Keller
Independent School District

Keller, Texas

Annual Comprehensive
Financial Report

Year Ended June 30, 2025

Keller
Independent School District

Keller, Texas

Annual Comprehensive
Financial Report

For the Year Ended June 30, 2025

Prepared by the Finance Department

John Allison Deputy Superintendent
Pam Stranathan, ED.S Chief Financial Officer
Kristin Williams, C.P.A., RTSBA Director of Finance

Keller Independent School District

Annual Comprehensive Financial Report
Year Ended June 30, 2025
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Introductory Section

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Certificate of Board

Keller Independent School District	Tarrant	220-907
Name of Local Education Agency	County	County-District-Number

We, the undersigned, certify that the attached annual financial report of the above-named school district was reviewed and

Approved ✓ Disapproved _____

for the year ended June 30, 2025, at a meeting of the Board of Trustees of such school district on the 18th day of December, 2025.

Signature of Board Secretary

Signature of Board President

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

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OFFICE OF THE SUPERINTENDENT

KELLER INDEPENDENT SCHOOL DISTRICT

350 KELLER PARKWAY

KELLER, TEXAS 76248

PHONE: 817-744-1000

FAX: 817-744-1261

December 18, 2025

To the Board of Trustees and Taxpayers of the Keller Independent School District:

The Texas Education Code requires that all school districts file a set of financial statements with the Texas Education Agency (TEA) within 150 days of the close of each fiscal year. The financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited by a firm of licensed certified public accountants in accordance with generally accepted auditing standards. Pursuant to this requirement, we hereby issue the Annual Comprehensive Financial Report of the Keller Independent School District (the district) for the fiscal year ended June 30, 2025.

This report consists of management's representations concerning the finances of the district. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, the management of the district has established a comprehensive internal control framework that is designed to protect the district's assets from loss, theft, or misuse. Additionally, the internal control framework is designed to compile sufficient reliable information for the preparation of the district's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the costs of internal controls should not outweigh their benefits, the district's comprehensive framework of internal controls has been designed to provide reasonable assurance rather than absolute assurance that the financial statements will be free from material misstatement. To the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The financial statements of the district have been audited by Weaver and Tidwell, L.L.P, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the district for the fiscal year ended June 30, 2025, are free of material misstatement. The independent audit involves examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Based upon the audit, the independent auditors concluded that there was a reasonable basis for rendering an unmodified opinion that the district's financial statements for the year ended June 30, 2025, are presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The district includes all funds of its governmental operations that are controlled by or dependent upon the district as determined on a basis of financial accountability. Financial accountability includes appointment of the organization's governing body, imposition of will, and fiscal dependency. The district is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity". The accompanying financial statements include only those funds of the district, as there are no other organizations for which it has financial accountability.

The district is also required to undergo an annual "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements for the administration of federal awards. The results of the district's single audit for the fiscal year ended June 30, 2025, provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

These reports are available in the Federal Awards Section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

KISD management is directly responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the district are protected from loss, theft, or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of "reasonable assurance" recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived from its implementation; and (2) the valuation of cost and benefit requires estimates and judgments by management. KISD management believes that internal controls adequately meet these objectives.

The objective of budgetary controls is to ensure compliance with the legal provisions embodied in the annual appropriated budget approved by the Board of Trustees. Every school district in Texas is required by law to prepare and file a budget with the Texas Education Agency. Activities of the General, Child Nutrition (special revenue) and Debt Service funds are included in the district's budget. Budgets for Special Revenue funds (other than the Child Nutrition Fund) and Capital Projects Fund are prepared on a project basis, based on grant regulations or applicable bond ordinances. Budgetary control (the level at which expenditures may not exceed appropriations) is maintained at the functional category level within each fund. These functional categories are defined by the Texas Education Agency and identify the purpose of transactions. The district also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end. However, encumbrances outstanding at year-end generally roll over to and are absorbed by the following year's budget.

As demonstrated by the statements and schedules included in the financial section of this report, the district continues to meet its responsibility for sound financial management.

Governing Body

The Board of Trustees consists of seven members who serve, without compensation, a three-year term in office. On a rotating basis, two or three places are filled during annual elections held on the second Saturday of May. Vacancies may be filled by appointment until the next election. Candidates must be qualified voters of the district.

Regular meetings are normally scheduled on the fourth Thursday of each month and are held at the Keller ISD Education Center. Special meetings and work sessions are scheduled as needed and announced in compliance with public notice requirements.

The Board has final control over local school matters limited only by the state legislature, by the courts, and by the will of the people as expressed in school Board elections. Board decisions are based on a majority vote of those present.

In general, the Board adopts policies, sets direction for curriculum, employs the Superintendent, and oversees the operations of the district and its schools. Besides general Board business, Trustees are charged with numerous statutory regulations including calling trustee and other school elections and canvassing the results, organizing the Board, and electing its officers. The Board is also responsible for setting the tax rate, setting salary schedules, and acting as a board of appeals in personnel and student matters, confirming recommendations for textbook adoptions, and adopting and amending the annual budget.

The Board solicits and evaluates community input and support concerning actual policies.

ECONOMIC CONDITIONS AND OUTLOOK

The financial statements are best understood when they are considered from the perspective of the environment in which the district operates.

The Keller Independent School District is situated in the northeast section of Tarrant County. Keller's 51 square miles lies 17 miles due north of downtown Fort Worth. As Keller ISD is almost built out, enrollment growth has slowed. Until the 2011–2012-year, enrollment was increasing more than 1,000 students per year. Between 2015-16 and 2019-2020 the district's enrollment decreased year over year by an average of 122 students per year. In 2020-2021, mostly due to the pandemic, the fall student enrollment dropped by 948 students. The actual fall enrollment for 2021-22 was 34,813, an increase of 494 students over 2020-2021. The actual fall enrollment for 2022-23 was 34,078, a decrease of (735) students from 2021-22, and was 33,250 in the fall of 2023-2024. District enrollment for 2024-25 was 32,042 and is expected to decrease to 30,386 by 2028-2029 and 28,796 by the fall of 2034.

Factors contributing to this decline include lower birth rates, greater participation in homeschooling, and increased enrollment in charter and private schools. There are currently more than 900 charter schools operating in Texas, with the TEA reporting 188 open-enrollment charter school operators managing 958 individual campuses. There are at least 65 charter schools in the Dallas/Fort Worth metroplex.

Area Development
The residential growth of the district has been on pace with that of the Fort Worth/Dallas Metroplex and has been aided by the district's proximity to both the Dallas/Fort Worth International Airport and Fort Worth's Alliance Airport. Though most of the district's growth has been in residential housing, many businesses are opening to support the growing population. Many of the residents of the new housing developments are employed by the Alliance Industrial Park businesses surrounding and utilizing the Fort Worth's Alliance Airport. In addition, the Alliance Town Center was built to support the needs of the fast growth portion of northeast Tarrant County and has become one of the largest retail anchored mixed-use developments in Texas.

Housing. Housing development growth in the district is slowing as the district builds out of available land and as the price points of new homes rise

In September 2025, Keller home prices were up 9.7% compared to last year, selling for a median price of $672K. On average, homes in Keller sell after 60 days on the market compared to 50 days last year. There were 41 homes sold in September this year, up from 40 last year.

In 2023, housing starts in the Dallas-Fort Worth (DFW) area totaled 50,244 homes, a 3% increase from 2022. In the first quarter of 2024, there was a significant jump, with 14,217 units started, representing a 44.7% increase from the same period in the previous year. However, the market has seen some slowdown since then, with the annualized start rate decreasing to about 43,260 in the 12-month period ending September 2025, down over 9% from a year earlier, due to factors like slower job growth. New housing construction in Keller, TX, is ongoing in several developments, including **Bella Casa**, **Beverly Grove**, and **Center Stage**, with a range of single-family homes and prices starting from the mid-$600,000s and going up to over $2 million. Some of these projects involve building new single-family residences on existing land, while others, like Center Stage, are part of larger mixed-use developments.

Economic Conditions and Employment. According to the Texas Workforce commission, the State of Texas added 195,600 jobs between August 2024 and August 2025, as opposed to 302,400 jobs in the previous year. The unemployment rate for August remained at 4.2% in both August 2023 and 2024 in Tarrant County but increased to 4.3% by August 2025. The State of Texas rate decreased from 4.2% to 4.1% for the same prior period and remains at 4.1% currently. The U.S. unemployment rate increased from 3.9% in August 2024 to 4.2% in August 2024 and increased again to 4.3% by August 2025.

EDUCATION

KELLER INDEPENDENT SCHOOL DISTRICT

The Texas Education Agency and Southern Association of Colleges and Schools provide the district's K-12 education accreditation. The district employs 4,196 teachers and support personnel to serve the district's 40 campuses. KISD serves as the district's fifth largest employer behind Lockheed Martin, DFW International Airport, Fidelity Investments and BNSF Railway. Students from Keller, Fort Worth, Watauga, Southlake, Colleyville, Hurst, North Richland Hills, Westlake, and Haltom City attend classes at twenty-three elementary schools, three intermediate schools, seven middle schools, four high schools, a Center for Advanced Learning (KCAL), Keller Collegiate Academy, and one alternative school. Besides the 39 brick and mortar campuses, (two campuses are combined into one building) the district utilizes 16 portable buildings, providing approximately 26 additional classrooms. Four portables are used by the Facilities and Transportation departments for office space, training rooms, and a break room.

The oldest campus in KISD is Keller Middle School (formerly Keller High School) which was built in 1962. Of the district's campuses, one intermediate and two elementary campuses were added in the 1970's. One high school, one middle school and two elementary schools were built in the 1980's. During the 1990's, one high school, one intermediate and five elementary schools were added. The time frame between 2000 and 2009 was the busiest for KISD in terms of construction as one high school, three middle schools, three intermediates and twelve elementary campuses were constructed. Since 2010, a fourth high school, two hybrid middle/intermediate campuses, two elementary campuses and two early learning centers have been opened. One intermediate school was renovated to form the new Keller Center for Advanced Learning, and the Keller Collegiate Academy. Upgrades and wing additions have expanded all campuses constructed fifteen or more years ago. In addition, KISD has an administration building (1949), an alternative campus (1968), a Business Operations facility (1974), and a Natatorium (2003).

On January 1, 2020, the district issued $279,465,000 in Unlimited Tax School Building bonds to construct, renovate and equip school buildings. First on the construction agenda were the replacement of the four oldest elementary schools – Florence, Heritage, Parkview, and Whitley Road Elementary, which are now mostly completed. Renovations of the two oldest middle schools (Keller and Fossil Hill Middle) were next on the agenda. Both projects have now been completed. And finally, construction of a new Industrial Trades and Agri-Science Center and indoor extra-curricular program facilities at each high school are nearing completion. The remaining funds are designated for both Technology and Security infrastructure projects.

Keller ISD delivers educational services by following an aligned curriculum. All courses and programs are facilitated through a curriculum that aligns with state standards. KISD's secondary schools offer students the opportunity to participate in College Board Advanced Placement (AP) and Honors courses so that they may better prepare themselves for college. Because these classes are similar to college level classes, students are challenged to be more disciplined and structured, and to perform at a higher academic level.

Special programs that ensure success for all students include Special Education, Dyslexia, Student Intervention (including summer intervention), Advanced Academics, Early Childhood, Homebound, English as a Second Language, Bilingual programs for Spanish and Vietnamese students, Advancement via Individual Determination (AVID) and Career and Technical Education (CTE). Section 504 services are also provided as part of the Individuals with Disabilities Education Act to ensure that students with physical or mental disabilities may receive different educational services in a special or regular educational setting, depending on the student's need.

Through its Career and Technology Education program, KISD provides competency-based applied learning which contributes to academic knowledge, higher order thinking skills, problem solving skills, work attitudes, general employability skills, and occupationally specific skills needed for success in the workplace or in post-secondary education.

In August of 2016, the district opened its first career and technology education center – the Keller Center for Advanced Learning (KCAL). KCAL's focus is to prepare students for their post-secondary endeavors, by offering them the opportunity to take advanced level courses within their chosen endorsement. KCAL also provides field-based experiences, such as job shadowing, internships, and practicums, as well as offering opportunities for multiple types of professional certifications and licensures. KCAL offers courses in many programs of study, including Animation, Agricultural & Veterinary Studies, Architecture & Construction, Audio/Video Technology, Automotive Technology, Commercial Photography, Cosmetology, Graphic Design, Culinary Arts, Law Enforcement & Criminal Forensics, Health Sciences (including Clinical Rotations, CNA and EMT certification programs), STEM, and Information Technology (including certification programs in CISCO, Computer Maintenance, and Computer Programming). In conjunction with a College, Career and Military Readiness program and providing a collaborative, innovative educational experience at KCAL, the district is committed to preparing its students to be highly competitive in a global society.

The Keller Collegiate Academy is an early college high school model campus that opened its doors in the fall of 2021 with an emphasis on healthcare. Students will have the opportunity to pursue an associate degree in partnership with Tarrant County College (TCC) in the field of healthcare. Our students can choose pathways that range from general associate degrees that will prepare them for continuing at a four-year university pursuing specific careers in the healthcare field.

The 86th Legislature enacted House Bill 3 which, among other things, mandated that all pre-kindergarten programs transition to full day programs immediately. The district applied for and received a one-year waiver from the TEA so the program could be carefully planned and implemented. The program was fully implemented in the 2020-2021 school year.

Other student services provided by the district include health-related support programs, guidance and intervention counseling, library/media services, bullying prevention programs, credit recovery, dropout services, and early interventions in support of academic and behavioral success. KISD also provides parent education with tailored sessions for dyslexic, ESL, and bilingual parents. A drug education program is required for parents of students in University Interscholastic League (UIL) programs, athletics, and fine arts. Also provided by KISD are voluntary student drug testing programs, and cyber-safety and digital citizenship lessons for students.

MAJOR INITIATIVES

The 84th Texas Legislature approved a concept known as District of Innovation (DOI) which allows traditional independent school districts most of the flexibilities available to open enrollment charter schools, including exemption from certain requirements mandated in the Texas Education Code. Keller ISD has been a district of innovation since 2017. Districts of Innovation must renew their DOI designation every five years. The district's renewal plan was approved by the Board of Trustees in December 2021.

KELLER ISD – A Destination for Excellence!

OUR VISION
Cultivating Learners, Inspiring Leaders, Building a Community of Excellence

Five Over Five:

Five Areas of Focus for the Next Five Years:

- Impactful Instruction
- Efficient Processes and Systems
- Engagement for All
- Communication that Drives Clarity
- Financial Transparency and Responsibility

Our Vision:

Cultivating Learners, Inspiring Leaders, Building a Community of Excellence

OUR MISSION

Keller ISD will **educate** students to achieve, **inspire** them to dream, and **challenge** them to grow so that they are prepared to be productive members of the community in which they learn, live, and work.

WE BELIEVE

- Mutual respect and dignity build unity.
- Relationships are the foundation for helping students learn, grow, and dream.
- Engagement happens with opportunities for problem solving and critical thinking.
- Safety and security inspire trust and confidence to thrive.
- Valuing the voice and feedback of personnel ensures the retention and recruitment of exceptional staff.
- Collaboration and communication encourage community support and involvement.

STRATEGIC OBJECTIVES:

- Teacher Recruitment and Retention
- Teaching that Focuses on Critical Thinking and Problem Solving
- Communication, Respect, and Dignity

PORTRAIT OF A GRADUATE

A Keller Independent School District graduate will be expected to:

Demonstrate success in college or further study and for employment in a global society.

- Initiate independent learning.
- Understand world issues and current events.
- Understand and use effective learning techniques to acquire and apply knowledge.

Demonstrate social awareness.

- Develop and maintain positive relationships.
- Know and appreciate cultural and linguistic diversity.
- Exhibit an appreciation of the arts and humanities.
- Commitment to service

Exhibit strong personal qualities.

- Identify personal goals.
- Demonstrate value of self.
- Understand and engage in activities that promote intellectual, physical, and emotional balance.
- Demonstrate integrity and take personal responsibility.

Communicate effectively.

- Express ideas and information confidently and effectively in a variety of modes of communication.
- Work in collaboration with others.

Use technology as a tool.

- Select appropriate tools and procedures.
- Use technology to access, analyze, organize, and process information.

Exhibit creative thinking, critical thinking, and problem solving.

- Explore ideas and issues for understanding.
- Draw well-reasoned conclusions and solutions.
- Analyze and evaluate thinking with a view to improving it.

OTHER MAJOR INITIATIVES AND ACCOMPLISHMENTS

District Planning. The Board of Trustees are currently in the process of setting up several Advisory Committees, for the purpose of strategic planning for the future of Keller ISD. The committees will consist of parents, community members and KISD staff and will serve as fact-finding, deliberative and advisory functions. Parents and community members will be chosen by individual trustees. District staff members will be chosen by the KISD administration. The committees will report their findings and recommendations to the Board.

The following Board Advisory committees will be established:
Board Advisory Budget Committee
Board Advisory Citizens Bond Advisory Committee
Board Advisory District Educational Improvement Committee
Board Advisory District of Innovation Committee
Board Advisory Long Range Planning Committee
Board Advisory Policy Review Committee
Board Advisory Safety and Security Committee

State Accountability. Beginning with the 2017-18 school year, all multi-campus school districts and charters receive an accountability rating based on an *A–F* scale.

Districts receive a grade or rating based on performance in three areas:

- **Student Achievement** measures what students know and can do by the end of the year. It includes results from state assessments across all subjects for all students, on both general and alternate assessments, College, Career, and Military Readiness (CCMR) indicators, like AP and ACT results, and graduation rates.
- **School Progress** measures how much better students are doing on the STAAR test this year versus last year, and how much better students are doing academically relative to schools with similar percentages of economically disadvantaged students.
- **Closing the Gaps** looks at performance among student groups, including various racial/ethnic groups, socioeconomic backgrounds, and other factors.

Districts earn an A (90–100) for exemplary performance when they serve most students well, encouraging high academic achievement and/or appropriate academic growth for almost all students. *Most students will be prepared for eventual success in college, a career, or the military.*

For the year 2024-2025, Keller ISD earned an overall rating of B, scoring 85 out of 100 points.

District Financial Accomplishments:

Keller ISD Finance Awards

Keller ISD has received the Transparency Stars award by the Texas Comptroller's Leadership Circle for its continued progress toward achieving financial transparency. The program recognizes local governments across Texas that are striving to meet a high standard for financial transparency online. The district's efforts to provide citizens with clear, consistent pictures of spending and share information in a user-friendly format have paved the way for achieving greater financial transparency. This is the ninth year the Transparency Stars award has been offered and is now the highest award given to public entities for financial transparency. Prior to that, Keller ISD earned the Gold Leadership Circle award for three consecutive years and the Platinum Leadership Circle award for one year.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded Keller ISD the Certificate of Achievement for Excellence in Financial Reporting for its Annual Comprehensive Financial Report (ACFR) for fiscal year ending June 30, 2024. This award is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment – one which Keller ISD has received for the past seventeen years.

The purpose of the GFOA is to enhance and promote the professional management of governments for the public benefit by identifying and developing financial policies and best practices that illustrate the spirit of transparency and full disclosure.

In addition, Keller ISD also received the Certificate of Excellence in Financial Reporting Award from the Association of School Business Officials (ASBO) for its Annual Comprehensive Finance Report (ACFR) for the fiscal year ending June 30, 2024. This prestigious award, which KISD has also received for seventeen consecutive years, represents a noteworthy achievement, and reflects KISD's commitment to the highest standards of school system financial reporting.

ASBO is a professional association that provides programs and services to promote the highest standards of school business management practices, professional growth, and the effective use of educational resources.

The FIRST (Financial Accountability Rating System of Texas) program, a financial accountability system for Texas school districts, was developed by the Texas Education Agency in response to Senate Bill 875 of the 76th Texas legislature in 1999. The primary goal of FIRST is to measure quality performance in the management of school districts' financial resources, a goal made more significant due to the complexity of accounting associated with the Texas school finance system. For the 2024-25 fiscal year based on 2023-24 financial information, the district received a rating of "Meets Standard Achievement" under Texas' Schools FIRST financial accountability rating system, demonstrating the quality of KISD's sound fiscal management.

TASBO Award of Merit for Purchasing and Operations

Keller ISD's Purchasing Department has earned the Award of Merit with Recognized Status from the Texas Association of School Business Officials (TASBO) for the sixteenth consecutive year. TASBO's Purchasing Award of Merit is presented to school districts that are committed to professional standards in the acquisition of goods and services. Independent reviews at TASBO considered various procedures and practices including organization, policies and procedures, contract operations, staff training and certifications, warehousing, use of technology, communication, and management of co-operative programs.

OTHER INFORMATION

The Texas Education Code requires an annual audit of all public schools. This audit must be on an organization-wide basis and include all fund types and account groups that are the accounting responsibilities of the district. The audit is performed by a certified public accountant selected by the District's Board of Trustees. The report includes the auditors' opinion.

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the finance department staff. We would like to express our sincere appreciation to all other district administrative staff who assisted and contributed to the preparation of this report. We would also like to express appreciation to the Board of Trustees for their interest and support in the financial operations of the district. Finally, we would like to thank the residents of the district for their support of our public schools, and the teachers and principals who provide the excellent standard of educational services for which the district has become known.

