmental fund activities is not due and payable in the current period and, therefore, not reported in the governmental funds.		(114,415)
4	Deferred outflows and inflows of resources related to pensions and other post-employment benefits are applicable to future periods and, therefore, are not reported in the funds.		
	Deferred outflows of resources related to pensions	482,126	
	Deferred inflows of resources related to pensions	(312,579)	
	Deferred outflows of resources related to OPEB	587,888	
	Deferred inflows of resources related to OPEB	<u>(828,707)</u>	(71,272)
5	Property taxes are recognized as revenue in the governmental funds when collected, but recognized on the Statement of Activities in the year levied. Therefore, property taxes receivable, net of allowance for uncollectible accounts, is added to the Statement of Net Position for governmental activities.		116,632
3000A1	Net Position of Governmental Activities		<u>\$ 3,539,857</u>

The notes to the financial statements are an integral part of this statement.

SIERRA BLANCA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

		10	50	
Data			State Funded	
Control		General	Special Revenue	Debt
Codes		Fund	Fund	Service Fund
REVENUES				
5700	Local and Intermediate Sources	\$ 1,513,042	\$ -	\$ 750,373
5800	State Program Revenues	767,892	204,514	8,479
5900	Federal Program Revenues	81,275	-	-
5020	Total Revenues	2,362,209	204,514	758,852
EXPENDITURES				
0011	Instruction	1,022,649	-	-
0012	Instructional Resources & Media Services	29,334	-	-
0013	Curriculum & Instructional Staff Development	3,088	-	-
0023	School Leadership	94,246	-	-
0031	Guidance, Counseling & Evaluation Services	43	-	-
0033	Health Services	170	-	-
0034	Student Transportation	141,087	-	-
0035	Food Services	118,014	-	-
0036	Extracurricular Activities	98,840	-	-
0041	General Administration	383,629	-	-
0051	Facilities Maintenance and Operations	283,227	-	-
0052	Security and Monitoring Services	1,487	76,491	-
0053	Data Processing Services	93,806	-	-
0071	Debt Service - Principal	85,402	-	320,000
0072	Debt Service - Interest	10,445	-	297,600
0073	Debt Service - Bond Issuance Costs	2,663	-	500
0081	Facilities Acquisition and Construction	12,590	128,023	-
0093	Payments to Fiscal Agent of SSA	38,000	-	-
0099	Other Intergovernmental Charges	96,445	-	-
6030	Total Expenditures	2,515,165	204,514	618,100
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(152,956)	-	140,752
OTHER FINANCING SOURCES (USES)				
7912	Sale of Property	260	-	-
7914	Non-Current Loan Proceeds	250,313	-	-
7915	Transfers In	26,286	-	-
8911	Transfers Out	(26,286)	-	-
8949	Other (Uses)	(126,436)	-	-
7080	Total Other Financing Sources (Uses)	124,137	-	-
1200	Net Change in Fund Balance	(28,819)	-	140,752
0100	Fund Balance - Beginning	1,612,961	-	706,408
3000	Fund Balance - Ending	\$ 1,584,142	\$ -	\$ 847,160

The notes to the financial statements are an integral part of this statement.

60		98	
Capital		Total	
Projects Fund	Other Funds	Governmental Funds	
\$ 142,107	\$ 12,233	\$ 2,417,755	
-	40,054	1,020,939	
-	79,269	160,544	
142,107	131,556	3,599,238	
-	119,323	1,141,972	
-	-	29,334	
-	-	3,088	
-	-	94,246	
-	-	43	
-	-	170	
-	-	141,087	
-	-	118,014	
-	11,174	110,014	
-	-	383,629	
-	-	283,227	
-	-	77,978	
-	-	93,806	
-	-	405,402	
-	-	308,045	
-	-	3,163	
4,098,824	-	4,239,437	
-	-	38,000	
-	-	96,445	
4,098,824	130,497	7,567,100	
(3,956,717)	1,059	(3,967,862)	
-	-	260	
-	-	250,313	
-	-	26,286	
-	-	(26,286)	
-	-	(126,436)	
-	-	124,137	
(3,956,717)	1,059	(3,843,725)	
4,679,760	17,260	7,016,389	
\$ 723,043	\$ 18,319	\$ 3,172,664	

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

1200C3	Total Net Change in Fund Balances – Governmental Funds		\$ (3,843,725)
1	Governmental funds report the portion of capital outlay for capitalized assets as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense.		
	Expenditures for capitalized assets	\$ 4,357,745	
	Less current year depreciation	<u>(489,846)</u>	3,867,899
2	Repayment of principal on bonds, notes, leases and SBITA is an expenditure in the governmental funds, but this expenditure is removed from the Statement of Activities and these repayments instead reduce long-term liabilities on the Statement of Net Position.		532,877
3	Issuance of long-term debt increases current financial resources to governmental funds, but this increase is not shown on the Statement of Activities and instead increases long-term liabilities on the Statement of Net Position.		(250,313)
5	Since long-term debt is not recorded in governmental funds, amortization of related issuance premiums and discounts is also not recorded.		58,190
6	The change in accrued interest due on long-term debt issued for governmental activities does not affect current financial resources and therefore is not reported in the governmental funds.		8,313
7	Property taxes are recognized as revenue in the governmental funds when collected but recognized on the Statement of Activities in the year levied. Therefore the uncollected amount of the current year levy is added to current year property tax revenue on the Statement of Activities.		10,486
8	Governmental funds report pension contributions as expenditures. However, pension contributions are reported as deferred outflows of resources on the Statement of Net Position if made after the net pension liability measurement date. In addition, the change in the net pension liability, adjusted for changes in deferred pension items, is reported as pension expense in the Statement of Activities.		(90,404)
9	Governmental funds report OPEB contributions as expenditures. However, OPEB contributions are reported as deferred outflows of resources on the Statement of Net Position if made after the net OPEB liability measurement date. In addition, the change in the net OPEB liability, adjusted for changes in deferred OPEB items, is reported as OPEB expense in the Statement of Activities.		26,629
13	The decrease in compensated absences does not affect current financial resources and therefore is not reported in the governmental funds.		(46,337)
CNB1	Change in Net Position of Governmental Activities		\$ 273,615

The notes to the financial statements are an integral part of this statement.

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SIERRA BLANCA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	(GAAP BASIS)	Final Budget
REVENUES				
5700 Local & Intermediate Sources	\$ 2,310,803	\$ 1,537,636	\$ 1,513,042	\$ (24,594)
5800 State Program Revenues	642,434	642,434	767,892	125,458
5900 Federal Program Revenues	62,000	70,000	81,275	11,275
5020 Total Revenues	3,015,237	2,250,070	2,362,209	112,139
EXPENDITURES				
Current:				
0011 Instruction	1,082,663	1,075,591	1,022,649	52,942
0012 Instructional Resources & Media Svcs.	29,535	39,188	29,334	9,854
0013 Curriculum & Instructional Staff Dev.	8,100	8,600	3,088	5,512
0023 School Leadership	89,611	109,234	94,246	14,988
0031 Guidance, Counseling & Evaluation Svcs.	250	1,250	43	1,207
0033 Health Services	500	1,100	170	930
0034 Student Transportation	14,050	151,060	141,087	9,973
0035 Food Services	127,836	136,489	118,014	18,475
0036 Extracurricular Activities	85,027	111,448	98,840	12,608
0041 General Administration	399,719	407,210	383,629	23,581
0051 Facilities Maintenance & Operations	263,842	308,327	283,227	25,100
0052 Security and Monitoring Services	800	8,100	1,487	6,613
0053 Data Processing Services	128,491	103,144	93,806	9,338
Debt Service:				
0071 Principal on Long Term Debt	840,625	208,784	85,402	123,382
0072 Interest on Long Term Debt	-	13,741	10,445	3,296
0073 Bond Issuance Cost and Fees	-	3,750	2,663	1,087
Capital Outlay:				
0081 Facilities Acquisition & Construction	-	12,590	12,590	-
Intergovernmental:				
0093 Payments to Fiscal Agent of SSA	42,000	42,000	38,000	4,000
0099 Other Intergovernmental Charges	88,500	96,500	96,445	55
6030 Total Expenditures	3,201,549	2,838,106	2,515,165	322,941
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(186,312)	(588,036)	(152,956)	435,080
OTHER FINANCING SOURCES (USES)				
7912 Sale of Property	-	-	260	260
7914 Non-Current Loan Proceeds	-	126,436	250,313	123,877
7915 Transfers In	-	57,536	26,286	(31,250)
8911 Transfers Out	-	(57,536)	(26,286)	31,250
8949 Other (Uses)	-	(126,436)	(126,436)	-
7080 Total Other Financing Sources (Uses)	-	-	124,137	124,137
1200 Net Change in Fund Balances	(186,312)	(588,036)	(28,819)	559,217
0100 Fund Balance-July 1 (Beginning)	1,612,961	1,612,961	1,612,961	-
3000 Fund Balance-June 30 (Ending)	\$ 1,426,649	\$ 1,024,925	\$ 1,584,142	\$ 559,217

The notes to the financial statements are an integral part of this statement.

SIERRA BLANCA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025

		865
Data		
Control		Custodial
Codes		Fund
ASSETS		
1110	Cash and Cash Equivalents	\$ 28,549
1000	Total Assets	<u>28,549</u>
LIABILITIES		
	Current Liabilities:	
2000	Total Liabilities	<u>-</u>
NET POSITION		
	Restricted for:	
3800	Individuals and Organizations	28,549
3000	Total Net Position	<u><u>\$ 28,549</u></u>

The notes to the financial statements are an integral part of this statement.

SIERRA BLANCA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

		865
Data		
Control		Custodial
Codes		Fund
ADDITIONS		
	Contributions:	
5700	Other Contributions	\$ 42,615
5020	Total Contributions	42,615
	Total Additions	42,615
DEDUCTIONS		
6400	Other Operating Costs	46,207
6030	Total Deductions	46,207
1200	Net Increase/(Decrease) in Fiduciary Net Position	(3,592)
0100	Net Position - Beginning	32,141
3000	Net Position - Ending	\$ 28,549

The notes to the financial statements are an integral part of this statement.

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SIERRA BLANCA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Reporting Entity

This report includes those activities, organizations and functions related to Sierra Blanca Independent School District (the “District”), which are controlled by or dependent upon the District’s governing body, the Board of Trustees (the “Board”). The Board, a seven member group, is the level of government having governance responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the District. Since the District receives funding from local, state, and federal government sources, it must comply with the requirements of the entities providing those funds. However, the District is not included in any other governmental “reporting entity” as defined by Statement No. 14 of the Governmental Accounting Standards Board (GASB), since Board members are elected by the public and have decision making authority. Furthermore, there are no legally separate organizations, known as “component units”, included within the reporting entity.

The accounting policies of the District comply with the rules prescribed by the Texas Education Agency (TEA) in its Financial Accountability System Resource Guide (FASRG). These accounting policies conform to generally accepted accounting principles applicable to state and local governments.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support. Currently however, the District has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Custodial funds have no measurement focus. 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. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided and 2) operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

SIERRA BLANCA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Major revenue sources considered susceptible to accrual include state and federal program revenues and property taxes. No accrual for property taxes collected within sixty days of year end has been made as such amounts are deemed immaterial; delinquent property taxes at year end are reported as deferred inflows of resources within the governmental fund financial statements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Major Funds and Fund Types

The District reports the following major governmental funds:

The General Fund includes financial resources that are not required to be reported separately in another fund. It is a budgeted fund, and any unrestricted fund balances are considered to be resources available for current operations.

The State Funded Special Revenue Fund (Fund 429), a major special revenue fund, is used to account for the receipt and disbursement of funds restricted for the purpose of this State program.

The Debt Service Fund includes debt service taxes and other revenues collected to retire bond principal and to pay interest due. It is a budgeted fund.

The Capital Projects Fund is used to account for the construction, improvement and renovation of school buildings in the District along with the acquisition of land and equipment. This fund is budgeted on a project basis rather than annually.

For the year ended June 30, 2025, the District reported (1) additional major funds, the State Funded Special Revenue Fund. These funds was not reported as major fund for the year ended June 30, 2024 as it did not meet the quantitative threshold.

Additionally, the District reports the following fund types:

Special Revenue Funds are governmental funds which include resources restricted, committed, or assigned for specific purposes by a grantor or the Board. Federally financed programs where unused balances are returned to the grantor at the close of specified project periods are accounted for in these funds.

Custodial Funds are fiduciary funds used to account for resources held for others in a custodial capacity. The District utilizes this fund type to account for funds held on behalf of student clubs and organizations.

SIERRA BLANCA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Budgetary Information

Budgets are prepared annually for the General Fund, the Child Nutrition Fund, and the Debt Service Fund on the modified accrual basis, which is consistent with generally accepted accounting principles. A formal budget is prepared by the end of June and is adopted by the Board at a public meeting after public notice of the meeting has been given no earlier than the 30th day or later than the 10th day before the public hearing. The legal level of control for budgeted expenditures is the function level within the budgeted funds. Amendments to the budget are required prior to expending amounts greater than the budgeted amounts at the function level. Budgets are controlled at the departmental or campus level, the same level at which responsibility for operations is assigned. The budget was monitored by the administration throughout the year and amendments were brought to the Board as needed.

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

Investments - The District's investment policies and types of investments are governed by Section 2256 of the Texas Government Code ("Public Funds Investment Act"). The types of investments allowed under the Public Funds Investment Act are detailed in Note 2 - Deposits and Investments. The District's management believes that it complied with the requirements of the Public Funds Investment Act and the District's investment policies. The District accrues interest on temporary investments based on the terms and effective interest rates of the specific investments. Temporary investments throughout the year consisted of investments in external investment pools, which are recognized at amortized cost, and money market accounts.

Inventories - Inventories are generally not recorded in the General Fund or Child Nutrition Fund due to amounts of expendable supplies held or purchased food not being deemed material. When inventories are recorded, they are charged to expenditures when consumed. Amounts recorded are offset by a fund balance classification titled "nonspendable" which indicates that the inventory does not represent "available expendable resources."

Capital Assets - Capital assets, which include land, buildings and improvements, construction in progress, furniture and equipment, and vehicles are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of at least \$5,000 and a useful life of greater than one year. Such assets are recorded at historical cost, if purchased, or estimated fair value at the date of donation, if donated. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized. Capital assets (other than land and construction in progress) are depreciated using the straight line method over the following estimated useful lives: buildings and improvements - fifteen to thirty years, furniture and equipment - three to twenty years, and vehicles - five to ten years.

Prepaid Items - 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. Prepaid items are charged to expenditures when consumed. When prepaid items are recorded, they are charged to expenditures when the value represented by the prepaid item has been used. Amounts recorded are offset by a fund balance classification titled "nonspendable" which indicates that the prepaid item amount does not represent "available expendable resources."

Ad Valorem Property Taxes - Delinquent taxes, when received, are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectibles within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

SIERRA BLANCA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Accumulated Sick Leave Liability - The State of Texas has created a minimum sick leave program consisting of five days of sick leave per year with no limit on accumulation and transferability among districts for every person regularly employed in Texas public schools. Each district's local Board is required to establish a sick leave plan. Local school districts may provide additional sick leave beyond the state minimum.

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

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

Deferred Outflows and Deferred Inflows of Resources - The District complies with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provides guidance for reporting the financial statement elements of deferred outflows of resources, which represent a consumption of the District's net position that is applicable to a future reporting period, and deferred inflows of resources, which represent the District's acquisition of net position applicable to a future reporting period.

The District complies with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Fund Balance/Deficit - The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Statement of Cash Flows - For purposes of the statement of cash flows when Proprietary Funds are used, cash and cash equivalents include demand deposits.

Fair Value Measurements - The District adopted GASB Statement No. 72, *Fair Value Measurement and Application*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy on the next page:

SIERRA BLANCA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

- Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access
- Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity
- Level 3 are unobservable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available

There are three general valuation techniques that may be used to measure fair value:

- Market approach - uses prices generated by market transactions involving identical or comparable assets or liabilities
- Cost approach - uses the amount that currently would be required to replace the service capacity of an asset (replacement cost)
- Income approach - uses valuation techniques to convert future amounts to present amounts based on current market expectations

Data Control Codes

The Data Control Codes shown on the financial statements refer to the account code structure prescribed by the FASRG. TEA requires school districts to display these codes in their financial statements to ensure accuracy in building a state-wide data base for policy development and funding plans.

2. DEPOSITS AND INVESTMENTS

The Public Funds Investment Act authorizes the District to invest in funds under a written investment policy, which is approved annually by the Board. The primary objectives of the District's investment strategy for operating and custodial funds, in order of priority, are safety, investment liquidity, and maturity sufficient to meet anticipated cash flow requirements. The primary objective of the District's investment strategy for Debt Service and Capital Projects Funds is sufficient investment liquidity to meet related obligations.

The District is authorized to invest in the following investment instruments provided that they meet the guidelines established in the investment policy:

- Obligations of, or guaranteed by, governmental entities
- Certificates of deposit and share certificates
- Fully collateralized repurchase agreements
- Securities lending programs
- Banker's acceptances
- Commercial paper
- No-load money market mutual funds and no-load mutual funds
- Guaranteed investment contracts as an investment vehicle for bond proceeds
- Public funds investment pools

SIERRA BLANCA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the School Depository Act. The depository bank deposits for safekeeping and trust with the District's agent approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance. Therefore the District is not exposed to custodial credit risk.