Respectfully submitted,

Dr. Cory Wilson,
Superintendent of Schools

John Allison,
Deputy Superintendent

Kristin Williams, C.P.A., RTSBA
Director of Finance

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Keller Independent School District
Texas

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrill

Executive Director/CEO

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

The Certificate of Excellence in Financial Reporting is presented to

Keller Independent School District

for its Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2024.

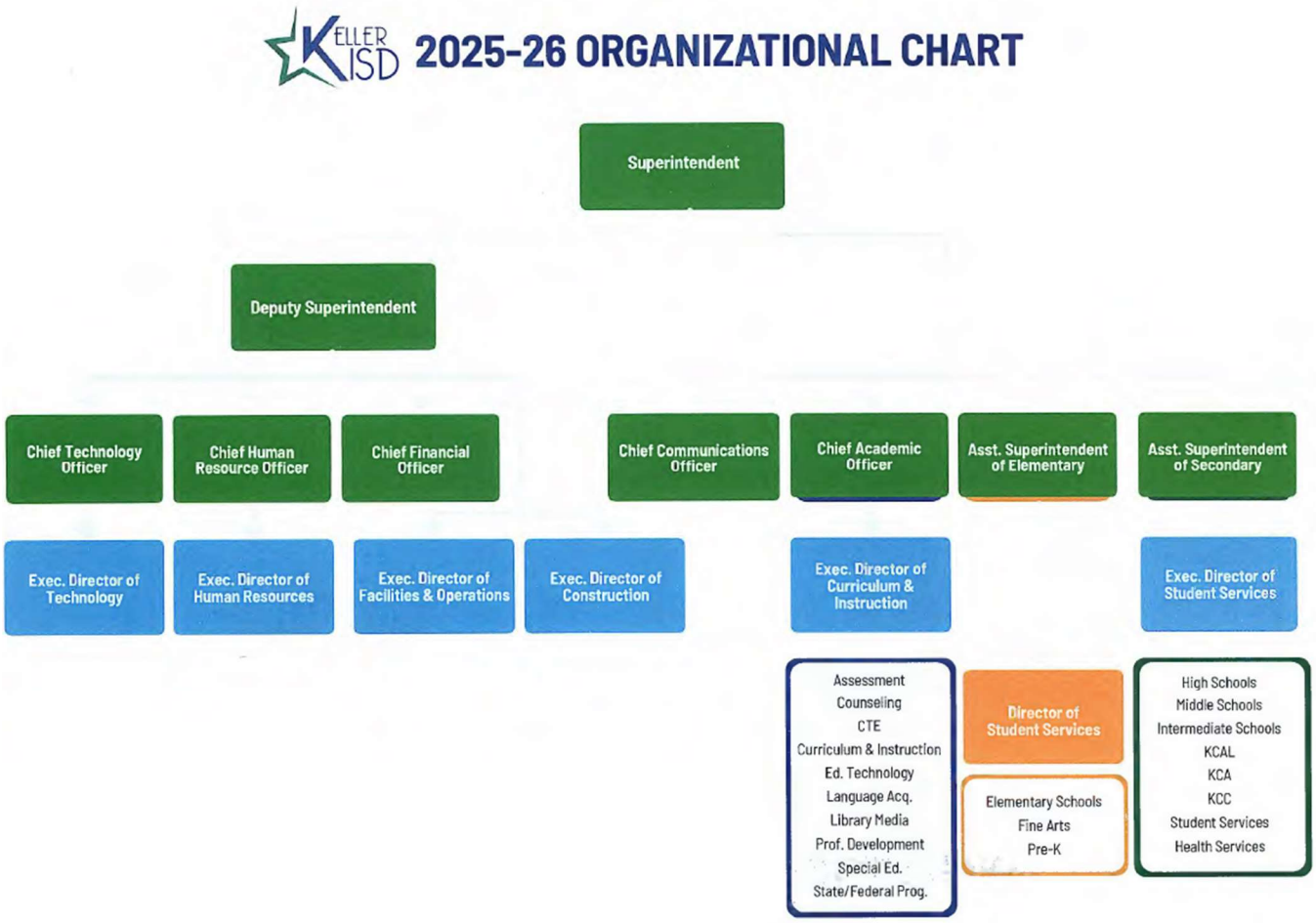
The district report meets the criteria established for ASBO International's Certificate of Excellence in Financial Reporting.

CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING

Ryan S. Stechschulte
President

James M. Rowan, CAE, SFO
CEO/Executive Director

Keller Independent School District
2025 – 2026 Organizational Chart



KELLER INDEPENDENT SCHOOL DISTRICT
School Board and Administrators

Board of Trustees

John Birt	President
Heather Washington	Vice President
Randy Campbell	Secretary
Chris Coker	Member
Jennifer Erickson	Member
Chelsea Kelly	Member
Vacant	Member

Administration

Dr. Cory Wilson	Superintendent of Schools
John Allison	Deputy Superintendent
Pam Stranathan	Chief Financial Officer
Matt Vrlenich	Chief Technology Officer
Johjania Najera	Chief Human Resources Officer
Bryce Nieman	Chief Communications Officer
Jennifer Price	Chief Academic Officer
Dr. Kevin Hood	Assistant Superintendent, Elementary Education
Dr. Sarah Guerrero	Assistant Superintendent, Secondary Education
Vacant	Executive Director, Curriculum & Instruction
Dustin Blank	Executive Director, Facility Operations
Lindsay Moncrief	Executive Director, Student Services
Rola Fadel	Executive Director, Planning and Bond Management Services
NaMicha Williams	Executive Director, Human Resources
Vacant…	Executive Director, Special Education
Rhonda Dominguez	Executive Director, Information Services
Marjorie Martinez	Director, Assessment and Accountability
Eric Persyn	Director, Athletics
Kristen Elam	Director, District Counseling Programs
Bode Carroll	Director, CTE
Leigh Cook	Director, Federal Programs
Kristin Williams	Director, Finance
Kimberly Blann…	Director, Fine Arts
Jerry Leafgreen	Director, Grounds & Maintenance
Jodi Webster…	Director, Health Services
Richard Chance	Director, Business Information Systems
Angie Nayfa	Director, Human Resources
Sheri Rich	Director, Human Resources Benefits
LePaula Smith	Director, Operations & Distribution
Faith Morbitzer	Director, Payroll
Lori Vechione	Director, Purchasing
Michael Hoffman	Director, Safety and Security
Jonathan Mancilla	General Manager, Child Nutrition (Sodexo)
Ken Hargrove	General Manager, Transportation

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Financial Section

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type 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, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

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 Other Supplementary Information, Required TEA Schedules and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Other Supplementary Information, Required TEA Schedules and Schedule of Expenditures of Federal Awards 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information, Required TEA Schedules and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Comprehensive Financial Report (ACFR)

Management is responsible for the other information included in the ACFR. The other information comprises the Introductory Section and Statistical Section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas
December 18, 2025

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Keller Independent School District
Management's Discussion and Analysis
Year Ended June 30, 2025

This section is the Keller Independent School District (District) management discussion and analysis of the annual financial report for the period ending June 30, 2025. It should be read in conjunction with the transmittal letter and the district's financial statements that follow this section.

FINANCIAL HIGHLIGHTS

- The district had approximately $411 million in expenses related to governmental and business-type activities, of which $69.2 million were offset by program-specific charges for services or grants and contributions. General revenues of $419 million offset the costs of these programs resulting in an increase in net position of $77,367,519. Expenses decreased by approximately ($32 million), or (7.21%), from the previous year.

- General revenues accounted for $419,305,434 or 85.8% of all fiscal year 2025 revenues. Program-specific revenues in the form of charges for services and grants and contributions accounted for $69,229,357 of additional revenues. The 2025 charges for services and grants and contributions represent a ($14,059,036) or (16.9%) decrease from 2024.

- General revenues increased by approximately $3 million, or 0.72%, in 2025. This year the overall net increase between property tax and state grant revenues in the general and debt service funds, netted to only an increase of 0.04%. Investment earnings declined by (20.1%).

- On June 30, 2025, the District's assets and deferred outflow of resources liabilities exceeded its liabilities and deferred inflow of resources by $61,753,433 (Total Net Position). This was a positive gain in Total Net Position from the prior year of $77,367,519, a result of the factors listed above. Fiscal year 2024 had a Total Net Deficit of ($15,614,086).

- At the close of the fiscal year, the combined governmental fund balance was $151,889,622, an increase of $5,693,521 from the prior year. The increase was primarily in the General and Capital Projects fund balances, due to a state funding settle-up from the 2022-2023 fiscal year as well as the anticipated receipt of $25 million.

- The General Fund balance increased by $4,224,110 or 9.1%, caused mainly by the state funding settle-up. Unassigned fund balance increased by $3,725,629, or 8.2%, for the same reason.

- The district's total long-term liabilities decreased by ($69,881,371), or (6.7%), from the previous fiscal year. The key factors in this decrease were bond payments and bond premium amortization. Due to the implementation of GASB 101, the liability for compensated absences increased by $3,977,285.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The statement of net position presents information on all the district's assets and deferred outflows, and liabilities and deferred inflows, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the district is improving or deteriorating.

The statement of activities presents information for all the current year's revenue and expenses regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows for future fiscal periods.

Both of the district's government-wide financial statements distinguish the functions of the district as being principally supported by taxes and intergovernmental revenues (governmental activities) as opposed to business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges.

The government-wide financial statements can be found on pages 21-23 of this report.

Fund Financial Statements- A fund is a grouping of related accounts that maintain control over resources that are for specific activities or objectives. The district, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The fund financial statements provide detailed information about the district's most significant funds and not the district as a whole.

All the funds of the district can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

> ***Governmental fund***- Governmental funds account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus *on near-term inflows and outflows of spendable resources,* as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.
>
> The basic governmental fund financial statements can be found on pages 24-30 of this report.

Proprietary fund- Proprietary funds offer *short* and *long-term* financial information about the activities the government operates *like businesses*. There are two types of proprietary funds – *enterprise funds* and *internal service funds*. The *enterprise funds* report the same functions presented as *business-type activities* in the *government-wide financial statements*. The district uses an enterprise fund to report activities for its natatorium. *Internal service funds* are an accounting tool used to accumulate and allocate costs internally among various functions. The district uses an *internal service fund* to report activities for its self-funded insurance programs (Workers Compensation and Health Insurance).

The basic proprietary fund financial statements appear on pages 31-33 of this report.

Fiduciary fund- Fiduciary funds account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are *not* available to support the district's own programs. The district is the trustee, or fiduciary, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The basic fiduciary fund financial statements can be found on pages 34-35 of this report.

Notes to the Financial Statements- The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37-68 of this report.

Other information – In addition to the basic financial statements and accompanying notes, this report also includes certain *required supplementary information* that further explains and supports the financial statements. Required supplementary information can be found on pages 70-77 of this report.

The Texas Education Agency (TEA) requires that certain reports be included in this report and those statements and schedules appear on pages 80-84.

Government-wide Financial Statements

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Keller ISD, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $61,753,433.

Table A-1
Net Position

	Governmental Activities		Business-type Activities		Total		
	2025	2024	2025	2024	2025	2024	Percentage Change 2024 to 2025
Current and other assets	$ 184,815,915	$ 174,032,232	$ (5,779,270)	$ (5,400,325)	$ 179,036,645	$ 168,631,907	6.17%
Capital assets (net)	914,295,238	913,642,725	-	-	914,295,238	913,642,725	0.07%
Long term investments	1,985,000	3,721,000	-	-	1,985,000	3,721,000	-46.65%
Total assets	1,101,096,153	1,091,395,957	(5,779,270)	(5,400,325)	1,095,316,883	1,085,995,632	0.86%
Total deferred outflow of resources	75,503,519	93,162,994	-	-	75,503,519	93,162,994	-18.96%
Current liabilities	61,119,709	59,380,854	52,944	58,910	61,172,653	59,439,764	2.92%
Long-term liabilities	966,109,205	1,035,990,576	-	-	966,109,205	1,035,990,576	-6.75%
Total liabilities	1,027,228,914	1,095,371,430	52,944	58,910	1,027,281,858	1,095,430,340	-6.22%
Total deferred inflow of resources	81,785,111	99,342,372	-	-	81,785,111	99,342,372	-17.67%
Net position:							
Net investment in capital assets	161,060,520	83,033,044	-	-	161,060,520	83,033,044	93.97%
Restricted for grants and food service	7,676,827	8,656,930	-	-	7,676,827	8,656,930	-11.32%
Restricted for debt service	61,083,596	60,825,737	-	-	61,083,596	60,825,737	0.42%
Restricted for employee health claims	25,000	371,000	-	-	25,000	371,000	-93.26%
Unrestricted net position	(162,260,296)	(163,041,562)	(5,832,214)	(5,459,235)	(168,092,510)	(168,500,797)	-0.24%
Total net position (deficit)	$ 67,585,647	$ (10,154,851)	$ (5,832,214)	$ (5,459,235)	$ 61,753,433	$ (15,614,086)	-495.50%

Investment in capital assets (e.g., land, buildings, furniture, and equipment) less any related debt used to acquire those assets that are still outstanding is $161,060,520. The district uses these capital assets to provide services to students; consequently, these assets are not available for future spending. The district's investment in its capital assets is reported net of related debt, but it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Governmental Activities

Governmental activities increased the district's net position by $77,740,498. The total cost of all *governmental activities* this year was $410,313,352. The amount that our taxpayers paid for these activities was $268,334,137 or 65.4%.

Table A-2
Changes in District's Net Position

	Governmental Activities		Business-type Activities		Total		
	2025	2024	2025	2024	2025	2024	Percentage Change 2024 to 2025
Revenues:							
Program revenues:							
Charges for service	$ 23,174,419	$ 21,612,992	$ 480,941	$ 466,090	$ 23,655,360	$ 22,079,082	7.14%
Operating grants & contributions	45,573,997	61,209,311	-	-	45,573,997	61,209,311	-25.54%
General revenues:							
Property taxes	268,334,137	255,048,046	-	-	268,334,137	255,048,046	5.21%
State grants	115,532,521	128,661,375	-	-	115,532,521	128,661,375	-10.20%
Investment earnings	5,150,236	6,449,817	-	-	5,150,236	6,449,817	-20.15%
Other	30,288,540	26,157,153	-	-	30,288,540	26,157,153	15.79%
Total revenues	488,053,850	499,138,694	480,941	466,090	488,534,791	499,604,784	-2.22%
Expenses:							
Instruction	212,702,298	239,851,649	-	-	212,702,298	239,851,649	-11.32%
Instructional resources & media services	2,945,684	4,334,218	-	-	2,945,684	4,334,218	-32.04%
Curriculum & instructional staff development	6,059,350	7,112,471	-	-	6,059,350	7,112,471	-14.81%
Instructional leadership	3,901,959	4,593,321	-	-	3,901,959	4,593,321	-15.05%
School leadership	22,497,607	23,390,004	-	-	22,497,607	23,390,004	-3.82%
Guidance, counseling & evaluation services	17,473,202	19,724,920	-	-	17,473,202	19,724,920	-11.42%
Social services	1,260,067	1,153,458	-	-	1,260,067	1,153,458	9.24%
Health services	4,201,358	4,210,051	-	-	4,201,358	4,210,051	-0.21%
Student (pupil) transportation	17,387,847	16,194,040	-	-	17,387,847	16,194,040	7.37%
Food services	15,038,638	14,232,035	-	-	15,038,638	14,232,035	5.67%
Co-curricular/extra-curricular activities	13,959,823	14,660,341	-	-	13,959,823	14,660,341	-4.78%
General administration	9,708,403	9,097,803	-	-	9,708,403	9,097,803	6.71%
Plant maintenance and operations	39,334,901	39,696,846	-	-	39,334,901	39,696,846	-0.91%
Security and monitoring services	7,724,306	6,451,592	-	-	7,724,306	6,451,592	19.73%
Data processing services	6,648,546	6,165,662	-	-	6,648,546	6,165,662	7.83%
Community services	1,363,078	1,537,761	-	-	1,363,078	1,537,761	-11.36%
Debt service - interest on long-term debt	26,399,948	28,186,416	-	-	26,399,948	28,186,416	-6.34%
Shared services agreement	271,918	364,654	-	-	271,918	364,654	-25.43%
Juvenile Justice Alternative Education Program	9,546	1,677	-	-	9,546	1,677	469.23%
Other government charges	1,424,873	1,366,516	-	-	1,424,873	1,366,516	4.27%
Natatorium	-	-	853,920	793,493	853,920	793,493	7.62%
Total expenses	410,313,352	442,325,435	853,920	793,493	411,167,272	443,118,928	-7.21%
Change in net position	77,740,498	56,813,259	(372,979)	(327,403)	77,367,519	56,485,856	
Change within financial reporting entity (governmental to enterprise fund)	-	5,131,832	-	(5,131,832)	-	-	
Beginning net position (deficit)	(10,154,851)	(72,099,942)	(5,459,235)	-	(15,614,086)	(72,099,942)	
Ending net position (deficit)	$ 67,585,647	$ (10,154,851)	$ (5,832,214)	$ (5,459,235)	$ 61,753,433	$ (15,614,086)	

Property tax revenues are the single largest source of general income for the district. Presumably due to the pandemic, property values increased at an extremely low rate of 1.45% for 2021-2022 but rebounded in 2023-2024 to increase by slightly over eight percent. The increase in 2024-2025 was 4.00%. Although the increase in property values is far higher than that, the state's compression of tax rates minimizes the increase in values. The Tarrant Appraisal District did not appraise properties in 2025, due to a new initiative approved by their governing board. Properties will be appraised only every other year. Therefore, the increase in property values was very minimal for 2025 but are expected to increase significantly next year. The following graphs depict the district's sources of general revenue for the years 2025 and 2024 as a percentage of total general revenues.

Table A-3

Sources of General Revenue for Fiscal Year 2025

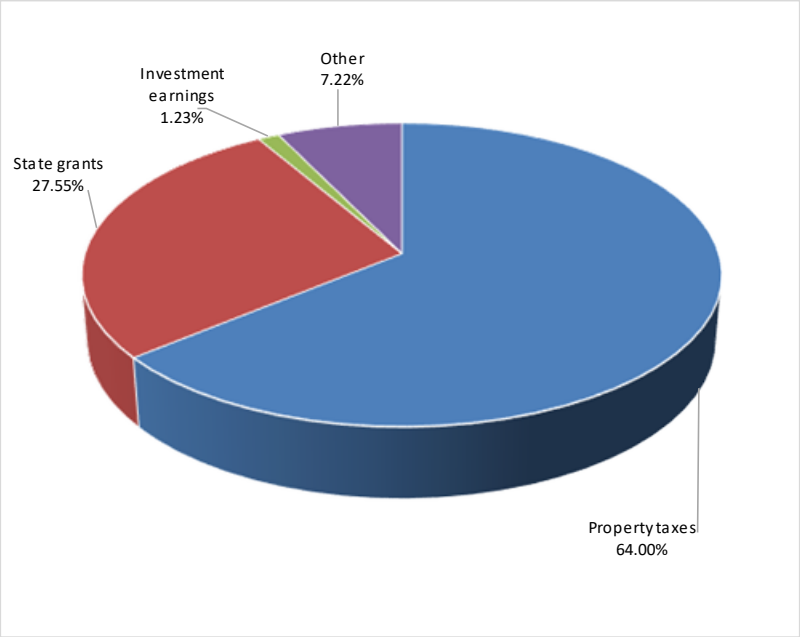

Table A-4

Sources of General Revenue for Fiscal Year 2024

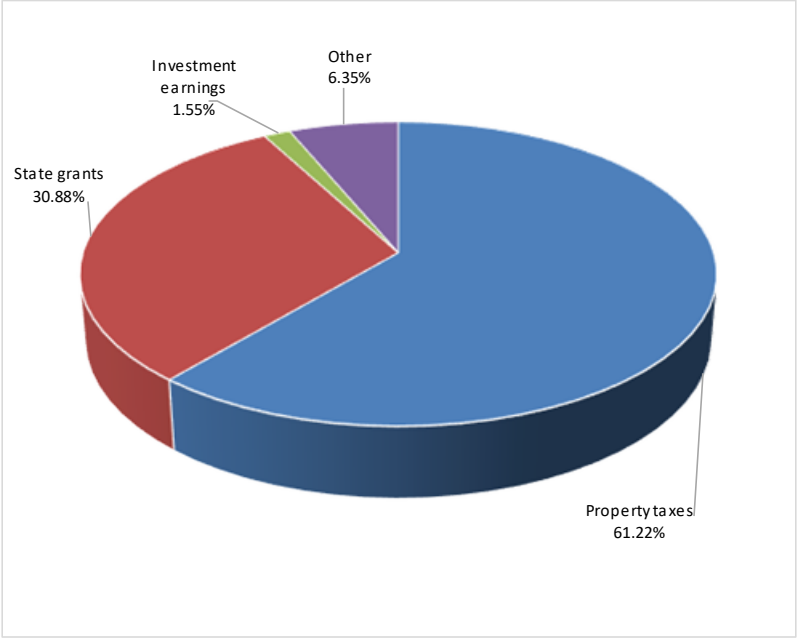

Table A-5 represents the cost of the district's largest programs as well as each program's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the district's taxpayers by each of these functions. The cost of all governmental activities this year was $410,313,352.