Under the depository contract, the District, at its own discretion, may invest funds in time deposits and certificates of deposit provided by the depository bank at interest rates approximating United States Treasury Bill rates.

At June 30, 2025, the carrying amount of the District's deposits was \$1,761,530 and the bank balance was \$1,780,183. The District's deposits with financial institutions at June 30, 2025 and during the year ended June 30, 2025 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name. The deposits were collateralized in accordance with Texas law and the District maintains copies of all safekeeping receipts in the name of the District.

The District maintains a cash pool consisting of demand deposits. The combined pool is available for use by most Special Revenue Funds. If a fund overdraws its share of the pool, the overdraft is reported as an interfund payable in that fund. The offsetting interfund receivable is reported in the General Fund.

The following is disclosed regarding coverage of combined balances on the date of highest deposit:

- a) Name of depository bank: Pecos County State Bank, Texas
- b) The amount of bond and/or security pledged as of the date of the highest combined balance on deposit was \$2,603,364.
- c) The largest cash, savings and time deposit combined account balance amounted to \$2,704,201 and occurred during the month of July 2024.
- d) Total amount of FDIC coverage at the time of highest combined balance was \$250,000.

Investments held at June 30, 2025 consisted of the following:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>	<u>Standard & Poor's Rating</u>
Local Government Investment Pools:			
Lone Star Investment Pool	\$ 1,808,261	1	AAA
Total Investments	<u>\$ 1,808,261</u>		

The District had investments in one external local governmental investment pool at June 30, 2025, consisting of the Lone Star (First Public).

SIERRA BLANCA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Lone Star (First Public)

The Corporate Overnight Fund is a fund within the Lone Star Investment Pool. Its objective is to maintain a stable \$1.00 per share net asset value (NAV), while it provides the highest possible rate of return. The fund represents one of three Texas public investment funds sponsored by the Texas Association of School Boards (TASB). The other funds--Government Overnight Fund and Corporate Overnight Plus Fund--also maintain S&P Global ratings. The Lone Star Investment Pool was created pursuant to the Interlocal Cooperation Act of the State of Texas as an investment vehicle for local school districts and other public entities. The funds within Lone Star Investment Pool are not registered mutual funds under the Investment Company Act of 1940, and are not available to individual investors.

The Lone Star Investment Pool is sponsored by TASB. The investment advisers to the pool are American Beacon Advisors and Standish. First Public LLC provides administrative and distribution services to the pool and State Street Bank is the custodian for all pool assets. In addition, CAPTRUST Financial Advisors monitors the pool's operations and performance and reports its findings to First Public and the board of trustees for the Lone Star Investment Pools.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. At June 30, 2025, investments were included in local governmental investment pools with ratings from Standard & Poor's in compliance with the District's investment policy.

Custodial Credit Risk - Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the District, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At June 30, 2025, the District was not exposed to custodial credit risk.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. Information regarding investments in any one issuer that represents five percent or more of the District's total investments must be disclosed under GASB Statement No. 40, excluding investments issued or explicitly guaranteed by the U.S. government. At June 30, 2025, the District had 100% of its investments in money market accounts and local governmental investment pools.

Interest Rate Risk - As a means of minimizing risk of loss due to interest rate fluctuations, the District's investment policy requires that maturities will not exceed the weighted average maturity of 180 days for any internally created pool fund group and one year from the time of purchase for any other individual investment. The Board may specifically authorize a longer maturity for a given investment, within legal limits. The District considers the holdings in the local governmental investment pools to have a one day weighted average maturity due to the fact that the share position can usually be redeemed each day at the discretion of the shareholders, unless there has been a significant change in value. At June 30, 2025, investments were included in local government investment pools which have a weighted average maturity of one day.

3. PROPERTY TAXES

The Texas Legislature in 1979 adopted a comprehensive Property Tax Code (the "Code") which established a county-wide appraisal district and an appraisal review board in each county in the State.

The Hudspeth Central Appraisal District (the "Appraisal District") is responsible for the recording and appraisal of all property in the District. Under the Code, the school board sets the tax rates on property and the Hudspeth County Tax Assessor/Collector provides tax collection services.

SIERRA BLANCA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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The Appraisal District is required under the Code to assess property at 100% of its appraised value. Further, real property must be reappraised at least every three years. Under certain circumstances, taxpayers and taxing units, including the District, may challenge orders of the Appraisal Review Board through various appeals and, if necessary, legal action.

Property taxes are levied as of October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes and penalties and interest that are ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period, including those property taxes expected to be collected during a 60 day period after the end of the District's fiscal year. The assessed value at January 1, 2024, upon which the October 2024 levy was based was \$188,434,171. The District levied taxes based on a combined tax rate of \$1.1555 per \$100 of assessed valuation for local maintenance (general governmental services) and debt service.

4. DUE FROM/TO OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully fund certain activities. The District also receives entitlements from the State through the School Foundation and Per Capita Programs. Grants and entitlements are recorded as revenue when earned, therefore at year end amounts earned but not yet received in cash may be recorded as due from the grantor government. Amounts already received in cash but not yet earned are recorded as due to the grantor government.

A summary of amounts recorded as Due From/Due To Other Governments in the basic financial statements as of June 30, 2025 are summarized below:

Due From Other Governments:	Non-Major		
	General Fund	Governmental Funds	Total
Governmental Activities:			
Foundation & Per Capita Entitlements	\$ 158,855	\$ 137,019	\$ 295,874
Federal Grants	-	599	599
Total - Governmental Activities	<u>\$ 158,855</u>	<u>\$ 137,618</u>	<u>\$ 296,473</u>

5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

During the course of operations, the individual funds of the District may engage in temporary borrowings of money between one another to meet liquidity needs. These interfund receivables and payables are recorded on the balance sheet of the loaning fund as "Due from Other Funds" and on the balance sheet of the borrowing fund as "Due to Other Funds". Amounts are repaid when funds are available in the borrowing fund.

Individual funds may also make payments between one another which are intended to be permanent and therefore not repaid. These transactions are recorded on the statement of revenues, expenditures, and changes in fund balance as "Transfers Out" for the paying fund and "Transfers In" for the receiving fund.

The District did not have any interfund transfers during the year.

SIERRA BLANCA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

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

Receivable Fund	Payable Fund	Amount
General Fund	General Fund	\$ 20,711
	Special Revenue Funds	137,618
	Debt Service Fund	100
Total General Fund		158,429
Capital Project Fund	General Fund	\$ 3,159
Total Capital Project Fund		3,159
Grand Total		\$ 161,588

6. CAPITAL ASSETS

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

	Beginning Balance 7/1/24	Additions	Retirements	Adjustments	Ending Balance 6/30/25
Governmental Activities:					
Capital Assets, not Being Depreciated:					
Land	\$ 59,643	\$ -	\$ -	\$ -	\$ 59,643
Construction in Progress	1,285,193	4,098,825	-	(509,555)	4,874,463
Total Capital Assets, not Being Depreciated	1,344,836	4,098,825	-	(509,555)	4,934,106
Capital Assets, Being Depreciated:					
Buildings and Improvements	8,170,959	140,613	(16,000)	509,555	8,805,127
Furniture and Equipment	804,051	118,307	(8,948)	-	913,410
Right to Use Lease Assets	20,884	-	-	-	20,884
Total Capital Assets, Being Depreciated	8,995,894	258,920	(24,948)	509,555	9,739,421
Less Accumulated Depreciation for:					
Buildings and Improvements	(2,737,620)	(432,187)	16,000	-	(3,153,807)
Furniture and Equipment	(567,924)	(56,619)	8,948	-	(615,595)
Right to Use Lease Assets	(1,040)	(1,040)	-	-	(2,080)
Total Accumulated Depreciation	(3,306,584)	(489,846)	24,948	-	(3,771,482)
Governmental Activities Capital Assets, Net	\$ 7,034,146	\$ 3,867,899	\$ -	\$ -	\$ 10,902,045

SIERRA BLANCA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

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

Function	Depreciation Allocation
Instruction	\$ 214,239
Instructional Resources & Media Services	5,503
Curriculum & Instructional Staff Development	579
School Leadership	17,681
Guidance, Counseling & Evaluation Services	8
Health Services	32
Student Transportation	26,469
Food Services	22,140
Extracurricular Activities	20,639
General Administration	71,971
Facilities Maintenance and Operations	53,135
Security and Monitoring Services	14,629
Data Processing Services	17,598
Payments to Fiscal Agent of SSA	7,129
Other Intergovernmental Charges	18,094
Totals	<u>\$ 489,846</u>

7. BONDS, NOTES, AND OTHER LONG-TERM LIABILITIES

Governmental activities long-term debt obligations at June 30, 2025 consisted of the following:

<u>General Long-Term Debt Description</u>	<u>Outstanding at August 31, 2025</u>
<u>Bonds Payable</u>	
\$507,464 Series 2016 Maintenance Tax Note, due in annual installments of \$49,638 through May 2, 2026; interest at 3.379%.	\$ 58,612
\$283,185 Series 2018 Maintenance Tax Notes due in installments of \$24,355 to \$33,835 through September 14, 2029; interest at 4.195%.	127,382
\$308,733 Series 2026 Bus Note, due in annual installments of \$30,245 to \$41,791 through September 27, 2031 interest at 5.537%.	250,313
\$8,700,000 Series 2020 School Building Bonds due in annual installments of \$195,000 to \$595,000 through February 15, 2042; interest at 3.0% to 4.0%.	7,575,000
\$1,202,763 Premium related to Series 2020 School Building Bonds; to be amortized through August 2041.	931,045
<u>Right to Use Lease Assets Payable</u>	
\$20,884 Phone System Lease with Navitas Credit Corp (Spectrum VoIP), issued June 14, 2023, due in monthly installments of \$445.10, through June 2028, interest at 7.5%.	13,125
Total General Long-Term Debt	<u>\$ 8,955,477</u>

SIERRA BLANCA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

The following is a summary of changes in long-term liabilities for the year ended June 30, 2025:

Type	Outstanding 7/1/24	Additions	Deletions	Outstanding 6/30/25	Due in One Year
Bonds Payable:					
General Obligation & Refunding Bonds	\$ 7,895,000	\$ -	\$ (320,000)	\$ 7,575,000	\$ 330,000
Premium on Issuance of Bonds	989,235	-	(58,190)	931,045	-
Total Bonds Payable	8,884,235	-	(378,190)	8,506,045	330,000
Other Long-Term Liabilities:					
Notes Payable	394,778	250,313	(208,784)	436,307	118,767
Leases Payable	17,218	-	(4,093)	13,125	4,179
Compensated Absences	91,462	46,337	-	137,799	-
Total Other Long-Term Liabilities	503,458	296,650	(212,877)	587,231	122,946
Total Governmental Activities	\$ 9,387,693	\$ 296,650	\$ (591,067)	\$ 9,093,276	\$ 452,946

For the general obligation bonds, the District has pledged as collateral the proceeds of a continuing, direct annual tax levied against taxable property within the District. The Texas Education Code generally limits issuance of additional ad valorem tax bonds if the tax rate needed to pay aggregate principal and interest amounts of the District's tax bond indebtedness would exceed \$0.50 per \$100 of assessed valuation of taxable property within the District.

Annual principal installments for outstanding bonds vary each year. The debt service requirements to maturity for general obligation bonds as of June 30, 2025 are as follows:

Year Ended June 30,	Bonds Payable		Total Requirements
	Principal	Interest	
2026	\$ 330,000	\$ 287,850	\$ 617,850
2027	340,000	277,800	617,800
2028	350,000	267,450	617,450
2029	360,000	255,000	615,000
2030	375,000	240,300	615,300
2031-2035	2,100,000	960,800	3,060,800
2036-2040	2,550,000	497,000	3,047,000
2041-2042	1,170,000	47,200	1,217,200
Total	\$ 7,575,000	\$ 2,833,400	\$ 10,408,400

SIERRA BLANCA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

The debt service requirements for notes payable as of June 30, 2025 are as follows:

Year Ended June 30,	Notes Payable		Total Requirements
	Principal	Interest	
2026	\$ 118,767	\$ 21,184	\$ 139,951
2027	63,084	16,274	79,358
2028	66,159	13,200	79,359
2029	69,387	9,971	79,358
2030	37,521	6,584	44,105
2031-2032	81,389	6,821	88,210
Total	<u>\$ 436,307</u>	<u>\$ 74,034</u>	<u>\$ 510,341</u>

8. RIGHT TO USE LEASES

Leases are defined by the general government as the right to use an underlying asset. As lessee, the District recognizes a lease liability and an intangible right to use lease asset at the beginning of a lease unless the lease is considered a short-term lease or transfers ownership of the underlying asset. Right to use lease assets are measured based on the net present value of the future lease payments at inception, using the weighted average cost of capital, which approximate the incremental borrowing rate. Remeasurement of a lease liability occurs when there is a change in the lease term and/or other changes that are likely to have a significant impact on the lease liability.

The District calculates the amortization of the discount on the lease liability and report that amount as outflows of resources. Payments are allocated first to accrued interest liability and then to the lease liability. Variable lease payments based on the usage of the underlying assets are not included in the lease liability calculations but are recognized as outflows of resources in the period in which the obligation was incurred.

For additional information, refer to the disclosures below:

The debt service requirements for right to use lease assets payable as of June 30, 2025 are as follows:

Year Ended June 30,	Right to Use Lease Assets Payable		Total Requirements
	Principal	Interest	
2026	\$ 4,179	\$ 848	\$ 5,027
2027	4,506	521	5,027
2028	4,440	169	4,609
Total	<u>\$ 13,125</u>	<u>\$ 1,538</u>	<u>\$ 14,663</u>

SIERRA BLANCA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

9. COMPENSATED ABSENCES

A. General Information

The District has a compensated absences policy that awards 5 state days and 5, 6 or 7 local days (depending on 10, 11 or 12 month position) to each applicable full-time employee annually at the beginning of each fiscal year. Both state and local days are accrued beyond the fiscal year in which they are awarded and can be used by employees in future years. There is no limit to the amount of state or local days that an employee can accrue.

B. Accrued Compensated Absences

The District's Compensated Absences Liability represents only days that accumulate beyond one fiscal year, are for services already rendered, and are considered more likely than not to be utilized or paid in cash. The District has recorded a restatement for the year ended June 30, 2024 to recognize a beginning balance of \$91,462 related to compensated absences and reported an ending liability balance of \$137,799 for the year ended June 30, 2025. Of this ending balance, the District considers \$0 to be due within 1 year. For more information regarding the District's restatement, see Note 20 to the financial statements of this report. For more information regarding the District's Compensated Absences Liability balances for the years ending June 30, 2024 and June 30, 2025 and the changes therein, see Note 7 to the financial statements of this report.

C. Changes in Liabilities

There were no significant changes to the District's policies or rates of usage for the year ended June 30, 2025.

D. Methods and Assumptions

The District determines the Compensated Absences Liability by calculating each employees accrued days as of the balance sheet date and multiplying those days by the employee's daily rate.

E. Expense Recognition

The changes in the Compensated Absences Liability in a fiscal year is recognized as expense and reported as an adjustment in accordance with Governmental Accounting Standards Board Statement No. 101 – *Compensated Absences*. This adjustment represents the net change which includes additions and deletions to the District's Compensated Absences Liability. Additions include state and local days awarded to existing employees annually as well as previously accrued state days that follow new employees to the District which were originally awarded at other Texas independent school districts. Deletions to the Compensated Absences Liability include days that are utilized during the fiscal year and days that are compensated by cash payment when eligible.

SIERRA BLANCA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

10. TEACHER RETIREMENT SYSTEM OF TEXAS PENSION PLAN

A. Pension Plan Description

The Teacher Retirement System of Texas (TRS or System or Plan) is a public employee retirement system (PERS) that is a multiple-employer, cost-sharing, defined benefit pension plan with a special funding situation.

The Plan is administered by the Board of Trustees of TRS. Information regarding the Board of TRS and its composition can be found within the separately issued TRS Annual Comprehensive Financial Report. That report may be obtained online at www.trs.texas.gov; by writing to TRS at 1000 Red River Street, Austin, Texas, 78701-2698; or by calling (512) 542-6592.

Benefits are established or amended under the authority of the Texas Constitution, Article XVI, Section 67 and by the Legislature in the Texas Government Code, Title 8, Subtitle C. The Board of Trustees does not have the authority to establish or amend benefits.

B. Benefits Provided

TRS provides retirement, disability, and death benefits. Membership in the Plan includes all employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempt from membership under Texas Government Code, Title 8, Section 822.002.

State law requires the plan to be actuarially sound in order for the legislature to consider a benefit enhancement, such as a supplemental payment to retirees. The pension became actuarially sound in May 2019 when the 86th Texas legislature approved the TRS Pension Reform Bill (SB12) that provided gradual contribution increases from the state, participating employers, and active employees for the fiscal years 2019 through 2024. In addition, the 2023 Texas Legislature passed Senate Bill (SB) 10 and House Joint Resolution (HJR) 2 to provide eligible retirees with a one-time stipend and an ad hoc cost-of-living-adjustment (COLA).

One-Time Stipends

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

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

Cost-of-Living Adjustment

A cost-of-living adjustment (COLA) was dependent on Texas voters approving a constitutional amendment (Proposition 9) to authorize the COLA. Voters approved the amendment in the November 2023 election and the following COLA was applied to eligible annuitants' payments beginning with their January 2024 payment:

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

SIERRA BLANCA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

C. Contributors to the Plan

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.