Table A-5
Costs of Services – Governmental Activities

Major Function	Total Cost of Services			Net Cost of Services		
	2025	2024	Percentage Change 2024 to 2025	2025	2024	Percentage Change 2024 to 2025
Instruction, curriculum, and media services	$ 221,707,332	$ 251,298,338	-11.78%	$ 202,288,342	$ 222,263,584	-8.99%
Instructional and school leadership	26,399,566	27,983,325	-5.66%	24,917,664	26,446,881	-5.78%
Student support services, food service, and extra/co-curricular activities	69,320,935	70,174,845	-1.22%	38,642,060	32,994,262	17.12%
General administration	9,708,403	9,097,803	6.71%	9,129,994	8,592,190	6.26%
Plant maintenance, security and data processing	53,707,753	52,314,100	2.66%	45,763,649	46,801,216	-2.22%
Community services	1,363,078	1,537,761	-11.36%	1,257,518	1,311,174	-4.09%
Debt service	26,399,948	28,186,416	-6.34%	18,055,509	19,618,387	-7.97%
Shared services agreement	271,918	364,654	-25.43%	158,016	175,378	-9.90%
Juvenile justice alternative ed	9,546	1,677	469.23%	9,000	1,149	683.29%
Non-operating expenses	1,424,873	1,366,516	4.27%	1,343,184	1,298,911	3.41%
Total expenses	$ 410,313,352	$ 442,325,435	-7.24%	$ 341,564,936	$ 359,503,132	-4.99%

Total cost of services decreased by (7.24%) in 2025 from the previous year, while net expenses in this category decreased by (4.99%). Net expenses decreased because of a significant expenditure budget reduction enacted in 2025.

Expenses incurred for business-type activities consists of payroll costs and other costs related to operating and maintaining the natatorium facilities. These expenses remain consistent with the prior year.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the district uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, bond covenants, and segregation for particular purposes.

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

As of the end of the current fiscal year, the district's governmental funds reported combined ending fund balances of $151,889,622, an increase from the previous year of $5,693,521 or 3.9%. The General Fund balance increased from the actual prior year fund balance by $4,224,110 due mainly to a state funding settle-up from a prior year.

The fund balance of the Federally Funded Grant Fund decreased in 2025 by ($527,115), or (6.78%). The decrease occurred in the Child Nutrition fund and was attributable to a $600,000 increase in capital spending to furnish campuses with updated equipment.

The fund balance of the Debt Service Fund decreased by ($390,472), or (0.54%), due to a decrease in Additional State Aid for Homestead exemptions (ASAHE).

The Capital Projects fund balance increased by $2.8 million, or 21.53%. The increase was a result of lesser expenditures compared to previous year. The State Funded Grant Fund balance decreased by ($431,424), due to expenditures made for the new Safe Standards, Autism and Safe Cycle I state grants. And finally, the Local Funds balance decreased by ($4,152), or (0.06%), which was caused by the decrease of Hudson Foundation local grant funds compared to prior year.

The general fund balance has an unassigned fund balance of $49,082,279. The remainder of fund balance in the general fund and in all other funds is reserved and unavailable for new spending, and has been restricted, committed, or assigned as per GASB 54. Non-spendable fund balance in the general fund consists of inventory ($262,540) and prepaid items ($1,359,904).

Non-spendable fund balance in all other funds consists of inventory in the Federally Funded Grant Fund (Child Nutrition) of ($168,407), and of prepaid items ($32,083) in the Federally Funded Grant Fund, ($3,831) in the Debt Service fund, ($91,679) in the State Funded Grant fund and ($47,796) in the Local funds. Fund balance is restricted to pay debt service ($70,822,295), for the capital acquisition program ($15,931,906), and for food service ($7,057,863). Grant funds are restricted in the State Funded Grant Fund ($203,519) and in the Local Funds for ($415,445). Commitments of fund balance include ($6,410,075) in Local Funds for campus activity funds.

The general fund is the primary operating fund of the district. At the end of the current fiscal year, unassigned fund balance of the general fund was $49,082,279, while the total fund balance was $50,704,723. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to the total fund expenditures. Unassigned fund balance represents 15.3% of the total general fund expenditures, while total fund balance represents 15.8% of that same amount. Both committed and unassigned fund balance may be used at the discretion of the Board.

During the current fiscal year, the fund balance of the district's general fund increased by $4,224,110 compared to a decrease in the prior year of ($696,809). The lack of state funding, low attendance; and high inflation continued to influence school operations in fiscal year 2025. However, the district benefited in 2025 from careful budgeting combined with a $3 million settle-up payment from the State of Texas for a previous fiscal year.

The Board of Trustees had, in some past years, approved deficit budgets to fund new initiatives and provide minimal pay increases for all district employees. However, since 2017 the adopted budget usually reflected an estimated surplus. The budgeted surplus for 2019-20 was $193,840 and was $137,759 for 2020-21. However, for the 2023-2024 fiscal year, it was necessary for the Board of Trustees to adopt a budget deficit of ($5,135,456). However, the Board adopted modest budget surpluses of $348,040 for the 2024-2025 fiscal year and $150,000 for the upcoming 2025-2026 fiscal year.

General Fund Budgetary Highlights

Over the course of the year, the district revised its budget several times. In accordance with Board Policy CE (Local), the district submits amendments during the budget year to the Board of Trustees for approval. These amendments are presented when a functional expenditure category or revenue object is increased or decreased.

In addition, at the end of every fiscal year, school districts across the state also make their year-end amended budgets to ensure all functional categories will have favorable balances. If unfavorable functional balances are reported in the audit at the close of the fiscal year, the result is a letter issued by the Texas Education Agency stipulating the legal budgeting requirements. The district did not exceed functional budget in any category in the general fund for the 2024-2025 year.

1. *Variances of original expenditure budget compared to amended budget.* The amended expenditure budget increased $7,060,572 from the original budget. Major budget amendments contributing to this increase include (1) $3,200,000 for the purchase of land, and (2) $3,819,553 for required amendments for GASB 87/96.

2. *Variances of amended budget to actual expenditures.* Variations of amended budget to actual expenditures were minimal in 2024-25, with an overall variation of (7.7%). The variance of (24.78%) in the Community Services function was caused by the reclassification of the Natatorium fund to an Enterprise Fund. The expenditures for that function were moved out of the General Fund to an unbudgeted Enterprise Fund, but the budget remained in the general fund. The variance of (42.75%) in the Data Processing Services function was caused by budget amendments required for GASB 87/96 that inflated the expenditure budget. The variance of (21.99%) in the Curriculum and Instructional Staff Development function was due to position vacancies.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2025, the district had invested approximately $914 million, net of depreciation, in a broad range of capital assets, including land, equipment, and buildings. (See Table A-6) This amount represents a net increase of $652,573 or 0.07% from the prior year.

Table A-6
District's Capital Assets

	Governmental Activities		
	2025	2024	Percentage Change 2024 to 2025
Land	$ 61,834,149	$ 58,541,472	5.62%
Buildings and improvements	1,133,664,696	914,908,942	23.91%
Furniture and equipment	57,808,223	50,654,689	14.12%
Right-to-use assets, equipment	19,731,374	19,731,374	0.00%
Subscriptions	2,536,577	-	100.00%
Construction in progress	63,319,611	263,183,356	-75.94%
Total Assets	1,338,894,630	1,307,019,833	2.44%
Less: accumulated depreciation/amortization	(424,599,392)	(393,377,108)	7.94%
Net Capital Assets	$ 914,295,238	$ 913,642,725	0.07%

Additional information about the district's capital assets is presented in Note 4 in the Notes to the Financial Statements.

Long-Term Debt

As of June 30, 2025, the District had total bonded debt outstanding of $696,655,000, a decrease of ($60,719,989) or (8.02%), from the previous year, due mostly to the payment of principal and interest during the 2025 year. Per GASB 96 guidelines, a subscription liability of $1,655,272 was added. GASB 101 for Compensated Absences was also implemented, increasing the liability for compensated absences by almost 500%. Premium on Bonds, Net Pension Liability and Lease Liability also decreased while Claims Payable and OPEB Liability increased.

Table A-7
District's Long-Term Debt

	Governmental Activities		
	2025	2024	Percentage Change 2024 to 2025
Bonds and Notes Payable			
General Obligations Bonds	$ 696,655,000	$ 757,374,989	-8.02%
Premium on bonds	83,436,473	91,306,106	-8.62%
Total Bonds and Notes Payable	780,091,473	848,681,095	-8.08%
Other Liabilities			
Compensated Absences	4,778,138	800,853	496.63%
Net Pension Liability	104,028,512	119,254,200	-12.77%
Claims Payable	1,126,501	1,055,779	6.70%
Lease liability	9,861,963	14,593,383	-32.42%
Subscription liability	1,655,272	-	100.00%
OPEB Liability	64,567,346	51,605,266	25.12%
Total Other Liabilities	186,017,732	187,309,481	-0.69%
Total Long-Term Debt	$ 966,109,205	$ 1,035,990,576	-6.75%

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Additional information about the district's debt is presented in Note 3 in the Notes to the Financial Statements.

Bond Ratings

The bonds have a primary rating of "Aaa" by Moody's Investors Service, Inc. ("Moody's") and "AAA" by Standard & Poor's Ratings Services, ("S&P") by virtue of the guarantee of the Permanent School Fund of the State of Texas ("PSF Guarantee"). The underlying or secondary ratings for the district are "Aa2" by Moody's and "AA" by S&P.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

General fund revenues in 2025-2026 are budgeted to increase from 2024-2025 amended budget revenue by approximately $7.8 million, or 2.3%. Most of this increase is from a projected increase in the net amount of property tax revenue and state funding made possible by an expected increase in the average daily attendance rate. However, reductions were made to the expenditure budget, and as a result, expenditures were only budgeted to increase by 0.27% from the 2024-2025 amended budget.

In May 2019, the 86th Texas Legislature passed House Bill 3, which in their words was a "sweeping and historic school finance bill". The bill was presented as providing more money for Texas classrooms, increasing teacher compensation, reducing recapture, and cutting local property taxes for Texas taxpayers. The basic allotment for students was increased, as well as the weights for special education, compensatory education, bi-lingual programs and career and technology programs. Allotments were added for dyslexia, early education, and school safety. Other allotments were eliminated, such as the high school allotment and the gifted and talented allotment (although this allotment was reinstated in the 2021-2022 fiscal year). And perhaps most significantly, the district's maintenance and operation property tax rate are subject to further compression each year.

However, the state of Texas had not increased the basic allotment per student since then, even in the face of near historic inflation. As a result, the last few years have seen districts across the state scrambling to balance their budgets because many students have not come back to public schools after the pandemic. The 89th legislative session ended by increasing the basic allotment per student by $55, although an increase of $900 was necessary to eliminate the effect of inflation since 2020. The state also provided teacher and support staff retention allotments, and an allotment for basic costs such as utilities and transportation. The District also reduced the general fund expenditures significantly.

Significant decreases budgeted for 2025-26 are:

Decrease based on staffing formula reductions	$	(4,170,000)
Decrease in administration and campus administrator positions		(1,682,675)
Decrease due to closing the Early Learning Centers		(1,646,200)
Decrease due to closing Wellness Clinic		(715,811)
Decrease due to other staffing changes		(2,395,400)
	$	(10,610,086)

The recognized sign of fiscal health for a school district is an appropriate fund balance for the General Fund (operating fund). The value of having an appropriate fund balance level can be expressed as follows:

1. Contingency fund for unexpected costs
2. Cash flow for operational resources at the beginning of the year prior to the tax collection season.
3. Viewed as a sign of fiscal stability and health by bond rating agencies.

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 demonstrate 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 Finance Department at 350 Keller Parkway, Keller, Texas 76248, or visit the Keller ISD website at www.kellerisd.net.

Basic Financial Statements

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Keller Independent School District

Exhibit A-1

Statement of Net Position
June 30, 2025

Data Control Codes		1 Governmental Activities	2 Business-type Activities	3 Total
	ASSETS			
1110	Cash and temporary investments	$ 119,834,152	$ -	$ 119,834,152
1220	Property taxes receivable (delinquent)	4,800,000	-	4,800,000
1230	Allowance for uncollectible taxes	(480,000)	-	(480,000)
1240	Due from other governments	50,880,497	-	50,880,497
1260	Internal balances	5,779,270	(5,779,270)	-
1290	Other receivables	2,010,756	-	2,010,756
1300	Inventories, at cost	430,947	-	430,947
1410	Prepaid items	1,535,293	-	1,535,293
	Capital assets:			
1510	Land	61,834,149	-	61,834,149
1520	Buildings and improvements, net	753,513,494	-	753,513,494
1530	Furniture and equipment, net	21,076,371	-	21,076,371
1551	Right to use lease assets, net	12,332,108	-	12,332,108
1553	Subscriptions, net	2,219,505	-	2,219,505
1580	Construction in progress	63,319,611	-	63,319,611
1810	Restricted cash	25,000	-	25,000
1910	Long-term investments	1,985,000	-	1,985,000
	Total assets	1,101,096,153	(5,779,270)	1,095,316,883
	DEFERRED OUTFLOW OF RESOURCES			
1700	Deferred loss on refunding	26,909,552	-	26,909,552
1705	Deferred outflows - pension	22,425,026	-	22,425,026
1705	Deferred outflows - OPEB	26,168,941	-	26,168,941
	Total deferred outflows of resources	75,503,519	-	75,503,519
	LIABILITIES			
2110	Accounts payable	11,640,549	22,607	11,663,156
2140	Interest payable	10,667,924	-	10,667,924
2150	Payroll deductions and withholdings payable	1,313,047	-	1,313,047
2160	Accrued wages payable	16,865,382	-	16,865,382
2180	Due to other governments	18,978,676	-	18,978,676
2210	Accrued expenses	1,485,724	30,337	1,516,061
2300	Unearned revenues	168,407	-	168,407
	Noncurrent liabilities:			
2501	Due within one year	45,505,964	-	45,505,964
2502	Due in more than one year	752,007,383	-	752,007,383
2540	Net pension liability	104,028,512	-	104,028,512
2545	Net OPEB liability	64,567,346	-	64,567,346
	Total liabilities	1,027,228,914	52,944	1,027,281,858
	DEFERRED INFLOW OF RESOURCES			
2605	Deferred inflows - pension	11,906,809	-	11,906,809
2606	Deferred inflows - OPEB	69,878,302	-	69,878,302
	Total deferred inflows of resources	81,785,111	-	81,785,111
	NET POSITION (DEFICIT)			
3200	Net investment in capital assets	161,060,520	-	161,060,520
3820	Restricted for grants and Food Service	7,676,827	-	7,676,827
3850	Restricted for debt service	61,083,596	-	61,083,596
3890	Restricted for employee health claims	25,000	-	25,000
3900	Unrestricted net position	(162,260,296)	(5,832,214)	(168,092,510)
	TOTAL NET POSITION (DEFICIT)	$ 67,585,647	$ (5,832,214)	$ 61,753,433

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

Keller Independent School District
Statement of Activities
Year Ended June 30, 2025

Data Control Codes		1 Expenses	Program Revenues 3 Charges for Services	Program Revenues 4 Operating Grants & Contributions
	PRIMARY GOVERNMENT			
	Governmental activities:			
0011	Instruction	$ 212,702,298	$ 10,071,588	$ 7,398,919
0012	Instructional resources and media services	2,945,684	118,278	109,288
0013	Curriculum and instructional staff development	6,059,350	139,434	1,581,483
0021	Instructional leadership	3,901,959	181,057	52,176
0023	School leadership	22,497,607	975,704	272,965
0031	Guidance, counseling, and evaluation services	17,473,202	585,307	2,609,219
0032	Social services	1,260,067	15,589	47,125
0033	Health services	4,201,358	186,143	43,061
0034	Student (pupil) services	17,387,847	825,395	374,760
0035	Food services	15,038,638	5,915,966	18,049,928
0036	Cocurricular/extracurricular activities	13,959,823	1,060,024	966,358
0041	General administration	9,708,403	401,920	176,489
0051	Plant maintenance and operations	39,334,901	2,007,736	544,469
0052	Security and monitoring services	7,724,306	278,196	4,688,642
0053	Data processing services	6,648,546	299,368	125,693
0061	Community services	1,363,078	43,182	62,378
0072	Debt service - interest on long term debt	26,399,948	-	8,344,439
0093	Shared services agreement	271,918	-	113,902
0095	Juvenile Justice Alternative Education Program	9,546	461	85
0099	Other governmental charges	1,424,873	69,071	12,618
	Total governmental activities	410,313,352	23,174,419	45,573,997
	Business-type activities:			
01	Natatorium	853,920	480,941	-
	Total business-type activities	853,920	480,941	-
[TP]	**TOTAL PRIMARY GOVERNMENT**	$ 411,167,272	$ 23,655,360	$ 45,573,997
	General revenues:			
	Taxes:			
MT	Property taxes, levied for general purposes			
DT	Property taxes, levied for debt service			
SF	State grants, unrestricted			
IE	Investment earnings			
MI	Miscellaneous local and intermediate			
TR	Total general revenues			
CN	Change in net position			
NB	Net position (deficit) - beginning			
NE	**NET POSITION (DEFICIT) - ENDING**			

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

Net (Expense) Revenue and Changes in Net Position		
6	7	8
Governmental Activities	Business-type Activities	Total
$ (195,231,791)	$ -	$ (195,231,791)
(2,718,118)	-	(2,718,118)
(4,338,433)	-	(4,338,433)
(3,668,726)	-	(3,668,726)
(21,248,938)	-	(21,248,938)
(14,278,676)	-	(14,278,676)
(1,197,353)	-	(1,197,353)
(3,972,154)	-	(3,972,154)
(16,187,692)	-	(16,187,692)
8,927,256	-	8,927,256
(11,933,441)	-	(11,933,441)
(9,129,994)	-	(9,129,994)
(36,782,696)	-	(36,782,696)
(2,757,468)	-	(2,757,468)
(6,223,485)	-	(6,223,485)
(1,257,518)	-	(1,257,518)
(18,055,509)	-	(18,055,509)
(158,016)	-	(158,016)
(9,000)	-	(9,000)
(1,343,184)	-	(1,343,184)
(341,564,936)	-	(341,564,936)
-	(372,979)	(372,979)
-	(372,979)	(372,979)
$ (341,564,936)	$ (372,979)	$ (341,937,915)
186,773,584	-	186,773,584
81,560,553	-	81,560,553
115,532,521	-	115,532,521
5,150,236	-	5,150,236
30,288,540	-	30,288,540
419,305,434	-	419,305,434
77,740,498	(372,979)	77,367,519
(10,154,851)	(5,459,235)	(15,614,086)
$ 67,585,647	$ (5,832,214)	$ 61,753,433

Keller Independent School District
Balance Sheet – Governmental Funds
Governmental Funds
June 30, 2025

Data Control Codes		10 General Fund	20 Federally Funded Grant Fund
	ASSETS		
1110	Cash and temporary investments	$ 16,284,957	$ 5,931,893
1220	Property taxes - delinquent	3,407,724	-
1230	Allowance for uncollectible taxes	(340,772)	-
1240	Due from other governments	45,790,831	3,260,976
1260	Due from other funds	25,276,205	-
1290	Other receivables	2,008,422	514
1300	Inventories, at cost	262,540	168,407
1410	Prepaid items	1,359,904	32,083
1910	Long-term investments	1,985,000	-
1000	Total assets	96,034,811	9,393,873
1000A	**TOTAL ASSETS**	$ 96,034,811	$ 9,393,873
	LIABILITIES		
2110	Accounts payable	$ 4,583,725	$ 1,064,481
2150	Payroll deduction and withholdings payable	1,313,047	-
2160	Accrued wages payable	16,037,745	814,599
2170	Due to other funds	1,333,719	84,534
2180	Due to other governments	18,977,088	-
2210	Accrued expenditures	768,795	3,499
2300	Unearned revenue	-	168,407
2000	Total liabilities	43,014,119	2,135,520
	DEFERRED INFLOWS OF RESOURCES		
2600	Deferred property taxes	2,315,969	-
	FUND BALANCES		
	Nonspendable:		
3410	Investments in inventory	262,540	168,407
3430	Prepaid items	1,359,904	32,083
	Restricted for:		
3480	Retirement of long term debt	-	-
3470	Capital acquisition program	-	-
3450	Grant and food service funds	-	7,057,863
	Committed for:		
3545	Campus activity fund	-	-
3600	Unassigned	49,082,279	-
3000	Total fund balances	50,704,723	7,258,353
4000	**TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES**	$ 96,034,811	$ 9,393,873

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

50 Debt Service Fund	60 Capital Projects Fund	30-42 State Funded Grant Fund	46-48 Local Fund	Total Governmental Funds
$ 69,725,307	$ 20,399,374	$ -	$ 7,492,621	$ 119,834,152
1,392,276	-	-	-	4,800,000
(139,228)	-	-	-	(480,000)
-	-	1,828,690	-	50,880,497
1,333,719	-	-	-	26,609,924
-	-	-	1,820	2,010,756
-	-	-	-	430,947
3,831	-	91,679	47,796	1,535,293
-	-	-	-	1,985,000
72,315,905	20,399,374	1,920,369	7,542,237	207,606,569
$ 72,315,905	$ 20,399,374	$ 1,920,369	$ 7,542,237	$ 207,606,569
$ -	$ 4,467,468	872,163	$ 651,297	$ 11,639,134
-	-	-	-	1,313,047
-	-	376	12,662	16,865,382
-	-	752,632	-	2,170,885
-	-	-	1,588	18,978,676
564,385	-	-	3,374	1,340,053
-	-	-	-	168,407
564,385	4,467,468	1,625,171	668,921	52,475,584
925,394	-	-	-	3,241,363
-	-	-	-	430,947
3,831	-	91,679	47,796	1,535,293
70,822,295	-	-	-	70,822,295
-	15,931,906	-	-	15,931,906
-	-	203,519	415,445	7,676,827
-	-	-	6,410,075	6,410,075
-	-	-	-	49,082,279
70,826,126	15,931,906	295,198	6,873,316	151,889,622
$ 72,315,905	$ 20,399,374	$ 1,920,369	$ 7,542,237	$ 207,606,569

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Keller Independent School District **Exhibit C-2**

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2025

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	$	151,889,622
The District uses internal service funds to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to decrease net position.		(19,908,356)
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.		1,338,894,630
Accumulated depreciation has not been recorded in the fund financial statements.		(424,599,392)
Bonds payable, subscription and lease liabilities have not been included in the fund financial statements.		(708,172,235)
Net pension liability is not reported in the fund financial statements.		(104,028,512)
Net OPEB liability is not reported in the fund financial statements.		(64,567,346)
Premiums on the issuance of bonds are not capitalized in the fund financial statements.		(83,436,473)
Deferred loss on bond refunding has not been reflected in the fund financial statements.		26,909,552
Property tax and other revenue are reported as deferred inflows of resources in the fund financial statements but is recognized as revenue in the government-wide financial statements.		3,241,363
Deferred outflows of resources for pension related liabilities are recognized in the government-wide statements but are not recorded in the fund financial statements.		22,425,026
Deferred inflows of resources for pension related liabilities are recognized in the government-wide statements but are not recorded in the fund financial statements.		(11,906,809)
Deferred outflows of resources for OPEB related liabilities are recognized in the government-wide statements but are not recorded in the fund financial statements.		26,168,941
Deferred inflows of resources for OPEB related liabilities are recognized in the government-wide statements but are not recorded in the fund financial statements.		(69,878,302)
Accrued liabilities for compensated absences have not been reflected in the fund financial statements.		(4,778,138)
Interest is accrued on outstanding debt in the government-wide financial statements whereas in the fund financial statements interest expenditures are reported when due.		(10,667,924)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	$	67,585,647

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

Keller Independent School District

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2025

Data Control Codes		10 General Fund	20 Federally Funded Grant Fund
	REVENUES		
5700	Local and intermediate sources	$ 192,174,258	$ 6,301,352
5800	State program revenues	129,881,847	833,803
5900	Federal program revenues	2,765,308	19,426,404
5020	Total revenues	324,821,413	26,561,559
	EXPENDITURES		
	Current:		
0011	Instruction	181,474,653	3,605,645
0012	Instructional resources and media services	2,431,369	-
0013	Curriculum and instructional staff development	2,875,134	2,951,948
0021	Instructional leadership	3,734,279	9,495
0023	School leadership	20,123,143	23,939
0031	Guidance, counseling and evaluation services	12,055,866	4,329,899
0032	Social work services	321,586	83,891
0033	Health services	3,839,743	-
0034	Student (pupil) transportation	17,026,593	361,254
0035	Food services	2,841	15,273,767
0036	Cocurricular/extracurricular activities	9,796,519	-
0041	General administration	8,499,778	-
0051	Facilities maintenance and operations	35,896,570	-
0052	Security and monitoring services	5,689,843	-
0053	Data processing services	6,176,966	112,803
0061	Community services	887,635	64,115
	Debt service:		
0071	Debt service - Principal on long term debt	4,731,420	-
0072	Debt service - Interest on long term debt	406,571	-
0073	Debt service - Bond issuance cost and fees	-	-
	Capital outlay:		
0081	Facilities acquisition and construction	3,192,375	-
	Intergovernmental:		
0093	Shared services agreement	-	271,918
0095	Juvenile Justice Alternative Education Program	9,546	-
0099	Other governmental charges	1,424,873	-
6030	Total expenditures	320,597,303	27,088,674
1100	Excess (deficiency) of revenues over (under) expenditures	4,224,110	(527,115)
	OTHER FINANCING SOURCES		
7913	Proceeds from subscription assets	-	-
	Total other financing sources	-	-
1200	Net change in fund balance	4,224,110	(527,115)
0100	Fund balance - beginning	46,480,613	7,785,468
3000	**FUND BALANCE - ENDING**	$ 50,704,723	$ 7,258,353

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

50 Debt Service Fund	60 Capital Project Fund	30-42 State Funded Grant Funds	46-48 Local Funds	Total Governmental Funds
$ 84,146,635	$ 25,675,506	$ -	$ 6,103,641	$ 314,401,392
8,344,439	19,189	6,302,507	16,236	145,398,021
-	165,331	-	-	22,357,043
92,491,074	25,860,026	6,302,507	6,119,877	482,156,456
-	-	2,900,133	1,285,351	189,265,782
-	-	-	309,718	2,741,087
-	-	5,776	41,718	5,874,576
-	-	-	23,326	3,767,100
-	-	-	148,018	20,295,100
-	-	61,638	655,888	17,103,291
-	-	-	-	405,477
-	-	-	3,302	3,843,045
-	-	-	-	17,387,847
-	-	-	59,054	15,335,662
-	-	-	3,220,772	13,017,291
-	849,867	-	167,976	9,517,621
-	3,171,791	-	23,652	39,092,013
-	525,849	5,421,656	112,825	11,750,173
-	-	-	-	6,289,769
-	-	-	72,429	1,024,179
		-		
60,884,356	-	881,305	-	66,497,081
31,942,522	-	-	-	32,349,093
54,668	-	-	-	54,668
-	18,489,945	-	-	21,682,320
-	-	-	-	271,918
-	-	-	-	9,546
-	-	-	-	1,424,873
92,881,546	23,037,452	9,270,508	6,124,029	478,999,512
(390,472)	2,822,574	(2,968,001)	(4,152)	3,156,944
-	-	2,536,577	-	2,536,577
-	-	2,536,577	-	2,536,577
(390,472)	2,822,574	(431,424)	(4,152)	5,693,521
71,216,598	13,109,332	726,622	6,877,468	146,196,101
$ 70,826,126	$ 15,931,906	$ 295,198	$ 6,873,316	$ 151,889,622

Keller Independent School District **Exhibit C-4**

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities
Year Ended June 30, 2025

TOTAL NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS	$	5,693,521
The District uses internal service funds to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The net income of internal service funds are reported with governmental activities. The net effect of this consolidation is to decrease net position.		1,399,659
Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The net effect of removing the capital outlays is to increase net position.		32,040,577
Depreciation is not recognized as an expenditure in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.		(31,323,014)
Loss on disposal of assets is not recognized in the governmental funds since no current financial resources are used. The net effect of this is to decrease net position.		(65,050)
Current year long term debt principal payments, subscription liability and lease liability principal payments are expenditures in the fund financial statements, whereas they are reported as reductions of bonds payable and lease liabilities in the government-wide financial statements. The effect of current year principal paid on bonds payable and lease liabilities increased net position.		66,332,714
The current year issuance of subscriptions are shown as another resource in the fund financial statements but are shown as an increase in long term debt in the government-wide financial statements.		(2,536,577)
The current year amortization of the premium on bonds payable is not recorded in the fund financial statements, but is shown as a reduction of the premium in the government-wide financial statements.		7,869,633
Current year amortization of the deferred loss on the issuance of refunding bonds is not reflected in the fund financial statements, but is shown as a reduction of the loss in the government-wide financial statements.		(2,685,885)
Changes in the net pension liability, and related deferred inflows and outflows are recognized in the government-wide financials, but are not reported in the fund financial statements. The effect of the change is a decrease to net position.		(5,277,081)
Changes in the net OPEB liability, and related deferred inflows and outflows are recognized in the government-wide financials, but are not reported in the fund financial statements. The effect of the change is a decrease to net		10,124,360
Property taxes are deferred in the fund financial statements until they are considered available to finance current expenditures, but such revenues are recognized when assessed net of an allowance for uncollectible accounts in the government-wide statements.		(675,137)
Compensated absences are recognized when the related obligation matures and is expected to be liquidated with expendable available financial resources. Therefore additions to the accrual for compensated absences are not reported in the fund financial statements. The net effect of the current year increase in compensated absences was to decrease net position.		(3,977,285)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.		820,063
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES (B-1)	$	77,740,498

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

Keller Independent School District **Exhibit D-1**

Statement of Net Position – Proprietary Funds
June 30, 2025

	Business-Type Activities	Governmental Activities
	Enterprise Fund	Internal Service Fund
ASSETS		
Current assets		
Cash - restricted	$ -	$ 25,000
Total current assets	-	25,000
TOTAL ASSETS	-	25,000
LIABILITIES		
Current liabilities		
Accounts payable	22,607	1,415
Due to other funds	5,779,270	18,659,769
Accrued expenses	30,337	145,671
Claims payable	-	1,126,501
Total current liabilities	5,832,214	19,933,356
TOTAL LIABILITIES	5,832,214	19,933,356
NET POSITION		
Restricted for employee health claims	-	25,000
Unrestricted net position	(5,832,214)	(19,933,356)
TOTAL NET POSITION (DEFICIT)	$ (5,832,214)	$ (19,908,356)

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

Keller Independent School District **Exhibit D-2**

Statement of Revenues, Expenses, and
Changes in Fund Net Position – Proprietary Funds
Year Ended June 30, 2025

	Business-Type Activities	Governmental Activities
	Enterprise Fund	Internal Service Fund
OPERATING REVENUES		
Local and intermediate sources	$ 480,941	$ 3,074,371
Total operating revenues	480,941	3,074,371
OPERATING EXPENSES		
Payroll costs	736,598	-
Professional and contracted services	42,496	169,202
Supplies	48,314	3,298
Other operating expenses	26,512	-
Claim settlement costs	-	1,686,938
Total operating expenses	853,920	1,859,438
Operating income (loss)	(372,979)	1,214,933
NONOPERATING REVENUES		
Earnings from temporary deposits and investments	-	184,726
Total nonoperating revenues	-	184,726
Change in net position	(372,979)	1,399,659
Net position (deficit) - Beginning	(5,459,235)	(21,308,015)
TOTAL NET POSITION (DEFICIT) - ENDING	$ (5,832,214)	$ (19,908,356)

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

Keller Independent School District **Exhibit D-3**

Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2025

	Business-Type Activities	Governmental Activities
	Enterprise Fund	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and user charges	$ 481,314	$ 1,142,347
Cash payments to suppliers	(123,288)	(56,857)
Cash payments to employees	(358,026)	-
Cash payments for insurance claims	-	(1,616,216)
Net cash used in operating activities	-	(530,726)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends on investments	-	184,726
Net cash provided by investing activities	-	184,726
Net change in cash and cash equivalents	-	(346,000)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	-	371,000
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ -	$ 25,000
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION		
Cash - restricted	$ -	$ 25,000
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating income (loss)	$ (372,979)	$ 1,214,933
Adjustments to reconcile operating income (loss) to net cash used in operating activities:		
Change in assets and liabilities:		
Decrease in accounts receivable	46	-
Decrease in prepaid items	327	4,414
Decrease in accounts payable	(7,074)	(5,996)
Increase (decrease) in due to other funds	378,572	(1,936,438)
Increase in accrued expenses	1,108	121,639
Increase in claims payable	-	70,722
NET CASH USED IN OPERATING ACTIVITIES	$ -	$ (530,726)

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

Keller Independent School District **Exhibit E-1**

Statement of Fiduciary Net Position – Fiduciary Funds
June 30, 2025

	Custodial Funds
ASSETS	
Cash and temporary investments	$ 739,822
Accounts receivable	370
Prepaid items	6,257
Total assets	746,449
LIABILITIES	
Accounts payable and accrued liabilities	52,045
Due to other governments	123
Total liabilities	52,168
NET POSITION	
Restricted for other purposes	$ 694,281

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

Keller Independent School District **Exhibit E-2**

Statement of Changes in Fiduciary Net Position – Fiduciary Funds
Year Ended June 30, 2025

	Custodial Fund
ADDITIONS	
Revenue from student activities	$ 933,566
Total additions	933,566
DEDUCTIONS	
Supplies	151,164
Fees and dues	506,049
Contracted services	182,478
Total deductions	839,691
Change in net position	93,875
NET POSITION - BEGINNING OF YEAR	600,406
NET POSITION - END OF YEAR	$ 694,281

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

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Note 1. Significant Accounting Policies

The Keller Independent School District (the District) is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven-member Board of Trustees (the Board) that is elected by registered voters of the District. The District prepares its basic financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified by the American Institute of Certified Public Accountants. Additionally, the District complies with the requirements of the appropriate version of the Texas Education Agency (TEA) *Financial Accountability System Resource Guide* (FASRG) and the requirements of contracts and grants of agencies from which it receives funds. The following is a summary of the more significant accounting policies of the District.

A. Reporting Entity

The Board of Trustees is elected by the public and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by GASB. There are no component units included within the reporting entity and the District is not included in any other governmental reporting entity.

B. Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. The District reports information on all of the District's non-fiduciary activities with most of the interfund activities removed. Net position is segregated into net investment in capital assets, restricted net position, and unrestricted net position. Governmental activities include programs supported primarily by taxes, state foundation funds, grants and other intergovernmental revenues. Business-type activities, when are reported separately, rely to a significant extent on fees and charges for services.

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 operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Interfund activities between governmental funds and between governmental and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other sources and other uses on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and on the Proprietary Fund Statement of Revenues, Expenses, and Changes in Net Position. All interfund transactions between governmental funds are eliminated on the government-wide statements.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories – governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. Any remaining governmental funds are aggregated and reported as non-major funds.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are non-operating.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus is the accounting convention which determines when revenues and expenditures are recognized in the accounts and reported in the financial statements.

Basis of accounting refers to when revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurements made, regardless of the measurement focus applied.

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the Proprietary Fund and Fiduciary Fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the period 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.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, deferred outflows, current liabilities, deferred inflows and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims, and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers most revenues available if they are collected within 60 days after period end.

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

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amounts.

Proprietary Funds and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund's Statement of Net Position. The fund equity is segregated into restricted net position and unrestricted net position.

D. Fund Accounting

The District's accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance/net position, revenues and expenditures/expenses. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The District reports the following major governmental funds:

The *General Fund* – The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund. Major program revenues include local property taxes, state funding under the Foundation School Program, and interest earnings. Expenditures include all costs associated with the daily operations of the District except for specific programs funded by the federal or state government, food service, debt service, and capital projects.

Federally Funded Grant Fund – All funds that receive Federal financial assistance are accounted for in this fund. Some State financial assistance is included in this major fund as well. Sometimes unused balances must be returned to the grantor at the close of specified project periods. Also included in this fund is the Child Nutrition Fund, which is partially funded by state and local revenue.

Debt Service Fund – The debt service fund is utilized to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs arising from general obligation bonds.

Capital Projects Fund – The capital project fund is utilized to account for financial resources to be used for the acquisition or construction of major capital facilities. Such resources are derived from proceeds of General Obligation Bonds and interest earned on such monies and local sources designated for such purposes.

State Funded Grant Fund – Funds that receive assistance from the state are accounted for in this fund. Sometimes unused balances must be returned to the grantor at the close of specified project periods.

Local Fund – Includes funds that receive assistance from local grants or other locally generated sources. Sometimes unused balances must be returned to the grantor at the close of specified project periods.

The District also reported the following fund types:

Proprietary Funds:

Internal Service Fund – Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The District's Internal Service Fund is a Worker's Compensation and Health Insurance fund.

Enterprise Fund – This fund accounts for the operation of a self-supporting activity which provides services to outside parties in return for fees. The District's Enterprise Fund is a Natatorium fund.

Fiduciary Funds:

Custodial Funds – The District accounts for resources held for others in a custodial capacity in custodial funds. The fund is used to account for assets held by the District as a custodian for student and other organizations. Contributions, gifts, and fundraisers benefit the student and other organizations that raise the funds, are not held in a trust.

E. Budgets and Budgetary Accounting

The District facilitates budgeting and budgetary control by preparing annual budgets for the General Fund, Child Nutrition Program Fund and Debt Service Fund and appropriately amending the budgets as circumstances dictate; the annual budgets as amended are an integral part of the accounting system, providing appropriate budgetary control over revenues, expenditures and transfers through comparison of actual data and encumbrances to budgetary data.

The Superintendent of Schools is designated as the budget officer of the District and is responsible for preparing, or causing to be prepared, a budget for the next succeeding fiscal year.

The budget is required to be prepared no later than June 20 at a meeting of the Board of Trustees called for the purpose of adopting such budget after ten days public notice of the meeting has been given.

The Board of Trustees may approve amendments to the budget, which are required when a change is made to any one of the functional expenditure categories or revenue object accounts defined by the TEA. Such amendments must be reflected in the official minutes of the Board, and may not, by law, occur after June 30. Therefore, the legal level of budgetary control is at the function level within each budgeted fund. Management may transfer appropriations between objects, sub-objects, organizations, programs, and projects without approval from the Board of Trustees, as long as appropriations are not increased at the function level.

TEA requires the budgets to be filed with the TEA through regular submissions to the Public Education Information Management System (PEIMS). The budget should not be exceeded in any functional expenditure category under TEA requirements. The final amended versions of these budgets are used in this report.

Unused appropriations lapse at the end of each fiscal year; however, the District rolls outstanding encumbrances to the subsequent year and, for the most part, must be accommodated within the budget of the following year.

Budgets for the General, Child Nutrition and Debt Service Funds are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).

F. Cash and Cash Equivalents

The District's cash is comprised of demand accounts and imprest funds. All daily receipts are deposited to the demand accounts until the funds are invested under the terms of the District's depository contract. The District considers cash equivalents to be all highly liquid investments with initial maturities of ninety days or less from the date of purchase.

G. Investments

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at the time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes.

External investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost or Net Asset Value (NAV).

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

H. Inventory

Inventories on the balance sheet consist of material and supplies and are recorded at first-in, first-out (FIFO) cost. Inventories are recorded as expenditures when consumed. In the governmental funds, a non-spendable fund balance indicates that these funds are unavailable as current expendable financial resources.

I. Compensated Absences

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

State Leave
The District is required under Texas Education Code 22.003 to provide eligible employees with a minimum of five days of personal leave per year (state leave) with no limit on accumulation and no restrictions on transfer between Districts. State leave benefits are eligible for payment upon separation from employment, with limitations.

Local Leave
The District's policy provides eligible employees with five days of local personal leave per year (local leave) with with limits on accumulation. Local leave benefits are eligible for payment upon separation from employment, with limitations.

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

J. Account Code Reporting

In accordance with the Texas Education Code, the District has adopted and installed an accounting system which meets at least the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure prescribed by the TEA in the Resource Guide. Mandatory codes are recorded in the order provided in that section.

K. Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts in the financial statements. Actual results could differ from those estimates. The amount of state revenue from the Foundation School Program a school district earns for a year can and does vary until the time when final values for each of the factors in the formula becomes available. Availability can be as late as midway into the next fiscal year. It is at least reasonably possible that the foundation revenue estimate as of June 30, 2025 will change.

L. Unearned revenue

Amounts reported as unearned revenue include funds received in advance of grant expenditures and amounts not yet earned on entitlements.

M. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based upon historical experience in collecting property taxes. The District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

The portion of the District's property tax levy that was not collected until more than 60 days after the end of the current year and therefore not considered available has been reported as a deferred inflow of resources in the Governmental Funds Balance Sheet.

N. Capital Assets

Capital assets, which include land, buildings and furniture and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings and furniture and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	50
Building improvements	5-25
Vehicles	5-10
Office equipment	5-20
Computer equipment	1-5

O. Leases

The District is a lessee for non-cancellable leases of equipment. The District recognizes a lease liability, reported with long-term debt, and a right-to-use lease asset (lease asset), reported with other capital assets, in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of $25,000 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or its useful life.

Key estimates and judgments related to leases include how the District determined (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the non-cancellable period of the lease.
- Lease payments included in the measurement of the lease receivable are composed of fixed payments from the lessee, variable payments from the lessee that are fixed in substance or that depend on an index or a rate, residual value guarantee payments from the lessee that are fixed in substance, and any lease incentives that are payable to the lessee.

The District monitors changes in circumstances that would require a re-measurement of its leases and will re-measure the lease liability and right-of-use asset if certain changes occur that are expected to significantly affect the amount of the lease liability.

P. Subscription-Based Information Technology Arrangements (SBITA)

The District has noncancellable contracts with SBITA vendors for the right to use information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets). The District recognizes a subscription liability, reported with long-term debt, and a right-to-use subscription asset (an intangible asset), reported with other capital assets, in the government-wide financial statements. The District recognizes subscription liabilities with an initial, individual value of $25,000 or more.

At the commencement of an SBITA, the District initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of SBITA payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying IT assets.