The number of participating employers during fiscal year 2024 are disclosed in the following table.

<u>Participating Employers</u>	
Independent School Districts	1,020
Charter Schools (open enrollment only)	199
Community and Junior Colleges	50
Senior Colleges and Universities	48
Regional Service Centers	20
Medical Schools	9
Educational Districts	2
State Agency	1
Total	<u><u>1,349</u></u>

Plan membership as of August 31, 2023 is shown in the following table. Because the actuarial valuation was based on a roll forward from fiscal year 2023 (see Section F), the Plan membership counts are as of August 31, 2023.

<u>Pension Plan Membership</u>	
Inactive plan members or beneficiaries currently receiving benefits	489,921
Inactive plan members entitled to but not yet receiving benefits	558,758
Active plan members	<u>953,295</u>
	<u><u>2,001,974</u></u>

The Average Expected Remaining Service Life (AERSL) of 5.6451 years is based on membership information as of the beginning of the fiscal year.

D. Contributions

Contribution requirements are established or amended pursuant to the following state laws:

- Article 16, Section 67 of the Texas Constitution requires the legislature to establish a member contribution rate of not less than 6 percent of the member's annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent of the aggregate annual compensation paid to members of the System during the fiscal year.
- Government Code section 821.006 prohibits benefit improvements if it increases the amortization period of TRS' unfunded actuarial liability to greater than 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.

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As the non-employer contributing entity, the State of Texas contributes to the retirement system the current employer contribution rate times the aggregate annual compensation of all members of the Plan during the fiscal year, reduced by the employer contributions described below.

All participating employers and 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 situations:

- On the portion of a 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, private, local or non-educational and general 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 percent of the state contribution rate for certain instructional or administrative employees and 100 percent of the state contribution rate for all other employees.

Contribution rates and amounts for active employees, participating employers, and the State of Texas for the current and prior fiscal year are shown below:

<u>Contribution Rates</u>	<u>2024</u>	<u>2025</u>
Members	8.25%	8.25%
Employer	8.25%	8.25%
State of Texas (NECE)	8.25%	8.25%
<u>Contribution Amounts</u>		
Members	\$ 101,372	\$ 98,739
Employer	85,155	70,531
State of Texas (NECE)	78,168	77,516

Employers are also required to pay surcharges in the following cases:

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

E. Net Pension Liability

Components of the Net Pension Liability of the Plan as of August 31, 2024 are disclosed below.

<u>Components of Pension Liability</u>	<u>Total</u>
Total Pension Liability	\$ 271,627,434,294
Less: Plan Fiduciary Net Position	(210,543,258,495)
Net Pension Liability	<u>\$ 61,084,175,799</u>
Net Position as Percentage of Total Pension Liability	77.51%

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F. Actuarial Methods and Assumptions

Roll Forward

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

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

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.

The long-term expected rate of return on pension plan investments is 7.00 percent. The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2024 are summarized in the chart below.

Asset Class	Target Allocation %**	Long-Term Expected Geometric Real Rate of Return*	Expected Contribution to Long- Term Portfolio Returns
Global Equity			
USA	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%
Stable Value Hedge Funds	5.0%	3.0%	0.2%
Absolute Return*	0.0%	4.0%	0.0%
Real Return			
Real Estate	15.0%	6.6%	1.2%
Energy, Natural Resources and Infrastructure	6.0%	5.6%	0.4%
Commodities	0.0%	2.5%	0.0%
Risk Parity	8.0%	4.0%	0.4%
Asset Allocation Leverage			
Cash	2.0%	1.0%	0.0%
Asset Allocation Leverage	-6.0%	1.3%	-0.1%
Inflation Expectation			2.4%
Volatility Drag****			-0.7%
Expected Return	<u>100.0%</u>		<u>7.9%</u>

* Absolute Return includes Credit Sensitive Investments.

** Target allocations are based on the FY2024 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.

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

Actuarial Methods and Assumptions

Valuation Date	August 31, 2023 rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-Term Expected Rate	7.00%
Municipal Bond Rate as of August 2024	3.87% - The source for the rate is the Bond Buyers 20 Index which represents the estimated yield of a portfolio of 20 general obligation bonds maturing in 20 years based on a survey of municipal bond traders.
Last year ending August 31 in Projection Period (100 years)	2123
Inflation	2.30%
Salary Increases	2.95% to 8.95% including inflation
Ad hoc post-employment benefit changes	None

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

Discount Rate

A single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the Legislature during the 2019 legislative session. It is assumed that future employer and state contributions will be 9.54 percent 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.

G. 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.

H. Changes in Benefit Provisions Since 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.

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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.

I. Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption

The following table presents the net pension liability of the plan using the discount rate of 7.00 percent, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate.

Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption			
	1% Decrease 6.00%	Current Single Discount Rate 7.00%	1% Increase 8.00%
District's Proportionate Share of the Net Pension Liability:	\$ 1,372,972	\$ 859,583	\$ 434,204

J. District Net Pension Liabilities, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, and Pension Expense

The Net Pension Liability of the Plan as a whole was last 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 of that date. The District was assigned a proportion of the Plan's Net Pension Liability based on the District's contributions to the Plan relative to the contributions of all employers for the period September 1, 2023 through August 31, 2024.

The table below presents a two-year comparison of the District's assigned proportion and resulting proportionate share of the collective Net Pension Liability, as well as the State's proportionate share of the Net Pension Liability associated with the District.

	Measurement Date		Change
	8/31/23	8/31/24	
District's Proportion of the Collective Net Pension Liability	0.000015251631	0.000014072110	(0.000001179521)
District's Proportionate Share of the Net Pension Liability	\$ 1,047,640	\$ 859,583	\$ (188,057)
State's Proportionate Share of the Net Pension Liability Associated with the District	825,447	731,310	(94,137)
Total Pension Liability	\$ 1,873,087	\$ 1,590,893	\$ (282,194)

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

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 47,379	\$ 6,711
Changes in actuarial assumptions	44,382	5,950
Difference between projected and actual investment earnings	206,392	201,167
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	124,377	98,751
Contributions paid to TRS subsequent to the measurement date	59,596	-
Total	\$ 482,126	\$ 312,579

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

Measurement Year Ended August 31,	Pension Expense Amount
2025	\$ 2,101
2026	103,286
2027	27,877
2028	(19,174)
2029	(4,139)
Thereafter	-

For the year ended June 30, 2025, the District recognized pension expense of \$77,516 and revenue of \$87,405 for support provided by the State.

11. EMPLOYEE HEALTH CARE COVERAGE

During the year ended June 30, 2025, employees of the District were covered by the state-wide health insurance plan, TRS Active Care. The District contributed \$225 per month per employee to the Plan, the State provided an additional \$75 per month per employee, and employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. TRS manages TRS Active Care. The Plan is administered by Blue Cross Blue Shield of Texas while Express Scripts was assigned the prescription drug plan.

12. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN – TRS-CARE

A. Plan Description

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

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

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B. Benefits Provided

TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional service centers, and other educational districts who are members of the TRS pension system. Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. TRS-Care Standard includes medical and prescription drug benefits. 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.

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

C. Contributors to TRS-Care

Contributors to the plan include active and retired members, employers, and the State of Texas as the only non-employer contributing entity.

During fiscal year 2024, the number of participating employers are presented in the following table.

<u>Participating Employers</u>	
Independent School Districts	1,019
Open Enrollment Charter Schools	199
Regional Service Centers	20
Other Educational Districts	2
Total	<u><u>1,240</u></u>

TRS-Care plan membership as of August 31, 2023 is shown in the following table. Because the actuarial valuation was based on a roll-forward from that date (See Section F), the counts are as of that date.

<u>TRS-Care Plan Membership</u>	
Active plan members	773,168
Inactive plan members currently receiving benefits	186,935
Inactive plan members entitled to but not yet receiving benefits	15,276
Total	<u><u>975,379</u></u>

The Average Expected Remaining Service Life (AERSL) of 9.4212 years is based on the membership information as of the beginning of the fiscal year.

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D. Contributions

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

At the inception of the plan, funding was projected to last 10 years through fiscal year 1995. The original funding was sufficient to maintain the solvency of the fund through fiscal year 2000. Since that time, appropriations and contributions have been established to fund the benefits for each successive biennium.

Section 1575.202 of the Texas Insurance Code establishes the State's contribution rate which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee rate which is 0.65 percent of salary. Section 1575.204 establishes a public school contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the employer. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act, which is 0.75 percent of each active employee's pay for fiscal year 2024.