Key estimates and judgments related to SBITAs include how the District determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The District uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the noncancellable period of the SBITA.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, termination penalties if the District is reasonably certain to exercise such options, subscription contract incentives receivable from the SBITA vendor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The District monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Q. Long-Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. The deferred gain or loss on refunding will be recognized as a deferred outflow of resources or a deferred inflow of resources and amortized to interest expense over the life of the bond. Bond issuance costs are expensed in the current period.

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

R. Interfund Transactions

During the course of normal operations, it is necessary for the District to enter into transactions among its various funds. These transactions consist of one or more of the following types:

- Reimbursements to a fund, which are generally reflected through the allocation of pooled cash accounts, for expenditures or expenses, reimbursement of revenue or reclassification of revenue initially made from it that are properly applicable to another fund. All interfund receivable/payable balances (due to/due from other funds) at June 30, 2025 were the result of these types of reimbursements and are expected to be repaid within one year.
- Transfers in and out, as appropriate, are shown as other financing sources or uses in the fund financial statements.

S. Restricted Resources

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

T. Prepaid Items

Prepaid items indicate payments made by the District in the current year to provide services occurring in the subsequent fiscal year. The consumption approach provides for the initial reporting of the item as an asset while recognition of the expenditure when the item is actually used or consumed.

U. Deferred Inflows and Deferred Outflows of Resources

The statement of net position includes a separate section, in addition to assets, for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and therefore will not be recognized as an expense/expenditure until that time. In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as revenue until that time.

Deferred outflows/inflows of resources are amortized as follows:

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

V. 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 fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

W. Other Post-Employment Benefits

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

Note 2. Bonded Debt Payable

Bonded debt payable as of June 30, 2025 is as follows:

Description	Interest Rate Payable	Amount of Original Issue	Amount Outstanding 7/1/2024	Issued Current Year	Refunded/ Defeased Current Year	Retired Current Year	Amount Outstanding 6/30/2025
Unlimited Tax Refunding Bonds Series 2014 Final maturity 2025	2.46%	$ 43,350,000	$ 4,590,000	$ -	$ -	$ 4,590,000	$ -
Unlimited Tax Refunding Bonds Series 2014A Final maturity 2029	2.00-5.00	56,565,000	17,285,000	-	-	5,440,000	11,845,000
Unlimited Tax Building Bonds Series 2015 Final maturity 2041	1.00-5.00	153,875,000	121,385,000	-	-	1,490,000	119,895,000
Unlimited Tax Refunding Bonds Series 2015 Final maturity 2026	5.00	98,675,000	6,525,000	-	-	-	6,525,000
Unlimited Tax Refunding Bonds Series 2015A Final maturity 2026	4.00-5.00	116,577,588	6,625,000	-	-	4,250,000	2,375,000
Unlimited Tax Refunding Bonds Series 2016A Final maturity 2032	2.00-5.00	70,915,000	49,290,000	-	-	7,290,000	42,000,000
Unlimited Tax Refunding Bonds Series 2016B Final maturity 2032	2.00-3.00	56,020,000	45,020,000	-	-	2,030,000	42,990,000
Unlimited Tax Refunding Bonds Series 2019 Final maturity 2031	2.00-5.00	14,280,000	13,920,000	-	-	300,000	13,620,000
Unlimited Tax Building Bonds Series 2020 Final maturity 2047	5.00	279,465,000	251,915,000	-	-	3,500,000	248,415,000
Unlimited Tax Refunding Bonds Series 2020 Final maturity 2030	2.00-5.00	8,645,000	6,840,000	-	-	895,000	5,945,000
Unlimited Tax Refunding Bonds Taxable Series 2020 Final maturity 2035	4.00	85,759,989	69,199,989	-	15,930,000	10,579,989	42,690,000
Unlimited Tax Refunding Bonds Taxable Series 2021 Final maturity 2036	5.00	168,319,991	164,780,000	-	4,425,000	-	160,355,000
Total bonded debt payable		$ 1,152,447,568	$ 757,374,989	$ -	$ 20,355,000	$ 40,364,989	$ 696,655,000

The debt service requirements on the above bonds are as follows:

Due Fiscal Year Ending June 30,	Principal	Interest	Total
2026	$ 25,345,000	$ 28,058,797	$ 53,403,797
2027	47,025,000	26,639,572	73,664,572
2028	34,490,000	24,688,272	59,178,272
2029	38,750,000	23,095,147	61,845,147
2030	40,615,000	21,277,522	61,892,522
2031-2035	164,910,000	82,626,948	247,536,948
2036-2040	121,225,000	60,199,950	181,424,950
2041-2045	159,710,000	30,330,200	190,040,200
2046-2047	64,585,000	3,905,000	68,490,000
Total	$ 696,655,000	$ 300,821,408	$ 997,476,408

Bonded debt payable is collateralized by revenue from the District's tax collections.

During fiscal year 2025, the District had a partial cash defeasance of $15,930,000 of Series 2020A and $4,425,000 of Series 2021 bonds in order to reduce future interest payments.

Note 3. Changes in Long-term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds:	$ 757,374,989	$ -	$ 60,719,989	$ 696,655,000	$ 25,345,000
Premium on bonds	91,306,106	-	7,869,633	83,436,473	7,869,633
Compensated absences*	800,853	3,977,285	-	4,778,138	4,778,138
Claims payable	1,055,779	1,686,938	1,616,216	1,126,501	1,126,501
Leases	14,593,383	-	4,731,420	9,861,963	4,731,420
Subscriptions	-	2,536,577	881,305	1,655,272	1,655,272
Net pension liability	119,254,200	10,821,336	26,047,024	104,028,512	-
OPEB Liability	51,605,266	18,496,499	5,534,419	64,567,346	-
Total governmental activities long-term liabilities	$ 1,035,990,576	$ 37,518,635	$ 107,400,006	$ 966,109,205	$ 45,505,964

*Compensated absences are reported as a net change for the year as allowed under the provisions of GASB 101, paragraph 30.

The General Fund has been used to liquidate the liability for compensated absences, pension, and OPEB.

Leases Payable
The District is subject to a lease with a term of 4 years, including monthly and annual payments of principal and interest with a borrowing rate 2.786%. As of June 30, 2025, the value of the lease liability was $9,861,963. The value of the right-to-use assets as of the end of the current fiscal year was $19,731,374 and had accumulated amortization of $7,399,266. The lease liability is recorded in the government-wide financial statements. The principal and interest are liquidated at the fund level through the General Fund

Lease liabilities were as follows as of June 30, 2025:

	Interest Rate(s)	Liability at Commencement	Lease Term in Years	Ending Balance
Governmental activities				
Equipment	2.786%	$ 19,731,374	4	$ 9,861,963
Total governmental activities				$ 9,861,963

The future principal and interest lease payments as of June 30, 2025 were as follows:

Fiscal Year Ending	Principal	Interest	Total
2026	$ 4,731,420	$ 406,572	$ 5,137,992
2027	4,863,237	274,754	5,137,991
2028	267,306	139,265	406,571
Total governmental activities	$ 9,861,963	$ 820,591	$ 10,682,554

Subscription-Based Information Technology Arrangements (SBITA)
The District is subject to a SBITA with a term of 8 years, including monthly and annual payments of principal and interest with a borrowing rate of 2.948%. As of June 30, 2025, the value of the subscription liability was $1,655,272. The value of the subscription assets as of the end of the current fiscal year was $2,536,577 and had accumulated amortization of $317,072. The subscription liability is recorded in the government-wide financial statements. The principal and interest are liquidated at the fund level through the State Funded Grant Funds.

The SBITA term and ending subscription liability are as follows:

	Interest Rate(s)	Liability at Commencement	SBITA Term in Years	Ending Balance
Governmental activities				
Subscriptions - software	2.948%	$ 2,536,577	8	$ 1,655,272
Total governmental activities				$ 1,655,272

The future principal and interest subscription payments as of June 30, 2025 were as follows:

Fiscal Year Ending	Principal	Interest	Total
2026	$ 1,655,272	$ 48,797	$ 1,704,069
Total governmental activities	$ 1,655,272	$ 48,797	$ 1,704,069

Note 4. Capital Asset Activity

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

Primary government:

	Balance 7/1/2024	Additions	Transfers	Deletions	Balance 6/30/2025
Capital assets, not being depreciated:					
Land	$ 58,541,472	$ 3,292,677	$ -	$ -	$ 61,834,149
Construction in progress	263,183,356	18,871,609	(218,735,354)	-	63,319,611
Total capital assets, not being depreciated	321,724,828	22,164,286	(218,735,354)	-	125,153,760
Capital assets, being depreciated/amortized:					
Buildings and improvements	914,908,942	20,400	218,735,354	-	1,133,664,696
Furniture and equipment	50,654,689	7,319,314	-	(165,780)	57,808,223
Right to use leased equipment	19,731,374	-	-	-	19,731,374
Subscriptions	-	2,536,577	-	-	2,536,577
Total capital assets, being depreciated/amortized	985,295,005	9,876,291	218,735,354	(165,780)	1,213,740,870
Less accumulated depreciation on:					
Buildings and improvements	359,323,579	20,827,623	-	-	380,151,202
Furniture and equipment	31,587,107	5,245,475	-	(100,730)	36,731,852
Right to use leased equipment	2,466,422	4,932,844	-	-	7,399,266
Subscriptions	-	317,072	-	-	317,072
Accumulated depreciation/amortization	393,377,108	31,323,014	-	(100,730)	424,599,392
Total capital assets, being depreciated/amortized, net	591,917,897	(21,446,723)	218,735,354	(65,050)	789,141,478
Governmental activities capital assets, net	$ 913,642,725	$ 717,563	$ -	$ (65,050)	$ 914,295,238

Depreciation and amortization expense of the governmental activities was charged to functions or programs as follows:

Instruction	$ 22,826,745
Instructional resources and media services	197,826
Curriculum and staff development	39,744
Instructional leadership	62,345
School leadership	1,886,909
Guidance, counseling and evaluation services	39,630
Social services	848,958
Health services	283,978
Food services	481,120
Co-curricular/extracurricular activities	927,321
General administration	84,547
Plant maintenance and operations	1,708,441
Security and monitoring services	1,312,528
Data processing services	292,026
Community services	330,896
Total depreciation/amortization expense	$ 31,323,014

Note 5. Deposits and Investments

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

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

The PFIA also requires the District to have independent auditors perform test procedures related to investment practices. The District is in substantial compliance with the requirements of the PFIA and with local policies.

Cash and investments as of June 30, 2025 are classified in the accompanying financial statements as follows:

Primary government	$	121,844,152
Fiduciary funds		739,822
	$	122,583,974

The District's financial statements include restricted cash in the amount of $25,000.

Disclosures Relating to Interest Rate Risk
Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by investing mainly in investment pools which purchase a combination of shorter-term investments with an average maturity of less than 60 days thus reducing the interest rate risk. The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio.

As of June 30, 2025, the District did not invest in any securities which are highly sensitive to interest rate fluctuations.

Disclosures Relating to Credit Risk
Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the Public Funds Investment Act, the District's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Concentration of Credit Risk
This is the risk of loss attributed to the magnitude of the District's investment in a single issuer (i.e. lack of diversification). Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer.

Custodial Credit Risk
Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Public Funds Investment Act and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit).

The fair value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times.

On the date of the highest cash balance, the District's deposits with financial institutions were fully collateralized by federal depository insurance or by pledged collateral held by the District's agent bank in the District's name.

In addition, the following is disclosed regarding coverage of combined balances on the date of the highest deposit:

a. Depository: Frost Bank
b. Security pledged as of the date of the highest combined balance on deposit was $25,781,618.
c. Largest cash, savings and time deposit combined account balance amounted to $17,118,433 and occurred during the month of September 30, 2024.
d. Total amount of FDIC coverage at the time of largest combined balance was $250,000.

Investment in State Investment Pools
The District is a voluntary participant in various investment pools. These pools included the following: TexPool, LOGIC and TexasCLASS.

The State Comptroller of Public Accounts exercises responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. TexPool operates in a manner consistent with the SEC's Rule2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares.

LOGIC is governed by a 6-member board and is an AAAm rated investment program tailored to the investment needs of local governments within the state of Texas. LOGIC assists governments across Texas to make the most of taxpayer dollars. Local officials can improve the return on their invested balances by pooling their money with other entities to achieve economies of scale in a conservative fund in full compliance with the PFIA. The fair value of the position in LOGIC is the same as the value of LOGIC shares.

Texas CLASS is a local government investment pool emphasizing safety, liquidity, convenience and competitive yield. Since 1996, Texas CLASS has provided Texas public entities a safe and competitive investment alternative. Texas CLASS invests only in securities allowed by the Texas Public Funds Investment Act. The pool is governed by a board of trustees, elected annually by its participants. Texas CLASS is rated 'AAAm' by Standard and Poor's Ratings Services. The 'AAAm' principal stability fund rating is the highest assigned to principal stability government investment pools and is a direct reflection of Texas CLASS's outstanding credit quality and management.

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

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

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

The Texpool Prime and TexasCLASS investment pools are external investment pools measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, investment pools must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool.

The LOGIC investment pool transacts at a net asset value of $1.00 per share, has weighted average maturity of 60 days or less and weighted average life of 120 days or less, investments held are highly rated by nationally recognized statistical rating organization, have no more than 5% of portfolio with one issuer (excluding US government securities), and can meet reasonably foreseeable redemptions. LOGIC has a redemption notice period of one day and no maximum transaction amounts. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

Investment Pools measured at amortized cost or net asset value (NAV) are exempt from fair value reporting and are, therefore, excluded from the fair value hierarchy.

U.S. government agency and municipal bonds are valued using pricing models maximizing the use of observable inputs for similar securities.

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

	Investments			
	Value at June 30, 2025	Percent of Total Investments	Weighted Average Maturity (Days)	Credit Risk
Investments measured at amortized cost				
Investment pools				
TexPool	$ 401,857	0.33%	50	AAAm
TexasCLASS	118,421,476	96.64%	37	AAAm
Money Markets, CDs and CDARS	3,446,228	2.81%	N/A	NR
Investments measured at net asset value (NAV)				
Investment pools				
LOGIC	266,833	0.22%	52	AAA
Total	$ 122,536,394	100%	37	

The investment pools and money market funds are measured at amortized cost or NAV and are exempt from fair value reporting.

The District invests in Certificates of Deposit Account Registry Services (CDARS). CDARS distributes deposits over banks in its network in increments of less than standard FDIC insurance maximum to ensure that both principal and interest are eligible for the full FDIC protection while working with a single participating bank in the network. These amounts are excluded from the fair value hierarchy as they are considered deposits with financial institutions.

Note 6. Defined Benefit Pension Plan

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

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

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

Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3% (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity, except for members who are grandfathered where the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic postemployment benefit changes, including automatic cost of living adjustments (COLAs). Ad hoc postemployment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as previously noted in the Plan Description above.

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

Contributions

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025.

Rates for such plan fiscal years are as follows:

	Contribution Rates	
	2024	2025
Member	8.25%	8.25%
Non-employer contributing entity (state)	8.25%	8.25%
Employers	8.25%	8.25%
Employers (District - Non-OASDI)*	1.5%	1.5%

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

Employer contributions	$ 8,932,222
Member contributions	18,416,298
NECE on-behalf contributions	13,367,566

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act.
As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during the fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

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

- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment-after-retirement surcharge.
- Public education employer contribution - all public schools, charter schools and regional education service centers must contribute 1.8% of the member's salary beginning in fiscal year 2023, gradually increasing to 2.0% in fiscal year 2025.

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

At June 30, 2025, the District reported a liability of $104,028,512 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District are as follows:

District's proportionate share of the collective net pension liability	$	104,028,512
State's proportionate share that is associated with District		144,897,160
Total	$	248,925,672

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

At August 31, 2024, the employer's proportion of the collective net pension liability was 0.1703035%, a decrease of 0.00331% from its proportionate share of 0.1736113% measured as of August 31, 2023.

For the fiscal year ended June 30, 2025, the District recognized pension expense of $31,526,935 and revenue of $17,317,632 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 5,733,910	$ 812,204
Changes in actuarial assumptions	5,371,215	720,096
Differences between projected and actual investment earnings	632,353	-
Changes in proportion and difference between the employer's contributions and the proportionate share of the contributions	3,184,862	10,374,509
Contributions paid to TRS subsequent to the measurement date	7,502,686	-
	$ 22,425,026	$ 11,906,809

$7,502,686 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Pension Expense Amount
2026	$ (1,017,987)
2027	9,613,043
2028	(1,127,390)
2029	(4,605,355)
2030	153,220
Thereafter	-
	$ 3,015,531

Actuarial Assumptions

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

Actuarial cost method	Individual entry age normal
Asset valuation method	Fair value
Single discount rate	7.00%
Long term expected investment rate of return	7.00%
Municipal bond rate as of August 2024	3.87%. 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	2123
Inflation	2.30%
Salary increases including inflation	2.95% to 8.95%
Ad hoc post-employment benefit changes	None
Active Morality Rates	The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioner Mortality Tables with full generational projection using the ultimate improvement rates from the most recently published projection scale U-MP. The active mortality rates were based on the published PUB (2010) Mortality Tables for Teachers, below median, also with full generational mortality.

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

Discount Rate and Long-term Expected Rate of Return

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

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

Asset Class	Target Allocation**	Long-term Expected Geometric Real Rate of Return***	Expected Contribution to Long-term Portfolio Returns
Global equity:			
U.S.	18.0%	4.4%	1.0%
Non-U.S. developed	13.0%	4.2%	0.8%
Emerging markets	9.0%	5.2%	0.7%
Private equity*	14.0%	6.7%	1.2%
Stable value:			
Government bonds	16.0%	1.9%	0.4%
Absolute return*	0.0%	4.0%	-
Stable value hedge funds	5.0%	3.0%	0.2%
Real return:			
Real estate	15.0%	6.6%	1.2%
Energy, natural resources and inflation	6.0%	5.6%	0.4%
Commodities	0.0%	2.5%	-
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%
Total	100.0%		7.9%

* 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

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

	1% decrease in discount rate (6.00%)	Discount rate (7.00%)	1% increase in discount rate (8.00%)
District's proportionate share of the net pension liability	$ 166,159,893	$ 104,028,512	$ 52,548,246

Change of Assumptions Since the Prior Measurement Date
The actuarial assumptions and methods are the same as used in the determination of the prior year's net pension liability.

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

Note 7. Defined Other Postemployment Benefit Plan

Plan Description
The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Postemployment Benefit (OPEB) plan that has a special funding situation. TRS-Care was established in 1986 by the Texas Legislature and is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees in accordance with the Texas Insurance Code, Chapter 1575. The Board may adopt rules, plans, procedures and orders reasonably necessary to administer the program, including minimum benefits and financing standards.

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

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

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

The Board of Trustees of TRS is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052.

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

	Medicare	Non Medicare
Retiree or Surviving Spouse	$ 135	$ 200
Retiree and Spouse	529	689
Retiree or Surviving Spouse and children	468	408
Retiree and Family	1,020	999

Contributions
Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and school districts based upon public school district payroll. The TRS Board of trustees does not have the authority to set or amend contribution rates.

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

Rates for such plan fiscal years are as follows:

	2024	2025
Active employees	0.65%	0.65%
Non-employer contribution entity (state)	1.25%	1.25%
Employers/District	0.75%	0.75%
Federal/private funding remitted by Employers	1.25%	1.25%

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

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

Employer contributions	$	1,792,131
Member contributions		1,575,072
NECE on-behalf contributions		2,421,201

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

The State of Texas also contributed $1,602,032 $1,322,704 and $1,380,990 in 2025, 2024 and 2023, respectively, for on-behalf payments for Medicare Part D.

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

At June 30, 2025, the District reported a liability of $64,567,346 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided by the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District are as follows:

District's Proportionate share of the collective net OPEB liability	$	64,567,346
State's proportionate share that is associated with District		80,902,009
Total	$	145,469,355

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

At the measurement date of August 31, 2024, the employer's proportion of the collective net OPEB liability was 0.21273% which was a decrease of 0.02037% from its proportion measured as of August 31, 2023.

For the year ended June 30, 2025, the District recognized negative OPEB expense of $18,847,997 and negative revenue of $10,515,768 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 12,375,393	$ 32,222,606
Changes in actuarial assumptions	8,263,858	21,067,578
Differences between projected and actual investment earnings	-	180,810
Changes in proportion and difference between the employer's contributions and the proportionate share of the contributions	4,037,756	16,407,308
Contributions paid subsequent to the measurement date	1,491,934	-
	$ 26,168,941	$ 69,878,302

$1,491,934 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	OPEB Income Amount
2026	$ (10,139,413)
2027	(7,215,103)
2028	(8,630,299)
2029	(7,825,686)
2030	(5,230,333)
Thereafter	(6,160,461)
Total	$ (45,201,295)

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

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

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

See Note 6 for detail on these assumptions. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2021.

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

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

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

Additional Actuarial Methods and Assumptions:	
Actuarial cost method	Individual entry age normal
Single discount rate	3.87% as of August 31, 2024
Aging factors	Based on the Society of Actuaries' 2013 Study "Health Care Costs - From Birth to Death".
Election Rates	Normal retirement: 62% participation prior to age 65 and 40% after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Ad hoc post-employment benefit changes	None

Discount Rate

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

Sensitivity Analysis of Rates

Discount Rate

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

	1% Decrease 2.87%	Current Single Discount Rate 3.87%	1% Increase 4.87%
District's proportionate share of the net OPEB liability	$ 76,709,024	$ 64,567,346	$ 54,756,687

Healthcare Cost Trend Rates

The following table presents the District's proportionate share of net OPEB liability using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% lower or 1% higher than the assumed health-care cost trend rate:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 52,580,517	$ 64,567,346	$ 80,187,379

Change of Assumptions Since the Prior Measurement Date
The following were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period:

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

Change of Benefit Terms Since the Prior Measurement Date
There were no changes in benefit terms since the prior measurement date.

Note 8. Risk Management

The District is exposed to various risks of loss related to torts; theft of damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance.

Effective January 1994, the District discontinued its participation in the Texas Association of School Boards (TASB) workers' compensation risk pool and established a self-insurance plan for workers' compensation benefits for employees. The District's retention of risk is $500,000 per occurrence with an aggregate stop-loss limit of $2,000,000. Claims incurred by employees of the District are handled by a third-party administrator who is responsible for estimating losses to be incurred by the District and ultimately paid to the claimant.

Effective December 2002, the District established a self-funded health insurance plan. The District and employees shared the cost of employee coverage. Employees, at their option, could authorize payroll withholdings to pay contributions or premiums for dependents. The plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by a contractual agreement. As of June 30, 2023, the District ceased the self-funded health insurance plan and transitioned to a private provider of health insurance.

Settled claims have not exceeded the aggregate coverage in any of the past three fiscal periods. Insurance coverage has not been reduced for the year from the prior year. Accrued claims payable of $1,126,501 as of June 30, 2025, includes provisions for claims reported but not paid and claims incurred but not reported. The provision for reported claims is determined by estimating the amount that will ultimately be paid each claimant and is calculated and provided by the District's third-party administrator. The District estimates the provision for claims incurred but not yet reported. Accrued claims payable have not been discounted to their present value as the District expects such claims to be paid within the following fiscal year. The District believes that any discount of the claims payable would not be material to the overall financial statements.

Changes in the fund's claims liability amount for the periods ended June 30, 2025 and June 30, 2024 are as follows:

	2025	2024
Liability, beginning of year	$ 1,055,779	$ 2,504,535
Current year claims and changes in estimates	1,686,938	2,129,805
Claim payments	(1,616,216)	(3,578,561)
Liability, end of year	$ 1,126,501	$ 1,055,779

Note 9. Litigation

From time to time, the District is a defendant in legal proceedings relating to its operations as a school district. Management determined the outcome of any other ongoing legal proceedings will not have a material adverse effect on the accompanying financial statements. Therefore, in the opinion of the District, there are neither significant contingent liabilities related to the year ended June 30, 2025 nor future costs that will have a material effect on the financial statements of the District.

Note 10. Commitments

During the year ended June 30, 2021, the District entered into an agreement with Illinois Central School Bus dba Texas Central School Bus (Texas Central) for the outsourcing of student transportation.

During the year ended June 30, 2024 the District agreed to allow Texas Central to use its facilities at a rate of $1 per annum through July 31, 2029.

As of June 30, 2025, the District has entered into long-term construction projects with an aggregate unexpended balance of $8,294,274.

Note 11. Due from Other Governments

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. Amounts due from federal and state governments as of June 30, 2025, are summarized below. All federal grants shown below are passed through the TEA or the Texas Department of Agriculture and are reported on the combined financial statements as Due from Other Governments.

Fund	Entitlements	Federal Grants	Total
General	$ 45,790,831	$ -	$ 45,790,831
State funded grants	1,828,690	-	1,828,690
Federally funded grants	-	3,260,976	3,260,976
Total	$ 47,619,521	$ 3,260,976	$ 50,880,497

Note 12. Interfund Balances and Activities

Interfund balances at June 30, 2025 consisted of the following individual fund balances:

Due to Fund	Due from Fund	Amount
Debt Service Fund	General Fund	$ 1,333,719
General Fund	Federally Funded Grant Fund	84,534
General Fund	State Funded Grant Funds	752,632
General Fund	Enterprise Fund	5,779,270
General Fund	Internal Service Fund	18,659,769
		$ 26,609,924

Interfund balances relate to reclassification of revenue and amounts paid by one fund, primarily the General Fund, on behalf of another fund to be repaid in the normal course of business. All amounts due are scheduled to be repaid within one year.

Note 13. Other Receivables

Other receivables recorded in the fund level financial statements consisted of the following at June 30, 2025:

	General Fund	Federally Funded Grants	Local Funds	Total
Services and miscellaneous	$ 39,017	$ 514	$ 1,820	$ 41,351
SHARS receivable	1,969,405	-	-	1,969,405
Total	$ 2,008,422	$ 514	$ 1,820	$ 2,010,756

Note 14. Classification of Fund Balance and Net Position

Fund Balance Classifications
The District classifies governmental fund balances as follows:

Nonspendable Fund Balance
Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements. Examples include inventories, long-term receivables, endowment principal, and/or prepaid items.

Spendable Fund Balance

Restricted Fund Balance
Includes amounts that can be spent only for the specific purposes as imposed by law, or imposed by creditors, grantors, contributors, or other governments' laws and regulations. Examples include federal and state grant programs, retirement of long-term debt, and construction. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then committed, assigned and unassigned resources when an expenditures is incurred for purposes for which more than one classification of fund balance is available.

- The proceeds of specific revenue sources which are restricted to expenditures for specified purposes as designated by grantors, contributors, or governmental entities over state or local program grants.
- The aggregate fund balance in the debt service fund is legally restricted for payment of bonded indebtedness and is not available for other purposes until all bonded indebtedness is liquidated.
- The fund balance of the capital projects fund reflects an amount restricted for construction and major renovation projects, and it usually represents unexpended proceeds from the sale of school building bonds.

Committed Fund Balance
Includes amounts that can be used only for the specific purposes as determined by the governing body by formal action recorded in the minutes of the governing body. Commitments may be changed or lifted only by the governing body taking the same formal action that imposed the constraint originally. Examples include, but specifically not limited to, Board action regarding construction, claims, and judgments, retirement of loans/notes payable, capital expenditures, and self-insurance. The District's Board must take action to commit funds, modify a commitment or rescind a commitment for a specific purpose prior to the end of the fiscal year, but the amount of the commitment may be determined after the end of the fiscal year.

- Campus activity funds are considered committed by the governing body through adoption of board policy pertaining to the usage of these funds.

Assigned Fund Balance
Comprises amounts intended to be used by the District for specific purposes. This intent can be expressed by an official or body to which the governing body delegates that authority. That authority has not been delegated to any official or body. The Board of Trustees is the only governing body that can assign fund balance for specific purposes by formal action recorded in the official minutes. Examples take on a similar appearance as those enumerated for committed fund balance but may also include the appropriation of existing fund balance to eliminate a deficit in next year's budget.

Unassigned Fund Balance
Comprises the residual classification of the General Fund and includes all amounts not contained in other classifications. The General Fund has an unassigned fund balance of $49,082,279.

- The District's Board of Trustees voted to have unassigned fund balance approximate to 17% -25% of the 2026 general fund expenditure budget for budgetary contingencies.

Net Position
The District classifies net position as follows:

Net Investment in Capital Assets
The governmental activities net investment in capital assets calculation includes $15,931,906 in unspent bond proceeds and is reduced by $4,467,468 of capital related accounts and retainage payable at June 30, 2025.

Restricted Net Position
Restricted balances are for grants and food service, debt service and employee health claims.

Unrestricted Net Position
Comprises the residual classification of the governmental and business-type activities and includes all amounts not contained in other classifications.

Note 15. Instructional Materials Allotment

In May 2011, Senate Rule 6, repealed the technology allotment used by Texas schools and created an Instructional Materials Allotment (IMA) for the purchase of instructional materials, technology equipment, and technology related services. Under the IMA instructional material purchases must be made through TEA's online registration system. Instructional materials acquired through the IMA are recorded as revenues in the State Instructional Materials Fund.

Ownership of textbooks previously purchased by the state and utilized by the District was transferred to the District. The majority of these textbooks were sold or otherwise disposed of in accordance with TEA guidelines. At June 30, 2025, the remainder of the textbooks, in possession of the District, have minimal value and are not otherwise reflected elsewhere in these statements.

Note 16. New Accounting Pronouncements

GASB Statement No. 101, *Compensated Absences* (GASB 101), improves the information needs of financial statements users by updating the recognition and measurement guidance for compensated absences under a unified model and amending certain previously required disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2023, with earlier application encouraged. GASB 101 was implemented in the District's fiscal year 2025 financial statements with no impact to amounts previously reported.

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

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

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

Note 17. Subsequent Events

In August 2025, the District issued approximately $69 million in Unlimited Tax Refunding Bonds to refund a portion of the outstanding principal of the Series 2015 Bonds and in December 2025, the District issued approximately $96 million in Unlimited Tax Refunding Bonds to refund a portion of the Series 2015 bonds and all of the outstanding principal of Series 2016A bonds and Series 2016B bonds.

Required Supplementary Information

Keller Independent School District

Exhibit G-1

Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2025

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (GAAP Basis)	Variance With Final Budget Positive or (Negative)
	REVENUES				
5700	Local and intermediate sources	$ 209,236,418	$ 209,236,418	$ 192,174,258	$ (17,062,160)
5800	State program revenues	125,821,154	125,821,154	129,881,847	4,060,693
5900	Federal program revenues	5,604,615	5,604,615	2,765,308	(2,839,307)
5020	Total revenues	340,662,187	340,662,187	324,821,413	(15,840,774)
	EXPENDITURES				
	Current:				
0011	Instruction	200,527,885	192,270,948	181,474,653	10,796,295
0012	Instructional resources and media services	2,798,294	2,733,442	2,431,369	302,073
0013	Curriculum and instructional staff development	3,688,759	3,685,695	2,875,134	810,561
0021	Instructional leadership	4,084,907	3,959,995	3,734,279	225,716
0023	School leadership	20,638,402	20,702,707	20,123,143	579,564
0031	Guidance counseling and evaluation services	12,465,417	12,546,850	12,055,866	490,984
0032	Social services	265,914	359,338	321,586	37,752
0033	Health services	4,111,177	4,076,060	3,839,743	236,317
0034	Student (pupil) transportation	16,610,688	17,258,977	17,026,593	232,384
0035	Food services	6,500	6,500	2,841	3,659
0036	Cocurricular/extracurricular activities	10,006,483	10,398,575	9,796,519	602,056
0041	General administration	7,981,338	8,871,998	8,499,778	372,220
0051	Plant maintenance and operations	41,967,671	41,621,434	35,896,570	5,724,864
0052	Security and monitoring services	4,871,498	6,315,922	5,689,843	626,079
0053	Data processing services	6,771,865	10,789,978	6,176,966	4,613,012
0061	Community services	2,088,377	1,180,168	887,635	292,533
	Debt service:				
0071	Debt service - Principal on long-term debt	-	5,545,328	4,731,420	813,908
0072	Debt service - Interest on long-term debt	-	406,571	406,571	-
	Capital outlay:				
0081	Facilities acquisition and construction	5,652	3,196,039	3,192,375	3,664
	Intergovernmental:				
0095	Juvenile Justice Alternative Education Programs	23,320	23,320	9,546	13,774
0099	Other intergovernmental charges	1,400,000	1,424,874	1,424,873	1
6030	Total expenditures	340,314,147	347,374,719	320,597,303	26,777,416
1100	Excess (deficiency) of revenues over (under) expenditures	348,040	(6,712,532)	4,224,110	10,936,642
1200	Net change in fund balance	348,040	(6,712,532)	4,224,110	10,936,642
0100	Fund balances - beginning	46,480,613	46,480,613	46,480,613	-
3000	**FUND BALANCES - ENDING**	$ 46,828,653	$ 39,768,081	$ 50,704,723	$ 10,936,642

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

Keller Independent School District

Notes to the Required Supplementary Information
Budgetary Data

The Board of Trustees adopts an appropriated budget on a GAAP basis for the General Fund, Child Nutrition Fund, which is included in the Federally Funded Grant fund, and the Debt Service Fund. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund budget appears in Exhibit G-1 and the other two budgets are in Exhibit J-2 and J-3.

The following procedures are followed in establishing the budgetary data:

1. Prior to June 20th the District prepares a budget for the next succeeding fiscal period beginning July 1st. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must be given.
3. Prior to July 1, the budget is legally enacted through resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment is approved before the fact, is reflected in the official minutes of the Board, and is not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. Significant amendments were made to the following functional areas:

Function	Increase (Decrease)
Debt service	$ 5,951,899
Data processing services	4,018,113
Capital outlay	3,190,387
Security and monitoring services	1,444,424
General administration	890,660
Student (pupil) transportation	648,289
Community services	(908,209)
Instruction	(8,256,937)

4. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.
5. The TEA requires these budgets to be filed with the Agency. The budget should not exceed expenditures in any functional expenditure category under TEA requirements. The original and final amended versions of these budgets are included in this report.

Keller Independent School District

Schedule of the District's Proportionate Share of the
Net Pension Liability
Last Ten Fiscal Years

	2025	2024	2023	2022
District's proportion of the net pension liability	0.170303537%	0.173611284%	0.203830800%	0.199580290%
District's proportionate share of net pension liability	$ 104,028,512	$ 119,254,200	$ 121,009,104	$ 50,826,036
State's proportionate share of the net pension liability associated with the District	144,897,160	194,899,978	159,360,766	76,704,696
TOTAL	$ 248,925,672	$ 314,154,178	$ 280,369,870	$ 127,530,732
District's covered payroll	$ 244,495,912	$ 253,927,950	$ 248,420,314	$ 247,280,659
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	42.55%	46.96%	48.71%	20.55%
Plan fiduciary net position as a percentage of the total pension liability	77.51%	73.15%	75.62%	88.79%

Note 1: GASB 68, Paragraph 81.2.a. requires that the information on this schedule be data from the period corresponding with the period covered as of the measurement date of August 31, 2024 - the period from September 1, 2023 - August 31, 2024.

Exhibit G-2

2021	2020	2019	2018	2017	2016
0.186452304%	0.185865914%	0.187278593%	0.197838821%	0.189066080%	0.191179500%
$ 99,860,050	$ 96,618,913	$ 103,082,683	$ 103,082,683	$ 71,445,260	$ 67,579,409
163,046,746	159,705,128	164,036,233	95,088,683	113,063,023	107,396,378
$ 262,906,796	$ 256,324,041	$ 267,118,916	$ 198,171,366	$ 184,508,283	$ 174,975,787
$ 246,841,903	$ 234,766,764	$ 220,697,913	$ 184,484,467	$ 204,888,225	$ 194,375,460
40.46%	41.16%	46.71%	55.88%	34.87%	34.77%
75.54	75.24%	73.74%	82.17%	78.00%	78.43%

Keller Independent School District

Schedule of the District's Contributions
Last Ten Fiscal Years

	2025	2024	2023	2022
Contractually required contribution	$ 8,932,222	$ 9,672,202	$ 9,511,348	$ 6,335,495
Contribution in relation to the contractually required contribution	(8,932,222)	(9,672,202)	(9,511,348)	(6,335,495)
CONTRIBUTION DEFICIENCY (EXCESS)	$ -	$ -	$ -	$ -
District's covered payroll	$ 223,227,796	$ 244,495,911	$ 255,725,624	$ 247,280,659
Contributions as a percentage of covered payroll	4.00%	3.96%	3.72%	2.56%

Note 1: GASB 68, Paragraph 81.2.b. requires that the data in this schedule be presented as the District's current fiscal year as opposed to the time period covered by the measurement date of September 1, 2023 - August 31, 2024.

Exhibit G-3

2021	2020	2019	2018	2017	2016
$ 5,547,012	$ 6,505,531	$ 3,871,147	$ 3,544,262	$ 4,209,448	$ 3,841,258
(5,547,012)	(6,505,531)	(3,871,147)	(3,544,262)	(4,209,448)	(3,841,258)
$ -	$ -	$ -	$ -	$ -	$ -
$ 246,841,903	$ 234,766,764	$ 220,697,913	$ 184,484,467	$ 204,888,225	$ 194,375,460
2.25%	2.77%	1.75%	1.92%	2.05%	1.98%

Keller Independent School District

Exhibit G-4

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

	2025	2024	2023	2022	2021	2020	2019	2018
District's proportion of the net OPEB liability	0.2127317513%	0.2331039620%	0.2478458315%	0.2495090051%	0.2453491545%	0.2459625137%	0.2386882843%	0.2309462243%
District's proportionate share of net OPEB liability	$ 64,567,346	$ 51,605,266	$ 59,344,219	$ 96,246,773	$ 93,268,293	$ 116,318,686	$ 119,179,245	$ 100,429,849
State's proportionate share of the net OPEB liability associated with the District	80,902,009	62,269,686	72,390,624	128,949,226	125,330,229	154,561,515	182,768,422	162,272,613
TOTAL	$ 145,469,355	$ 113,874,952	$ 131,734,843	$ 225,195,999	$ 218,598,522	$ 270,880,201	$ 301,947,667	$ 262,702,462
District's covered payroll	$ 244,495,912	$ 253,927,950	$ 248,420,314	$ 247,280,659	$ 246,841,903	$ 234,766,764	$ 220,697,913	$ 184,484,467
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	26%	20%	24%	39%	38%	50%	54%	54%
Plan fiduciary net position as a percentage of the total OPEB liability	13.70%	14.94%	11.52%	6.18%	4.99%	2.66%	1.57%	0.91%

Note 1: Only eight years of data is presented in accordance with GASB Standard No. 75 as the data for the years other than 2018-2025 is not available.

Note 2: The information on this schedule is for the period corresponding with the period covered as of the measurement date of August 31, 2024 - the period from September 1, 2023 - August 31, 2024.

Keller Independent School District **Exhibit G-5**

Schedule of the District's Contributions
Last Eight Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018
Contractually required contribution	$ 1,792,131	$ 1,957,543	$ 2,035,659	$ 2,005,075	$ 1,947,810	$ 1,745,653	$ 1,741,007	$ 1,454,711
Contribution in relation to the contractually required contribution	(1,792,131)	(1,957,543)	(2,035,659)	(2,005,075)	(1,947,810)	(1,745,653)	(1,741,007)	(1,454,711)
CONTRIBUTION DEFICIENCY (EXCESS)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 223,227,796	$ 244,495,911	$ 255,725,624	$ 247,280,659	$ 246,841,903	$ 234,766,764	$ 220,697,913	$ 184,484,467
Contributions as a percentage of covered payroll	0.80%	0.80%	0.80%	0.81%	0.79%	0.74%	0.79%	0.79%

Note: Only eight years of data is presented in accordance with GASB Standard No. 75 as the data for the years other than 2018-2025 is not available.

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Required TEA Schedules and Other Supplementary Schedules

Keller Independent School District

Schedule of Delinquent Taxes Receivable

Year Ended June 30, 2025

Years Ended June 30,	1 Tax Rates Maintenance	2 Tax Rates Debt Service	3 Assessed or Appraised Valuation	10 Delinquent Balance by Year/Period July 1, 2024
2016 and prior years	Various	Various	$ Various	$ 769,335
2017	1.040	0.480	14,963,935,148	93,039
2018	1.040	0.480	16,498,543,735	92,806
2019	1.170	0.340	18,404,740,923	125,256
2020	1.068	0.340	19,920,809,990	155,628
2021	1.055	0.340	19,503,345,318	201,965
2022	1.004	0.340	21,300,459,155	239,890
2023	0.943	0.330	23,684,541,467	506,831
2024	0.758	0.330	24,783,271,631	2,439,231
2025	0.755	0.330	26,903,673,493	-
1000 TOTALS				$ 4,623,981

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

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

Exhibit J-1

20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	30 Total Collections	40 Adjustments	50 Delinquent Balance by Year/Period June 30, 2025	99 Total Taxes Refunded Under Section 26.1115(c)
$ -	$ 12,728	$ 4,595	$ 17,323	$ (78,122)	$ 673,890	
-	509	235	744	(1,997)	90,298	
-	1,214	560	1,774	(1,997)	89,035	
-	5,184	1,506	6,690	(1,984)	116,582	
-	9,839	3,130	12,969	(4,096)	138,563	
-	51,590	16,631	68,221	(3,377)	130,367	
-	91,990	31,152	123,142	32,675	149,423	
-	323,550	113,237	436,787	242,157	312,201	
-	2,109,073	918,802	3,027,875	1,000,503	411,859	
271,277,221	186,040,283	81,294,081	267,334,364	(1,255,075)	2,687,782	
$ 271,277,221	$ 188,645,960	$ 82,383,929	$ 271,029,889	$ (71,313)	$ 4,800,000	
						$ 215,149

$ -

Keller Independent School District **Exhibit J-2**

Budgetary Comparison Schedule –
Child Nutrition Fund
Year Ended June 30, 2025

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (GAAP Basis)	Variance with Final Budget (Negative)
	REVENUES				
5700	Local and intermediate sources	$ 6,455,645	$ 6,455,645	$ 6,301,352	$ (154,293)
5800	State program revenues	433,250	433,250	365,886	(67,364)
5900	Federal program revenues	8,921,173	8,921,173	8,079,412	(841,761)
5020	Total revenues	15,810,068	15,810,068	14,746,650	(1,063,418)
	EXPENDITURES				
0035	Food service	13,717,402	16,915,914	15,273,767	1,642,147
6030	Total expenditures	13,717,402	16,915,914	15,273,767	1,642,147
1200	Net changes in fund balances	2,092,666	(1,105,846)	(527,117)	578,729
0100	Fund balance - July 1 (beginning)	7,787,503	7,787,503	7,787,503	-
3000	**FUND BALANCE - JUNE 30 (ENDING)**	$ 9,880,169	$ 6,681,657	$ 7,260,386	$ 578,729

Keller Independent School District **Exhibit J-3**

Budgetary Comparison Schedule –
Debt Service Fund
Year Ended June 30, 2025

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (GAAP Basis)	Variance With Final Budget (Negative)
	REVENUES				
5700	Local and intermediate sources	$ 89,585,372	$ 89,585,372	$ 84,146,635	$ (5,438,737)
5800	State program revenues	6,113,514	6,113,514	8,344,439	2,230,925
5020	Total revenues	95,698,886	95,698,886	92,491,074	(3,207,812)
	EXPENDITURES				
0071	Debt service	72,317,512	92,885,449	92,881,546	3,903
6030	Total expenditures	72,317,512	92,885,449	92,881,546	3,903
	Excess (deficiency) of revenues over (under) expenditures	23,381,374	2,813,437	(390,472)	(3,203,909)
1200	Net change in fund balance	23,381,374	2,813,437	(390,472)	(3,203,909)
0100	Fund balance - beginning	71,216,598	71,216,598	71,216,598	-
3000	**FUND BALANCE - ENDING**	$ 94,597,972	$ 74,030,035	$ 70,826,126	$ (3,203,909)

Keller Independent School District **Exhibit J-4**

Use of Funds Report – Select State Allotment

June 30, 2025

Data Codes		Responses
	Section A: Compensatory Education Programs	
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.	$ 15,177,555
AP4	Actual direct program expenditures for state compensatory education programs during the District's fiscal year. (PICs 24, 26, 28, 29, 30)	$ 6,913,100
	Section B: Bilingual Education Programs	
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.	$ 2,290,828
AP8	Actual direct program expenditures for bilingual education programs during the District's fiscal year. (PICs 25)	$ 841,056

Statistical Section

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Statistical Section
(Unaudited)

Keller Independent School District's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the government's overall financial health.