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

<u>Contribution Rates</u>	<u>2024</u>	<u>2025</u>
Members	0.65%	0.65%
Employer	0.75%	0.75%
State of Texas	1.25%	1.25%
Federal/Private Funding*	1.25%	1.25%
<u>Contribution Amounts</u>		
Members	\$ 8,026	\$ 7,780
Employer	14,781	14,468
State of Texas (NECE)	13,794	13,679
* Contributions paid from federal funds and private grants are remitted by the employer and paid at the State rate.		

All employers whose employees are covered by the TRS pension plan are also required to pay a surcharge of \$535 per month when employing a retiree of TRS. The TRS-Care surcharges for fiscal year 2024 totaled \$16,318,100.

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

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

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E. Net OPEB Liability

Components of the Net OPEB Liability of the TRS-Care plan as of August 31, 2024 are disclosed in the following table.

<u>Components of OPEB Liability</u>	<u>Total</u>
Total OPEB Liability	\$ 35,168,178,563
Less: Plan Fiduciary Net Position	<u>(4,816,646,311)</u>
Net OPEB Liability	<u>\$ 30,351,532,252</u>
Net Position as a Percentage of Total OPEB Liability	13.70%

The Net OPEB Liability increased by \$8.21 billion, from \$22.1 billion as of August 31, 2023, to \$30.4 billion as of August 31, 2024. The increase was primarily due to lowering the Medicare retiree premiums effective January 1 2025, and declines in the discount rate.

F. Actuarial Methods and Assumptions

Roll Forward

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

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex.

Demographic Assumptions

The rates of mortality, retirement, termination and disability incidence are identical to the assumptions used to value the pension liabilities of the Teacher Retirement System of Texas (TRS). The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2021.

Mortality Assumptions

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.

Election Rates

Normal Retirement - 62 percent participation rate prior to age 65 and 25 percent participation rate after age 65.
Pre-65 retirees - 30 percent of pre-65 retirees are assumed to discontinue coverage at age 65.

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Health Care Trend Rates

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

Actuarial Methods and Assumptions

Valuation Date	August 31, 2023, rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.30%
Single Discount Rate	3.87% as of August 31, 2024
Aging Factors	Based on the Society of Actuaries' 2013 Study "Health Care Costs - From Birth to Death."
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Salary Increases	2.95% to 8.95%, including inflation
Ad Hoc Post-Employment Benefit Changes	None

Discount Rate

A single discount rate of 3.87 percent was used to measure the total OPEB liability. This was a decrease of 0.26 percent in the discount rate since the previous year. Since the plan is a pay-as-you-go plan, the single discount rate is equal to the prevailing municipal bond rate.

G. Change of Assumptions Since the Prior Measurement Date

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

H. Sensitivity of the Net OPEB Liability to the Single Discount Rate Assumption

The following presents the Net OPEB Liability of the plan using the discount rate for 20-year, tax-exempt general obligation municipal bonds with an average AA credit rating, as well as what the Net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower, 2.87 percent, or one percentage point higher, 4.87 percent, than the AA credit rate. The source for the rate is the Fixed Income Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in the Bond Buyer's "20-Bond GO Index", as of August 31, 2024.

Sensitivity of the Net OPEB Liability to the Single Discount Rate Assumption			
	1% Decrease 2.87%	Current Single Discount Rate 3.87%	1% Increase 4.87%
District's Proportionate Share of the Net OPEB Liability	\$ 609,395	\$ 512,938	\$ 435,000

I. Sensitivity of the Net OPEB Liability to the Healthcare Cost Trend Rate Assumptions

The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher than the assumed healthcare cost trend rate.

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Sensitivity of the Net OPEB Liability to the Healthcare Cost Trend Rate Assumption			
	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's Proportionate Share of the Net OPEB Liability	\$ 417,712	\$ 512,938	\$ 637,028

J. District Net OPEB Liabilities, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, and OPEB Expense

The Net OPEB Liability of the TRS-Care program as a whole was last 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 of that date. The District was assigned a proportion of TRS Care's Net OPEB Liability based on the District's contributions to the program relative to the contributions of all employers for the period September 1, 2023 through August 31, 2024.

The table below presents a two-year comparison of the District's assigned proportion and resulting proportionate share of the collective Net OPEB Liability, as well as the State's proportionate share of the Net OPEB Liability associated with the District.

	Measurement Date		Change
	8/31/23	8/31/24	
District's Proportion of the Collective Net OPEB Liability	0.000018459327	0.000016899916	-0.000001559411
District's Proportionate Share of the Net OPEB Liability	\$ 408,658	\$ 512,938	\$ 104,280
State's Proportionate Share of the Net OPEB Liability Associated with the District	493,109	642,705	149,596
Total OPEB Liability	\$ 901,767	\$ 1,155,643	\$ 253,876

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 98,313	\$ 255,984
Changes in actuarial assumptions	65,650	167,366
Difference between projected and actual investment earnings	492	1,928
Change in proportion and difference between the employer's contributions and the proportionate share of contributions	410,695	403,429
Contributions paid to TRS subsequent to the measurement date	12,738	-
Total	\$ 587,888	\$ 828,707

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

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Measurement Year Ended August 31,	OPEB Expense Amount
2025	\$ (25,106)
2026	(1,874)
2027	(53,822)
2028	(110,513)
2029	(34,315)
Thereafter	(27,927)

For the year ended June 30, 2025, Sierra Blanca Independent School District recognized OPEB expense of \$13,679 and revenue of \$83,541 for support provided by the State.

13. FRINGE BENEFITS PAID BY OTHER GOVERNMENTS

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. Under Medicare Part D, TRS-Care receives retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the years ended June 30, 2025 and June 30, 2024, the subsidy payments received by TRS-Care on behalf of the District were \$7,860 and \$7,322 respectively.

14. FUND BALANCES

The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Those fund balance classifications are described below:

Restricted - Amounts that can be spent only for specific purposes because of constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation.

Assigned - For the General Fund, the Board, or an official or body that has been delegated authority by the Board, may appropriate amounts that are to be used for a specific purpose. For all other governmental funds, any remaining positive amounts not previously classified as nonspendable, restricted or committed.

Unassigned - Amounts that are available for any purpose; these amounts can be reported only in the District's General Fund.

A detail of the fund balance amounts within each category is included on the governmental funds balance sheet.

Fund balance of the District may be committed for a specific purpose by formal action of the Board, the District's highest level of decision-making authority. Commitments may be established, modified, or rescinded only through a resolution approved by the Board. The Board has delegated authority to the Superintendent to assign fund balance for a specific purpose. In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

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15. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

Type	General Fund	Major Debt Service Fund	Major Capital Projects Fund	Non-Major Governmental Funds	Custodial Funds	Total
Property Taxes	\$ 1,437,347	\$ 750,373	\$ -	\$ -	\$ -	\$2,187,720
Investment Income	29,694	-	142,107	-	-	171,801
Rent	5,577	-	-	-	-	5,577
Food Sales	10,150	-	-	-	-	10,150
Miscellaneous Local Revenue	30,274	-	-	12,233	42,615	85,122
Total	<u>\$ 1,513,042</u>	<u>\$ 750,373</u>	<u>\$ 142,107</u>	<u>\$ 12,233</u>	<u>\$ 42,615</u>	<u>\$2,460,370</u>

16. RISK MANAGEMENT

The District's risk management program includes coverages through third party insurance providers for property, automobile liability, school professional liability, crime, workers' compensation, and other miscellaneous bonds. During the year ended June 30, 2025, there were no significant reductions in insurance coverage from coverage in the prior year. Losses in excess of the various deductible levels are covered through traditional indemnity coverage for buildings and contents, and vehicle liability with various insurance firms. Settled claims have not exceeded insurance limits for the past three years.

17. COMMITMENTS AND CONTINGENCIES

The District participates in a number of federal financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of *Government Auditing Standards* and when applicable, the Uniform Guidance, for the year ended June 30, 2025, these programs are subject to financial and compliance audits performed by the specific grantors. These audits, if performed, could result in amounts of expenditures being disallowed by the granting agencies and subject to repayment. The District however expects that such amounts, if any, would be immaterial.

18. SELF-INSURANCE FUND

The District has a partially self-insured workers' compensation plan administered by Texas Public School's Workers' Compensation Project ("SchoolComp") which is an insurance pool. The District established an Internal Service Fund to account for and finance this partially uninsured risk of loss. The District is obligated to pay its own claims up to \$75,000 per claim. The claim liability below is an estimate of potential loss exposure on workers' compensation claims at year end which includes incurred but not reported ("IBNR") claims and claims reported but not paid.