Financial Trends	These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.
Revenue Capacity	These schedules contain information to help the reader assess the government's most significant local revenue sources, the property tax.
Debt Capacity	These schedules present information to help the reader assess the affordability of the government's current level of outstanding debt and the government's ability to issue additional debt in the future.
Demographic & Economic Indicators	These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities takes place.
Operating Information	These schedules contain service and infrastructure data to help the reader understand how the information in the governments relates to the financial report services the government provides and the activities it performs.

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Keller Independent School District — Table I

Net Position by Component
Last Ten Fiscal Periods
(accrual basis of accounting)

	Fiscal Year				
	2016 as restated	2017 as restated	2018 ten month period	2019	2020
GOVERNMENTAL ACTIVITIES					
Net investment in capital assets	$ (20,615,977)	$ (14,625,003)	$ (25,801,873)	$ (10,215,349)	$ (24,717,205)
Restricted	10,109,546	21,433,525	68,504,510	59,501,912	67,965,228
Unrestricted	(19,715,591)	(28,946,706)	(155,786,410)	(151,311,829)	(145,080,587)
TOTAL GOVERNMENTAL ACTIVITIES	$ (30,222,022)	$ (22,138,184)	$ (113,083,773)	$ (102,025,266)	$ (101,832,564)
BUSINESS-TYPE ACTIVITIES					
Unrestricted	$ -	$ -	$ -	$ -	$ -
TOTAL BUSINESS-TYPE ACTIVITIES	$ -	$ -	$ -	$ -	$ -
TOTAL PRIMARY GOVERNMENT					
Net investment in capital assets	$ (20,615,977)	$ (14,625,003)	$ (25,801,873)	$ (10,215,349)	$ (24,717,205)
Restricted	10,109,546	21,433,525	68,504,510	59,501,912	67,965,228
Unrestricted	(19,715,591)	(28,946,706)	(155,786,410)	(151,311,829)	(145,080,587)
TOTAL PRIMARY GOVERNMENT	$ (30,222,022)	$ (22,138,184)	$ (113,083,773)	$ (102,025,266)	$ (101,832,564)

	Fiscal Year				
	2021	2022	2023	2024	2025
GOVERNMENTAL ACTIVITIES					
Net investment in capital assets	$ (29,813,017)	$ (12,397,981)	$ (37,801,569)	$ 83,033,044	$ 161,060,520
Restricted	64,825,226	72,769,897	78,574,460	69,853,667	68,785,423
Unrestricted	(145,161,888)	(147,365,370)	(112,872,833)	(163,041,562)	(162,260,296)
TOTAL GOVERNMENTAL ACTIVITIES	$ (110,149,679)	$ (86,993,454)	$ (72,099,942)	$ (10,154,851)	$ 67,585,647
BUSINESS-TYPE ACTIVITIES					
Unrestricted	$ -	$ -	$ -	$ (5,459,235)	$ (5,832,214)
TOTAL BUSINESS-TYPE ACTIVITIES	$ -	$ -	$ -	$ (5,459,235)	$ (5,832,214)
TOTAL PRIMARY GOVERNMENT					
Net investment in capital assets	$ (29,813,017)	$ (12,397,981)	$ (37,801,569)	$ 83,033,044	$ 161,060,520
Restricted	64,825,226	72,769,897	78,574,460	69,853,667	68,785,423
Unrestricted	(145,161,888)	(147,365,370)	(112,872,833)	(168,500,797)	(168,092,510)
TOTAL PRIMARY GOVERNMENT	$ (110,149,679)	$ (86,993,454)	$ (72,099,942)	$ (15,614,086)	$ 61,753,433

Keller Independent School District

Expenses, Program Revenues, and Net (Expense)/Revenue
Last Ten Fiscal Periods
(accrual basis of accounting)

	Fiscal Period			
	2016	2017	Ten Month Period 2018	2019
EXPENSES				
Governmental activities				
Instruction	$ 192,543,062	$ 204,784,429	$ 134,863,562	$ 233,124,013
Instructional Resources and Media Services	4,101,419	4,295,319	3,352,924	4,734,290
Curriculum and Staff Development	5,011,692	5,508,074	2,635,056	7,718,146
Instructional Leadership	3,067,583	3,697,518	1,902,578	4,359,489
School Leadership	17,975,838	18,981,354	11,426,864	22,460,628
Guidance, Counseling and Evaluation Services	14,350,156	15,278,414	6,810,827	18,435,694
Social Work Services	186,441	191,823	122,603	229,167
Health Services	4,520,733	4,927,856	3,479,593	5,483,065
Student (Pupil) Transportation	7,680,726	8,774,400	8,399,095	10,331,746
Food Services	13,460,964	14,626,820	9,443,516	14,953,331
Cocurricular/Extracurricular Activities	10,986,247	12,323,976	8,108,679	13,141,858
General Administration	7,385,418	7,668,059	4,890,980	8,763,316
Plant Maintenance and Operations	25,475,399	27,353,038	21,614,420	29,299,421
Security and Monitoring Services	2,453,664	2,792,900	2,321,617	3,354,580
Data Processing Services	5,279,989	4,658,225	3,831,814	4,847,519
Community Services	1,008,673	1,118,744	900,050	1,938,405
Debt Service - Interest on Long Term Debt	33,855,378	32,800,765	24,748,166	29,779,733
Facilities Acquisition and Construction	261,892	283,581	241,570	299,964
Shared Services Agreement	-	11,352	12,513	10,062
Juvenile Justice Alternative Ed Program	2,679,362	2,852,110	3,117,970	-
Other governmental charges	1,095,381	1,205,128	1,089,363	1,381,484
Total governmental activities expenses	353,380,017	374,133,885	253,313,760	414,645,911
Business-type activities				
Natatorium	-	-	-	-
Total business-type activities expenses	-	-	-	-
Total primary government expenses	353,380,017	374,133,885	253,313,760	414,645,911
PROGRAM REVENUES				
Charges for services				
Instruction	5,754,413	5,934,808	5,802,481	7,293,084
Instructional Resources and Media Services	110,959	112,249	110,701	127,277
Curriculum and Staff Development	142,202	148,717	133,560	186,182
Instructional Leadership	93,248	110,724	101,157	132,113
School Leadership	537,111	545,697	514,068	645,250
Guidance, Counseling and Evaluation Services	386,825	391,960	346,228	452,917
Social Work Services	5,826	5,799	5,062	6,662
Health Services	100,410	106,261	102,137	119,051
Student (pupil) services	248,380	275,808	270,696	348,373
Food Services	7,693,450	7,967,621	7,332,511	8,038,028
Cocurricular/Extracurricular Activities	887,247	961,000	840,896	938,176
General Administration	214,944	225,478	193,088	251,149
Plant Maintenance and Operations	1,339,813	1,400,085	1,243,459	1,576,384
Security and Monitoring Services	70,149	71,300	68,410	95,639
Data Processing Services	163,674	137,390	131,032	154,803
Community Services	22,365	22,728	24,825	47,139
Shared services agreement	4,913	5,135	4,927	6,052
Payments to Juvenile Justice Alternative Ed	-	358	405	342
Payments to tax increment fund	86,658	89,892	100,826	-
Other governmental charges	-	-	35,227	46,961
Operating Grants and Contributions	24,146,792	25,867,032	(23,701,503)	51,631,861
Total governmental activities revenues	42,009,379	44,380,042	(6,339,807)	72,097,443
Business-type activities				
Charges for Services - Natatorium	-	-	-	-
Total business-type activities revenues	-	-	-	-
Total primary government revenues	42,009,379	44,380,042	(6,339,807)	72,097,443
NET (EXPENSE)/REVENUE				
Governmental activities	$ (311,370,638)	$ (329,753,843)	$ (259,653,567)	$ (342,548,468)
Business-type activities	-	-	-	-
Total primary government net expense	$ (311,370,638)	$ (329,753,843)	$ (259,653,567)	$ (342,548,468)

Table II

Fiscal Period					
2020	2021	2022	2023	2024	2025
$ 249,406,832	$ 254,963,679	$ 229,892,757	$ 237,292,267	$ 239,851,649	$ 212,702,298
4,630,922	4,607,174	4,637,280	4,528,837	4,334,218	2,945,684
8,791,246	8,832,232	7,582,926	8,147,521	7,112,471	6,059,350
5,469,940	5,196,458	5,012,252	5,310,706	4,593,321	3,901,959
23,851,395	23,936,205	21,873,661	23,408,136	23,390,004	22,497,607
20,864,446	21,291,170	19,284,107	21,398,095	19,724,920	17,473,202
295,576	240,629	264,363	285,124	1,153,458	1,260,067
5,719,147	5,617,329	3,912,772	4,331,367	4,210,051	4,201,359
13,441,122	13,070,481	14,543,031	15,104,500	16,194,040	17,387,847
15,005,680	12,656,406	15,515,970	14,753,292	14,232,035	15,038,638
13,385,332	12,479,273	14,075,680	14,732,264	14,660,341	13,959,822
9,022,735	8,979,535	9,070,431	9,389,984	9,097,803	9,708,403
31,263,076	40,904,762	32,426,694	33,735,661	39,696,846	39,334,901
6,916,708	5,506,226	4,869,479	5,781,769	6,451,592	7,724,306
11,059,662	9,491,468	8,115,273	6,122,409	6,165,662	6,648,546
2,274,587	2,265,649	2,115,726	2,155,050	1,537,761	1,363,078
35,000,067	29,571,878	19,901,224	27,680,351	28,186,416	26,399,948
301,677	254,027	361,882	376,036	-	-
-	-	22,704	-	364,654	271,918
-	-	-	-	1,677	9,546
1,380,611	1,283,519	1,328,533	1,331,658	1,366,516	1,424,873
458,080,761	461,148,100	414,806,745	435,865,027	442,325,435	410,313,352
-	-	-	-	793,493	853,920
-	-	-	-	793,493	853,920
458,080,761	461,148,100	414,806,745	435,865,027	443,118,928	411,167,272
8,209,201	8,684,299	8,703,747	9,744,715	9,464,571	10,071,588
145,225	151,541	141,062	156,497	151,745	118,278
240,318	203,339	228,064	261,720	187,603	139,434
171,788	174,112	168,697	196,619	171,604	181,057
760,219	785,939	707,532	832,800	846,235	975,704
577,005	629,462	574,300	684,904	536,112	585,307
7,861	6,128	7,877	9,135	10,246	15,589
138,460	86,750	81,043	153,329	153,703	186,143
479,965	486,671	485,335	590,920	590,156	825,395
6,244,328	1,584,141	1,624,555	5,970,493	5,929,098	5,915,966
933,261	845,065	978,169	1,019,355	987,965	1,060,024
301,707	311,004	305,698	353,363	343,849	401,920
1,526,953	1,363,132	1,560,620	1,844,057	1,779,016	2,007,736
117,167	133,080	113,096	167,009	169,683	278,196
191,827	180,679	174,888	190,185	199,071	299,368
61,979	66,136	62,090	65,988	37,441	43,182
11,450	3,735	6,535	7,371	-	-
-	-	768	-	512	461
-	-	-	-	-	-
52,402	48,130	44,942	52,660	54,382	69,071
57,291,990	62,623,298	45,824,756	39,062,405	61,209,311	45,573,997
77,463,106	78,366,641	61,793,774	61,363,525	82,822,303	68,748,416
-	-	-	-	466,090	480,941
-	-	-	-	466,090	480,941
77,463,106	78,366,641	61,793,774	61,363,525	83,288,393	69,229,357
$ (380,617,655)	$ (382,781,459)	$ (353,012,971)	$ (374,501,502)	$ (359,503,132)	$ (341,564,936)
-	-	-	-	(327,403)	(372,979)
$ (380,617,655)	$ (382,781,459)	$ (353,012,971)	$ (374,501,502)	$ (359,830,535)	$ (341,937,915)

Keller Independent School District

General Revenues and Total Change in Net Position
Last Ten Fiscal Periods
(accrual basis of accounting)

	Fiscal Period			
	2016	2017	Ten Month Period 2018	2019
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes				
Property Taxes, Levied for General Purposes	$ 138,389,296	$ 157,492,713	$ 174,009,523	$ 209,616,823
Property Taxes, Levied for Debt Service	66,455,898	72,643,326	80,231,598	60,903,936
State Aid - Formula Grants	104,034,451	101,554,176	86,335,746	74,207,101
Investment Earnings	1,335,280	1,603,406	1,890,242	3,393,048
Miscellaneous Local and Intermediate Revenue	1,831,069	4,544,060	2,151,054	5,486,067
Total governmental activities	312,045,994	337,837,681	344,618,163	353,606,975
Business-type activities				
Natatorium	-	-	-	-
Total business-type activities	-	-	-	-
Total primary government	$ 312,045,994	$ 337,837,681	$ 344,618,163	$ 353,606,975
CHANGES IN NET POSITION				
Governmental activities	$ 675,356	$ 8,083,838	$ 84,964,596	$ 11,058,507
Business-type activities	-	-	-	-
Total primary government	$ 675,356	$ 8,083,838	$ 84,964,596	$ 11,058,507

Fiscal Period					
2020	**2021**	**2022**	**2023**	**2024**	**2025**
$ 209,195,035	$ 212,616,903	$ 214,057,009	$ 220,767,265	$ 177,666,914	$ 186,773,584
66,595,722	68,525,318	72,435,073	77,186,170	77,381,132	81,560,553
95,871,743	89,243,152	82,650,617	70,199,144	128,661,375	115,532,521
3,605,715	822,165	852,740	7,801,515	6,449,817	5,150,236
5,542,142	3,256,806	6,173,757	13,440,920	26,157,153	30,288,540
380,810,357	374,464,344	376,169,196	389,395,014	416,316,391	419,305,434
-	-	-	-	-	-
-	-	-	-	-	-
$ 380,810,357	$ 374,464,344	$ 376,169,196	$ 389,395,014	$ 416,316,391	$ 419,305,434
$ 192,702	$ (8,317,115)	$ 23,156,225	$ 14,893,512	$ 56,813,259	$ 77,740,498
-	-	-	-	(327,403)	(372,979)
$ 192,702	$ (8,317,115)	$ 23,156,225	$ 14,893,512	$ 56,485,856	$ 77,367,519

Keller Independent School District

Fund Balances Governmental Funds
Last Ten Fiscal Periods
(modified accrual basis of accounting)

	Fiscal Period			
	2016, as restated	2017	Ten Month Period 2018	2019
GENERAL FUND				
Nonspendable	$ 1,373,721	$ 1,450,479	$ 1,325,161	$ 1,185,337
Assigned	1,698,788	-	-	54,163,590
Committed	50,361,656	45,174,517	49,682,857	-
Unassigned	380,305	1,265,837	10,929,581	17,004,876
Total General Fund	53,814,470	47,890,833	61,937,599	72,353,803
ALL OTHER GOVERNMENTAL FUNDS				
Nonspendable	426,326	177,007	1,229,377	659,291
Restricted	74,088,698	35,584,663	94,768,957	84,416,115
Committed	3,975,069	3,976,935	4,294,174	4,726,580
Unassigned	-	-	-	-
Total all other Governmental Funds	78,490,093	39,738,605	100,292,508	89,801,986
TOTAL GOVERNMENTAL FUNDS	$ 132,304,563	$ 87,629,438	$ 162,230,107	$ 162,155,789

Fiscal Period						
2020	**2021**	**2022**	**2023**	**2024**	**2025**	
$ 1,738,392	$ 1,925,770	$ 1,457,089	$ 1,301,391	$ 1,123,963	$ 1,622,444	
56,667,670	9,842,659	8,774,374	-	-	-	
-	-	-	5,137,992	-	-	
25,068,355	70,263,308	59,389,422	40,738,039	45,356,650	49,082,279	
83,474,417	82,031,737	69,620,885	47,177,422	46,480,613	50,704,723	
3,876,156	5,284,622	4,983,670	2,889,352	565,082	343,796	
388,292,494	298,751,137	201,854,596	129,096,592	92,979,655	94,431,028	
4,968,069	5,186,541	6,300,047	6,175,138	6,170,751	6,410,075	
-	(473,976)	-	(540,602)	-	-	
397,136,719	308,748,324	213,138,313	137,620,480	99,715,488	101,184,899	
$ 480,611,136	$ 390,780,061	$ 282,759,198	$ 184,797,902	$ 146,196,101	$ 151,889,622	

Keller Independent School District

Governmental Funds Revenues
Last Ten Fiscal Periods
(modified accrual basis of accounting)

	Fiscal Period			
	2016	2017	Ten Month Period 2018	2019
FEDERAL SOURCES				
Distributed by TEA	$ 7,242,164	$ 7,161,700	$ 6,553,911	$ 8,516,279
Distributed by other State of Texas Government Agencies	8,633,753	9,730,182	6,296,438	14,533,462
Distributed directly from the Federal Government	198,293	211,422	132,306	108,530
Total federal sources	16,074,210	17,103,304	12,982,655	23,158,271
STATE SOURCES				
Per capita and foundation school program act revenues	104,126,784	101,649,010	88,067,530	74,302,830
Program revenues distributed by TEA	11,713,165	12,606,639	13,447,284	14,521,500
Revenues from State of Texas Government Agencies	25,995	43,252	64,356	33,758
Total state sources	115,865,944	114,298,901	101,579,170	88,858,088
LOCAL AND MAINTENANCE SOURCES				
Real and personal property taxes	205,078,837	229,551,099	253,912,389	270,940,822
Tuition and fees	149,256	175,164	246,952	752,011
Other revenues	8,650,206	10,102,598	8,604,489	10,321,714
Cocurricular, enterprising services or activities	8,138,867	8,553,507	8,675,593	9,210,342
Total local and intermediate sources	222,017,166	248,382,368	271,439,423	291,224,889
TOTAL REVENUES	$ 353,957,320	$ 379,784,573	$ 386,001,248	$ 403,241,248

Table V

Fiscal Period						
2020	**2021**	**2022**	**2023**	**2024**	**2025**
$ 10,129,161	$ 20,894,910	$ 19,722,183	$ 16,186,947	$ 15,687,157	$ 11,733,370
11,722,884	16,294,647	25,097,346	11,704,719	10,756,338	10,377,016
61,789	282,917	385,523	492,666	692,390	246,657
21,913,834	37,472,474	45,205,052	28,384,332	27,135,885	22,357,043
95,438,257	89,243,152	115,532,521	70,199,144	128,661,375	115,532,521
17,811,100	18,299,906	(19,266,078)	17,185,367	21,999,122	23,562,993
23,200	25,738	1,952,988	1,098,567	7,850,697	6,302,507
113,272,557	107,568,796	98,219,431	88,483,078	158,511,194	145,398,021
274,983,528	281,715,874	269,009,275	298,397,930	253,734,976	269,009,275
582,216	876,736	13,969,982	1,199,359	919,837	1,150,424
10,969,523	5,128,172	9,139,248	23,376,778	34,704,216	37,591,505
6,583,545	1,901,929	6,650,188	6,401,288	6,665,320	6,650,188
293,118,812	289,622,711	298,768,693	329,375,355	296,024,349	314,401,392
$ 428,305,203	$ 434,663,981	$ 442,193,176	$ 446,242,765	$ 481,671,428	$ 482,156,456