A reconciliation of the estimated claim liability is as follows:

Year Ended June 30,	Beginning Liability	Estimated Current Year Claims	Claim Payments	Ending Liability
2023	\$ 6,556	\$ (957)	\$ -	\$ 5,599
2024	5,599	(1,122)	-	4,477
2025	4,477	(729)	-	3,748

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SIERRA BLANCA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

19. SHARED SERVICES ARRANGEMENT

588 Educational Cooperative

The District participates in the 588 Educational Cooperative, a shared services arrangement for special education resource services. This shared service arrangement includes eleven participating independent school districts. Alpine ISD is acting as fiscal agent and is also a member district. Funding is provided through state and local funds from member districts and through federal funds received by the Cooperative.

Approximately 5% of the activity of the shared service arrangement is attributable to the District. The District has a joint ownership interest in fixed assets purchased and the net equity of the Cooperative; however, the fiscal agent is not accumulating significant financial resources or obligations that would give rise to a future additional benefit or burden to the District, and member districts cannot receive any distribution of fund balances except in the event of dissolution. Member districts reimburse the fiscal agent for expenditures which exceed state and federal funding sources. The District's total payments to the Cooperative for the year ended June 30, 2024 was \$33,442.

20. IMPLEMENTATION OF NEW GOVERNMENTAL ACCOUNTING PRONOUNCEMENTS

Governmental Accounting Standards Board Statement No. 101 – Compensated Absences (GASB 101) provides guidance on the accounting and financial reporting for Compensated Absences for governments. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means.

In the year of implementation, GASB 101 requires a retroactive restatement of prior periods to reflect the effect on net position as if the standard had been in effect in prior years. In accordance with Governmental Accounting Board Statement No. 100 – Accounting Changes and Error Corrections ("GASB 100"), this restatement is the result of a change in accounting principle. As such, the effect on beginning net position as shown within these financial statements is as follows:

	Governmental Activities
Net position as previously stated at June 30, 2024	\$ 3,357,704
Implementation of GASB 101, Compensated Absences	(91,462)
Net Position as restated at June 30, 2025	<u>\$ 3,266,242</u>

Governmental Accounting Standards Board Statement No. 102 – Certain Risk Disclosures (GASB 102). This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

For the year ended June 30, 2025, no concentration or constraints were required to be disclosed by the District.

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REQUIRED SUPPLEMENTARY INFORMATION

SIERRA BLANCA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –
TEACHER RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2025

	Measurement Year			
	2024	2023	2022	2021
District's Proportion of the Net Pension Liability	0.0014072110%	0.0015251631%	0.0012697678%	0.0010995558%
District's Proportionate Share of the Net Pension Liability	\$ 859,583	\$ 1,047,640	\$ 753,828	\$ 280,018
State's Proportionate Share of the District Net Pension Liability	731,310	825,447	755,528	317,141
Total Pension Liability	<u>\$ 1,590,893</u>	<u>\$ 1,873,087</u>	<u>\$ 1,509,356</u>	<u>\$ 597,159</u>
District's Covered-Employee Payroll	\$ 1,234,820	\$ 1,170,259	\$ 1,098,243	\$ 988,161
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	69.61%	89.52%	68.64%	28.34%
Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability	77.51%	73.15%	75.62%	88.79%

The amounts presented are determined as of the Plan's measurement year which was as of August 31 in each prior calendar year from the District's fiscal year end.

This schedule reflects ten years of data as required by GASB 68.

Measurement Year					
2020	2019	2018	2017	2016	2015
0.0010933277%	0.0016292296%	0.0010401493%	0.0006998195%	0.0007148000%	0.0007260000%
\$ 585,564	\$ 846,924	\$ 572,523	\$ 223,765	\$ 270,100	\$ 256,631
753,000	734,609	778,861	483,697	444,013	438,880
<u>\$ 1,338,564</u>	<u>\$ 1,581,533</u>	<u>\$ 1,351,384</u>	<u>\$ 707,462</u>	<u>\$ 714,113</u>	<u>\$ 695,511</u>
\$ 953,558	\$ 1,089,935	\$ 971,600	\$ 883,995	\$ 720,303	\$ 625,541
61.41%	77.70%	58.93%	25.31%	37.50%	41.03%
75.54%	75.24%	73.74%	82.17%	78.00%	78.43%

SIERRA BLANCA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS –
TEACHER RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2025

	Fiscal Year			
	2025	2024	2023	2022
Contractually Required Contribution	\$ 70,531	\$ 85,155	\$ 80,807	\$ 54,904
Contribution in Relation to the Contractually Required Contribution	(70,531)	(85,155)	(80,807)	(54,904)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 1,196,837	\$ 1,234,820	\$ 1,170,259	\$ 1,098,243
Contributions as a Percentage of Covered- Employee Payroll	5.89%	6.90%	6.91%	5.00%

The amounts presented are as of the District's fiscal year end of June 30.

This schedule reflects 10 years of data as required by GASB 68.

Fiscal Year					
2021	2020	2019	2018	2017	2016
\$ 44,459	\$ 45,892	\$ 56,778	\$ 31,318	\$ 24,783	\$ 20,688
(44,459)	(45,892)	(56,778)	(31,318)	(24,783)	(20,688)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 976,810	\$ 1,054,771	\$ 1,206,301	\$ 938,136	\$ 906,725	\$ 620,173
4.55%	4.35%	4.71%	3.34%	2.73%	3.34%

SIERRA BLANCA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY –
TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES GROUP INSURANCE PLAN
FOR THE YEAR ENDED JUNE 30, 2025

	Measurement Year			
	2024	2023	2022	2021
District's Proportion of the Net Liability for Other Post Employment Benefits	0.0016899916%	0.0018459327%	0.0019792027%	0.0017030899%
District's Proportionate Share of the Net Post Employment Benefit Liability	\$ 512,938	\$ 408,658	\$ 473,900	\$ 656,958
State's Proportionate Share of the Net Post Employment Benefit Liability Associated with the District	642,705	493,109	578,084	880,177
Total Other Post Employment Benefits Liability	<u>\$ 1,155,643</u>	<u>\$ 901,767</u>	<u>\$ 1,051,984</u>	<u>\$ 1,537,135</u>
District's Covered Payroll	\$ 1,234,820	\$ 1,170,259	\$ 1,098,243	\$ 988,161
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	41.54%	34.92%	43.15%	66.48%
Plan Fiduciary Net Position as a Percentage of the Total Net OPEB Liability	13.70%	14.94%	11.52%	6.18%

The amounts presented are determined as of the Plan's measurement year which was as of August 31 in each prior calendar year from the District's fiscal year end.

This schedule reflects the available years of data since the adoption of GASB 75.

Measurement Year			
2020	2019	2018	2017
0.0017269465%	0.0026701960%	0.0016886107%	0.0010065376%
\$ 656,490	\$ 1,262,766	\$ 843,139	\$ 437,705
882,166	1,677,937	765,053	696,033
<u>\$ 1,538,656</u>	<u>\$ 2,940,703</u>	<u>\$ 1,608,192</u>	<u>\$ 1,133,738</u>
\$ 953,558	\$ 1,089,935	\$ 971,600	\$ 883,995
68.85%	115.86%	86.78%	49.51%
4.99%	2.66%	1.57%	0.91%

SIERRA BLANCA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS –
TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES GROUP INSURANCE PLAN
FOR THE YEAR ENDED JUNE 30, 2025

	Fiscal Year			
	2025	2024	2023	2022
Contractually Required Contribution	\$ 14,468	\$ 14,781	\$ 17,718	\$ 13,737
Contribution in Relation to the Contractually Required Contribution	(14,468)	(14,781)	(17,718)	(13,737)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 1,196,837	\$ 1,234,820	\$ 1,170,259	\$ 1,098,243
Contributions as a Percentage of Covered Payroll	1.21%	1.20%	1.51%	1.25%

The amounts presented are as of the District's fiscal year end of June 30.

This schedule reflects the available years of data since the inception of GASB 75 and will eventually reflect ten years of data.

Fiscal Year			
2021	2020	2019	2018
\$ 9,772	\$ 13,367	\$ 19,362	\$ 9,971
(9,772)	(13,367)	(19,362)	(9,971)
\$ -	\$ -	\$ -	\$ -
\$ 976,810	\$ 1,054,771	\$ 1,206,301	\$ 938,136
1.00%	1.27%	1.61%	1.06%

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SIERRA BLANCA INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2025

Teacher Retirement System

Actuarial Assumptions

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

Changes of Benefit Provisions Since 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.

Changes 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.
-

Texas Public School Retired Employees Group Insurance Plan

Actuarial Assumptions

Actuarial methods and assumptions used for funding purposes can be found in the Other Post-Employment Benefits (OPEB) Plan – TRS-Care note to the financial statements.

Changes of Assumptions Since the Prior Measurement Date

The following assumptions, methods and plan changes which are specific to TRS-Care were updated from the prior year's report:

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

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**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

SIERRA BLANCA INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

	211	255	270	282
Data				
Control				
Codes	ESEA, Title I, Part A	ESEA, Title II, Part A	ESEA, Title V, Part B, Subpart 2	ESSER III
ASSETS				
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1240 Due from Other Governments	-	-	599	-
1000 Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 599</u>	<u>\$ -</u>
LIABILITIES				
2170 Due to Other Funds	\$ -	\$ -	\$ 599	\$ -
2000 Total Liabilities	<u>-</u>	<u>-</u>	<u>599</u>	<u>-</u>
FUND BALANCES				
Assigned for:				
3590 Other Assigned Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liab., Def. Inflows & Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 599</u>	<u>\$ -</u>

289	410	461	
Federally Funded Spec. Rev. Fund	State Instructional Materials Fund	Campus Activity Funds	Total Non- Major Governmental Funds
\$ -	\$ -	\$ 18,319	\$ 18,319
-	-	-	599
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,319</u>	<u>\$ 18,918</u>
\$ -	\$ -	\$ -	\$ 599
-	-	-	599
-	-	18,319	18,319
-	-	18,319	18,319
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,319</u>	<u>\$ 18,918</u>

SIERRA BLANCA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	211	255	270	282
Data				
Control			ESEA, Title V,	
Codes	ESEA, Title I, Part A	ESEA, Title II, Part A	Part B, Subpart 2	ESSER III
REVENUES				
5700 Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	47,523	5,323	14,300	2,123
5020 Total Revenues	47,523	5,323	14,300	2,123
EXPENDITURES				
0011 Instruction	47,523	5,323	14,300	2,123
0036 Extracurricular Activities	-	-	-	-
6030 Total Expenditures	47,523	5,323	14,300	2,123
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - Beginning	-	-	-	-
3000 Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

289	410	461	
Federally Funded Spec. Rev. Fund	State Instructional Materials Fund	Campus Activity Funds	Total Non- Major Governmental Funds
\$ -	\$ -	\$ 12,233	\$ 12,233
-	40,054	-	40,054
10,000	-	-	79,269
10,000	40,054	12,233	131,556
10,000	40,054	-	119,323
-	-	11,174	11,174
10,000	40,054	11,174	130,497
-	-	1,059	1,059
-	-	1,059	1,059
-	-	17,260	17,260
\$ -	\$ -	\$ 18,319	\$ 18,319

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

		1	2	3
Last 10 Years Ended June 30,		Tax Rates		Assessed/Appraised Value for School Tax Purposes
		Maintenance	Debt Service	
2016	and prior years	Various	Various	Various
2017		1.04000	-	109,908,284
2018		1.03370	-	144,351,471
2019		1.06000	-	182,239,811
2020		0.99000	-	165,090,505
2021		0.97640	0.41000	165,592,200
2022		0.97310	0.41000	172,356,735
2023		0.94920	0.41000	182,060,697
2024		0.86520	0.41000	185,540,778
2025	(School year under audit)	0.74550	0.41000	188,434,171
1000	TOTALS			
8000	Texas Refunded			
9000	Tax Increment			

10	20	31	32	40	50	99
Beginning Balance 7/1/24	Current Year's Total Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance 6/30/25	Refunded Under Section 26.1115c
\$ 362,784	\$ -	\$ 10,811	\$ -	\$ (1,042)	\$ 350,931	
34,651	-	1,456	-	(27)	33,168	
41,492	-	3,039	-	(85)	38,368	
47,989	-	5,200	-	281	43,070	
47,529	-	3,911	-	331	43,949	
81,481	-	5,259	2,208	1,171	75,185	
101,949	-	6,766	2,851	1,010	93,342	
128,541	-	11,259	4,863	1,003	113,422	
215,059	-	50,961	24,150	3,440	143,388	
-	2,177,357	1,285,740	707,114	46,994	231,497	
<u>\$ 1,061,475</u>	<u>\$ 2,177,357</u>	<u>\$ 1,384,402</u>	<u>\$ 741,186</u>	<u>\$ 53,076</u>	<u>\$ 1,166,320</u>	
		<u>\$ -</u>				<u>\$ -</u>

SIERRA BLANCA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – CHILD NUTRITION FUND
FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes		Actual			
		Budgeted Amounts		Amounts	Variance With
		Original	Final	(GAAP BASIS)	Final Budget
REVENUES					
5700	Local & Intermediate Sources	\$ 8,000	\$ 8,000	\$ 10,150	\$ 2,150
5800	State Program Revenues	300	300	303	3
5900	Federal Program Revenues	62,000	70,000	81,275	11,275
5020	Total Revenues	70,300	78,300	91,728	13,428
EXPENDITURES					
0035	Food Services	127,836	136,489	118,014	18,475
6030	Total Expenditures	127,836	136,489	118,014	18,475
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(57,536)	(58,189)	(26,286)	31,903
OTHER FINANCING SOURCES (USES)					
7915	Transfers In	57,536	57,536	26,286	(31,250)
7080	Total Other Finance Sources (Uses)	57,536	57,536	26,286	(31,250)
1200	Net Change in Fund Balances	-	(653)	-	653
0100	Fund Balance-July 1 (Beginning)	-	-	-	-
3000	Fund Balance-June 31 (Ending)	\$ -	\$ (653)	\$ -	\$ 653

SIERRA BLANCA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes		Budgeted Amounts		Actual Amounts	Variance With
		Original	Final	(GAAP BASIS)	Final Budget
REVENUES					
5700	Local & Intermediate Sources	\$ 796,862	\$ 796,862	\$ 750,373	\$ (46,489)
5800	State Program Revenues	-	-	8,478	8,478
5020	Total Revenues	796,862	796,862	758,851	(38,011)
EXPENDITURES					
	Debt Service:				
0071	Principal on Long Term Debt	320,000	320,000	320,000	-
0072	Interest on Long Term Debt	297,600	297,600	297,600	-
0073	Bond Issuance Cost and Fees	500	500	500	-
6030	Total Expenditures	618,100	618,100	618,100	-
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	178,762	178,762	140,751	(38,011)
1200	Net Change in Fund Balances	178,762	178,762	140,751	(38,011)
0100	Fund Balance-July 1 (Beginning)	706,408	706,408	706,408	-
3000	Fund Balance-June 30 (Ending)	\$ 885,170	\$ 885,170	\$ 847,159	\$ (38,011)

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SIERRA BLANCA INDEPENDENT SCHOOL DISTRICT
USE OF FUNDS REPORT – SELECT STATE ALLOTMENT PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes		1 Responses
	Section A: Compensatory Education Programs	
	Districts are required to use at least 55% of state compensatory education state allotment funds on direct program costs. Statutory Authority: Texas Education Code §48.104.	
AP1	Did your District expend any state compensatory education program state allotment funds during the District's fiscal year?	Yes
AP2	Does the District have written policies and procedures for its state compensatory education program?	Yes
AP3	Total state allotment funds received for state compensatory education programs during the District's fiscal year.	\$ 119,812
AP4	Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$ 65,913
	Section B: Bilingual Education Programs	
	Districts are required to use at least 55% of bilingual education state allotment funds on direct program costs. Statutory Authority: Texas Education Code §48.105.	
AP5	Did your District expend any bilingual education program state allotment funds during the District's fiscal year?	Yes
AP6	Does the District have written policies and procedures for its bilingual education program?	Yes
AP7	Total state allotment funds received for bilingual education programs during the district's fiscal year.	\$ 4,382
AP8	Actual direct program expenditures for bilingual education programs during the District's fiscal year. (PICs 25, 35)	\$ 12,185

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SIERRA BLANCA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes		1 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 Teachers 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; or substantial doubt about the school district's ability to continue as a going concern?	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 in effect at the school district's fiscal year end?	Yes
SF8	Did the school district's administration and school board members discuss any changes and/or impact to local, state, and federal funding 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.	\$ -

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FEDERAL AWARDS SECTION

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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
Sierra Blanca Independent School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sierra Blanca 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 August 22, 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 audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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.

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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.

Singleton, Clark & Company, PC

Singleton, Clark & Company, PC
Alpine, Texas

August 22, 2025

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SIERRA BLANCA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

SECTION I – SUMMARY OF AUDITOR’S RESULTS

FINANCIAL STATEMENTS

Type of auditor’s report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiencies identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

FEDERAL AWARDS

Under the guidelines of the federal Uniform Guidance, a Single Audit was not required for the year ended June 30, 2025 due to expenditures of federal awards being below \$750,000.

SECTION II – FINANCIAL STATEMENT FINDINGS

Findings Related to Financial Statements Which are Required to be Reported in Accordance with *Government Auditing Standards*:

No findings or questioned costs required to be reported in accordance with *Government Auditing Standards* for the years ended June 30, 2025 and June 30, 2024.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Findings Related to Federal Awards Which are Required to be Reported in Accordance with Uniform Guidance:

Not applicable.