Keller Independent School District

Governmental Funds Expenditures and Debt Service Ratio
Last Ten Fiscal Periods
(modified accrual basis of accounting)

	Fiscal Period			
	2016	2017	Ten Month Period 2018	2019
Instruction	$ 173,991,768	$ 181,295,806	$ 172,972,519	$ 194,287,381
Instructional Resources and Media Services	3,803,914	3,962,790	3,850,094	4,147,576
Curriculum and Instructional Staff Development	4,860,782	5,271,019	4,697,466	6,413,728
Instructional Leadership	2,938,823	3,540,550	3,153,336	3,925,161
School Leadership	16,711,207	17,552,941	16,097,699	19,206,898
Guidance, Counseling and Evaluation Services	13,631,399	14,314,729	12,272,128	15,310,390
Social Work Services	180,126	184,001	167,087	201,454
Health Services	3,117,838	3,383,307	3,161,040	3,505,429
Student (Pupil) Transportation	7,706,062	8,770,502	8,395,846	10,327,848
Food Services	13,696,544	14,221,227	11,765,349	13,809,761
Cocurricular/Extracurricular Activities	10,476,096	11,455,275	9,820,122	11,849,965
General Administration	6,834,724	7,333,075	6,174,313	7,956,268
Facilities Maintenance and Operations	24,775,021	26,197,867	22,418,785	28,005,979
Security and Monitoring Services	3,331,315	2,457,156	2,187,128	2,981,881
Data Processing Services	5,064,464	4,428,534	4,106,340	4,566,296
Community Services	712,357	789,662	796,482	1,488,385
Debt Service				
Principal	20,642,572	21,744,471	3,297,392	29,285,675
Interest	43,595,799	42,011,645	16,529,435	36,999,678
Bond Issuance Cost and Fees	1,224,732	10,261	8,330	239,293
Facilities Acquisition and Construction	105,979,279	53,030,920	5,068,272	2,343,748
Shared services arrangements	261,892	283,581	241,570	299,964
Juvenile Justice Alternative Education Program	-	11,352	12,513	10,062
Payments to Tax Increment Fund	2,679,362	2,852,110	3,117,970	-
Other governmental charges	1,095,381	1,205,128	1,089,363	1,381,484
TOTAL EXPENDITURES	$ 467,311,457	$ 426,307,909	$ 311,400,579	$ 398,544,304
Debt Service as a Percentage of Noncapital Expenditures	16.96%	18.88%	8.90%	21.38%

Table VI

Fiscal Period					
2020	**2021**	**2022**	**2023**	**2024**	**2025**
$ 205,286,002	$ 223,525,183	$ 222,157,329	$ 219,361,812	$ 233,676,686	$ 189,265,782
4,093,063	4,296,882	4,485,198	4,273,983	4,095,717	2,741,087
7,235,074	7,924,354	7,805,688	7,877,693	6,630,925	5,874,576
4,572,740	4,709,794	5,127,547	5,086,609	4,299,147	3,767,100
20,258,404	21,496,959	21,049,679	21,384,866	20,982,407	20,295,100
17,182,610	19,247,600	19,330,748	20,004,444	18,568,193	17,103,291
239,776	213,615	273,773	275,577	344,480	405,477
3,677,684	3,798,160	4,051,712	3,899,268	3,780,190	3,843,045
13,437,224	13,066,583	14,543,031	15,101,901	16,194,040	17,387,847
13,721,981	11,597,601	16,033,592	16,610,274	13,539,998	15,335,662
11,724,053	11,323,164	13,407,629	13,933,465	13,558,667	13,017,291
8,133,640	8,406,344	9,212,838	9,142,707	8,603,139	9,517,621
30,018,504	40,370,912	31,480,474	33,974,909	40,677,132	39,092,013
7,072,423	8,186,686	5,043,704	5,133,906	6,510,848	11,750,173
11,382,192	9,909,655	8,264,651	5,779,324	5,763,355	6,289,769
1,745,709	1,880,949	1,974,598	1,801,340	1,185,196	1,024,179
16,916,122	32,792,656	29,993,867	40,480,195	71,841,436	66,497,081
44,789,425	45,870,698	43,319,711	36,093,550	32,381,850	32,349,093
146,351	815,856	1,556,035	8,556	12,601	54,668
3,979,633	54,336,526	96,055,350	87,271,988	43,049,751	21,682,320
301,677	254,027	361,882	376,036	364,654	271,918
-	-	22,704	-	1,677	9,546
-	-	-	-	-	-
1,380,611	1,283,519	1,328,533	1,331,658	1,366,516	1,424,873
$ 427,294,898	$ 525,307,723	$ 556,880,273	$ 549,204,061	$ 547,428,605	$ 478,999,512
18.22%	18.01%	15.65%	16.62%	21.68%	22.12%

Keller Independent School District

Other Financing Sources and Uses and Net Change in Fund Balances
Last Ten Fiscal Periods
(modified accrual basis of accounting)

	Fiscal Period			
	2016	2017	Ten Month Period 2018	2019
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	$ (113,354,137)	$ (46,523,336)	$ 74,600,669	$ 4,696,944
OTHER FINANCING SOURCES (USES)				
Lease Liability Issued	-	-	-	-
General Long-term Debt Issued	126,935,000	-	-	14,280,000
Subscription Liability Issued	-	-	-	-
Transfers In	-	-	-	-
Premium or Discount on Issuance of Bonds	25,527,395	-	-	3,512,595
Transfers Out	-	-	-	-
Payment to Bond Refunding Escrow Agent	(152,246,597)	-	-	(22,563,857)
Other Sources (Uses)	331,695	1,848,211	-	-
Total Other Financing Sources (Uses)	547,493	1,848,211	-	(4,771,262)
NET CHANGE IN FUND BALANCES	$ (112,806,644)	$ (44,675,125)	$ 74,600,669	$ (74,318)

Fiscal Period					
2020	**2021**	**2022**	**2023**	**2024**	**2025**
$ 1,010,305	$ (90,643,742)	$ (114,687,097)	$ (102,961,296)	$ (65,757,177)	$ 3,156,944
-	-	-	-	19,731,374	-
288,110,000	85,759,989	168,319,991	-	-	-
-	-	-	-	-	2,536,577
-	205,550	5,000,000	5,000,000	2,292,170	-
39,836,850	12,537,311	24,612,109	-	-	-
-	(205,550)	-	-	-	-
(10,501,808)	(97,484,633)	(191,383,719)	-	-	-
-	-	117,853	-	-	-
317,445,042	812,667	6,666,234	5,000,000	22,023,544	2,536,577
$ 318,455,347	$ (89,831,075)	$ (108,020,863)	$ (97,961,296)	$ (43,733,633)	$ 5,693,521

Keller Independent School District

Table VIII

Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Periods

Fiscal Period	Assessed Value: Real Property	Assessed Value: Personal Property	Less: Tax-Exempt Property	Total Taxable Assessed[a] Value	Total Direct Tax Rate[b]	Estimated Actual Taxable[c] Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2016	$ 14,147,290,643	$ 715,396,851	$ 1,959,793,037	$ 12,902,894,457	1.5400	$ 14,862,687,494	86.81%
2017	16,295,187,107	785,317,276	2,116,569,235	14,963,935,148	1.5200	17,080,504,383	87.61%
2018	17,714,662,204	954,120,636	2,170,239,105	16,498,543,735	1.5200	18,668,782,840	88.38%
2019	19,812,180,062	1,049,396,664	2,456,835,803	18,404,740,923	1.5100	20,861,576,726	88.22%
2020	21,437,425,433	1,163,772,770	2,680,388,213	19,920,809,990	1.4083	22,601,198,203	88.14%
2021	21,010,857,946	1,188,800,950	2,696,313,578	19,503,345,318	1.3947	22,199,658,896	87.85%
2022	22,896,401,734	1,176,980,666	2,772,923,245	21,300,459,155	1.3440	24,073,382,400	88.48%
2023	26,146,210,788	1,166,115,710	3,627,785,031	23,684,541,467	1.2729	27,312,326,498	86.72%
2024	29,831,558,787	1,189,387,542	6,237,674,698	24,783,271,631	1.0875	31,020,946,329	79.89%
2025	32,120,149,089	1,271,897,527	6,488,373,123	26,903,673,493	1.0852	33,392,046,616	80.57%

Source: Tarrant County Tax Appraisal District

Notes:

[a] Market valule less exemptions

[b] Per $100 of assessed valuation

[c] Market value

Keller Independent School District

Table IX

Property Tax Rates for Direct and Overlapping Governments
Last Ten Fiscal Periods
(rate per $100 of assessed value)

	District Direct Rates			Overlapping Government Rates[a]				
Fiscal Year	Operating	Debt Service	Total	Tarrant County	Tarrant Co. Hospital District	Tarrant County College District	City of Colleyville	City of Fort Worth
2016	1.04000	0.50000	1.54000	0.26400	0.22790	0.14950	0.35590	0.85500
2017	1.04000	0.48000	1.52000	0.25400	0.22790	0.14473	0.33913	0.83500
2018	1.04000	0.48000	1.52000	0.24400	0.22443	0.14006	0.33383	0.80500
2019	1.17000	0.34000	1.51000	0.23400	0.22443	0.13607	0.32080	0.78500
2020	1.06830	0.34000	1.40830	0.23400	0.22443	0.13017	0.30681	0.74750
2021	1.05470	0.34000	1.39470	0.23400	0.22443	0.13017	0.30437	0.74750
2022	1.00400	0.34000	1.34400	0.22900	0.22443	0.13017	0.29178	0.73250
2023	0.94290	0.33000	1.27290	0.22400	0.22443	0.13017	0.26562	0.71250
2024	0.75750	0.33000	1.08750	0.19450	0.19450	0.11217	0.26099	0.06725
2025	0.7552	0.3300	1.0852	0.18750	0.18250	0.11228	0.27620	0.67250

	Overlapping Government Rates[a]				
Fiscal Year	City of Haltom City	City of Keller	City of North Richland Hills	City of Southlake	City of Watauga
2016	0.69999	0.43469	0.61000	0.46200	0.61872
2017	0.69999	0.43000	0.61000	0.46200	0.61841
2018	0.66818	0.42750	0.59000	0.46200	0.60179
2019	0.65300	0.41325	0.58500	0.44700	0.60179
2020	0.66576	0.39990	0.57200	0.41000	0.58050
2021	0.66576	0.39500	0.57570	0.40500	0.58040
2022	0.64565	0.39500	0.52184	0.39000	0.58040
2023	0.60816	0.35450	0.54797	0.36000	0.57020
2024	0.56728	0.31200	0.48939	0.31900	0.57020
2025	0.58073	0.29112	0.48939	0.30500	0.50720

Source: Tarrant County Tax Appraisal District
Note:
[a]Includes levies for operating and debt service costs

Keller Independent School District

Table X

Principal Property Taxpayers
Current Period and Nine Years Ago

Taxpayer	2025 Taxable Assessed Value	2025 Rank	2025 Percentage of Taxable Value	2016 Taxable Assessed Value	2016 Rank	2016 Percentage of Taxable Value
Hillwood Monterra Lp	$ 292,280,763	1	1.09%	$ 63,456,922	6	0.49%
ATC MF No.4 LP/ATC MF NO2 LP/ATC MFNO 3 LP/ATCMF 1 LP	215,600,000	2	0.80%			
Kroger Co The/Kroger Texas LP (035)	153,100,828	3	0.57%	141,738,665	1	1.09%
WW 1300 Keller Parkway LLC WW 400 Bourland Road LLC	150,600,000	4	0.56%			
FMR Texas LTD PRTNSHP/FMR Texas I LLC	129,537,516	5	0.48%			
ATC Investors LP	110,902,020	6	0.41%	105,474,800	3	0.81%
VR Republic LP/VR Belterra Holdings LP	108,100,000	7	0.40%			
GS-PG Keller Center Stage Owner LLC	105,340,000	8	0.39%			
HCA Health Services of TX Inc	90,071,906	9	0.33%	67,988,307	5	0.53%
WWCI Dallas XVII-B LLC	76,500,000	10	0.28%			
Wal-Mart Stores Texas LP				84,916,625	4	0.66%
FAA DFW Associates LLC				48,500,000	7	0.37%
FMR Texas LP				128,439,468	2	0.99%
North Beach TX Partners LLC				47,418,838	8	0.37%
BR Carroll Keller Crossing LLC				44,426,000	9	0.34%
SC Dominion SPE LLC				41,760,000	10	0.32%
Subtotal	1,432,033,033		5.31%	774,119,625		5.97%
All other taxpayers	25,471,640,460		94.69%	12,172,848,509		94.03%
	$ 26,903,673,493		100.00%	$ 12,946,968,134		100.00%

Source: Tarrant Appraisal District

Keller Independent School District

Table XI

Property Tax Levies and Collections
Last Ten Fiscal Periods

Fiscal Year	Tax Year	Original Levy	Adjustments	Adjusted Levy	Collected in First Period		Collected in Subsequent Period	Total Collections	
					Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2016	2015	$ 195,978,901	$ 7,774,275	$ 203,753,176	202,734,808	103.45%	$ 941,027	$ 203,675,835	99.96%
2017	2016	222,329,840	6,187,841	228,517,681	227,431,763	102.29%	999,574	228,431,337	99.96%
2018	2017	244,073,351	8,608,581	252,681,932	250,904,866	102.80%	1,692,069	252,596,935	99.97%
2019	2018	269,305,252	1,395,884	270,701,136	267,472,743	99.32%	2,677,996	270,150,739	99.80%
2020	2019	271,946,042	2,329,124	274,275,166	271,653,876	99.89%	1,898,632	273,552,508	99.74%
2021	2020	263,072,176	17,079,978	280,152,154	278,709,373	105.94%	1,317,707	280,027,080	99.96%
2022	2021	276,670,952	9,160,585	285,831,537	283,889,618	102.61%	1,800,274	285,689,892	99.95%
2023	2022	292,359,820	4,216,652	296,576,472	296,138,885	101.29%	106,298	296,245,183	99.89%
2024	2023	265,872,717	(12,958,084)	252,914,633	252,918,741	95.13%	(444,073)	252,474,668	99.83%
2025	2024	271,277,221	(1,751,443)	269,525,778	267,334,364	98.55%	-	267,334,364	99.19%

Source: Tarrant County Tax Office

Note: This schedule includes operating and debt service tax revenues.

Keller Independent School District

Table XII

Outstanding Debt by Type
Last Ten Fiscal Periods

	Governmental Activities							
Fiscal Year	Bonded Debt	Leases	Subscriptions	Total Primary Government	Percentage of Personal Income[a]	Estimated Population	Per Capita[a]	Ratio of Debt to Estimated Actual Property Value[b]
2016	$ 867,851,273	$ -	$ -	$ 867,851,273	46.81%	44,050	$ 19,702	17.13
2017	834,031,187	-	-	834,031,187	35.09%	45,749	18,231	20.48
2018	819,252,095	-	-	819,252,095	33.36%	46,672	17,553	22.79
2019	773,559,842	-	-	773,559,842	29.98%	47,458	16,300	26.96
2020	1,060,128,721	-	-	1,060,128,721	41.09%	47,193	22,464	21.32
2021	1,001,590,265	-	-	1,001,590,265	55.05%	48,486	20,657	19.47
2022	972,248,911	-	-	972,248,911	31.25%	46,028	21,123	24.76
2023	923,523,731	-	-	923,523,731	29.29%	46,308	19,943	29.57
2024	848,681,095	14,593,383	-	863,274,478	25.36%	46,472	18,576	36.55
2025	780,091,473	9,861,963	1,655,272	791,608,708	22.08%	46,643	16,972	42.18

Notes:

[a]See Schedule XIV for personal income, per capita and population data.

[b]See Schedule VIII for estimated actual property value.

2018 was a ten month period

Keller Independent School District **Table XIII**

Direct and Overlapping Governmental Activities Debt
As of June 30, 2025

Governmental Unit	Total Tax Supported Debt as of 06/30/25	Estimated Percentage Applicable[b]	Estimated Share of Direct and Overlapping Debt
City of Colleyville	$ 10,860,000	13.87%	$ 1,506,282
City of Fort Worth	1,094,195,000	10.96%	119,923,772
City of Haltom City	79,040,000	3.85%	3,043,040
City of Hurst	50,080,000	1.39%	696,112
City of Keller	17,463,868	97.83%	17,084,902
City of North Richland Hills	96,288,218	11.40%	10,976,857
City of Southlake	27,067,257	5.56%	1,504,939
City of Watauga	55,980,000	35.96%	20,130,408
Town of Westlake	52,712,000	42.95%	22,639,804
Tarrant County	314,050,000	9.43%	29,614,915
Tarrant Co. College Dist	547,535,000	9.43%	51,632,551
Tarrant Co. Hospital District	431,255,000	9.43%	40,667,347
Tarrant Regnl WD	98,710,000	8.70%	8,587,770
Subtotal, Overlapping Debt			328,008,699
District Direct Debt			780,091,473
TOTAL DIRECT AND OVERLAPPING DEBT			$ 1,108,100,172
RATIO OF TOTAL DIRECT AND OVERLAPPING DEBT TO ASSESSED VALUATION			4.12%
PER CAPITA OVERLAPPING DEBT			$ 7,032

Source: Data provided by Municipal Advisory of Texas (Texas MAC)
that falls within the borders of the school district is applied to the total tax-supported debt
of that entity to determine the overlapping debt of the Keller Independent School District.

Keller Independent School District **Table XIV**

Demographic and Economic Statistics
Last Ten Fiscal Periods

Calendar Year	Population[a]	Personal Income[b]	Per Capita Personal Income	Unemployment Rate[c]
2016	44,050	$ 2,000,530,750	$ 45,415	3.50%
2017	45,749	2,376,843,546	51,954	3.44%
2018	46,672	2,455,740,624	52,617	2.90%
2019	47,458	2,580,196,544	54,368	3.00%
2020	47,193	2,675,040,819	56,683	5.20%
2021	46,486	1,744,247,692	37,522	4.90%
2022	46,028	3,111,308,688	67,596	2.90%
2023	45,724	3,152,898,420	68,955	3.10%
2024	46,472	3,403,609,280	73,240	3.10%
2025	46,643	3,584,934,337	76,859	3.40%

Sources:

[a]U.S. Census Bureau, North Central Texas Council of Governments

[b]U.S. Department of Commerce, Bureau Of Economic Analysis

[c]Texas Workforce Commission

Notes:

All information above is for the Keller municipal area.

2018 was a ten month period.

Keller Independent School District **Table XV**

Principal Employers
Current Period and Nine Years Ago

	2025			2016		
Employer	**Employees**	**Rank**	**Percentage of Total Employment**	**Employees**	**Rank**	**Percentage of Total Employment**
Lockheed Martin Corp	18,700	1	29.83%			
DFW International Airport	14,000	2	22.33%			
Fidelity Investments	6,900	3	11.01%	4,800	4	11.92%
BNSF Railway	4,900	4	7.82%	5,200	2	12.92%
Keller ISD	4,196	5	6.69%	4,141	5	10.29%
Sabre Corp.	3,545	6	5.66%	2,999	9	7.45%
Amazon Fullfillment Center	3,000	7	4.79%	5,000	3	12.42%
Genco	3,000	8	4.79%	3,000	8	7.45%
TD Ameritrade	2,900	9	4.63%	-		-
United States Postal Services	1,543	10	2.45%	2,500	10	6.21%
Walmart				3,542	6	8.80%
Bell Helicopter				5,580	1	13.86%
ATC Logistics				3,500	7	8.68%
	62,684		100.00%	40,262		100.00%

Source: North Central Council of Governments

Keller Independent School District

Table XVI

Full-Time-Equivalent District Employees by Type
Last Ten Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Change 2016-2025
SUPERVISORY											
Instructional administrators	18.00	21.00	21.00	20.00	26.00	27.00	27.00	26.00	26.00	20.00	11.1%
Noninstructional adminstrators	60.25	66.25	71.25	74.00	76.00	83.00	95.00	97.00	99.00	99.00	64.3%
Consultants/supervisors of instruction	25.00	41.00	49.00	56.50	64.50	66.50	72.00	70.00	64.00	62.00	148.0%
Principals	40.00	42.00	42.00	42.00	41.00	41.00	42.00	42.00	42.00	42.00	5.0%
Assistant Principals	69.00	70.00	78.00	80.00	82.00	82.00	81.00	81.00	82.00	78.00	13.0%
Total supervisory	212.25	240.25	261.25	272.50	289.50	299.50	317.00	316.00	313.00	301.00	41.8%
INSTRUCTION											
Elementary classroom teachers	1240.96	1260.00	1245.50	1254.25	1281.00	1329.77	1255.62	1254.60	1213.80	1116.00	-10.1%
Secondary classroom teachers	975.04	1060.81	1104.50	1120.22	1144.87	1179.23	1206.38	1205.40	1166.20	996.40	2.2%
Other professionals (instructional)	89.00	80.40	80.40	84.10	86.10	91.10	91.10	94.50	87.16	80.00	-10.1%
Aides	342.00	367.50	381.50	413.50	471.50	515.50	493.50	476.00	470.00	482.00	40.9%
Total Instruction	2647.00	2768.71	2811.90	2872.07	2983.47	3115.60	3046.60	3030.50	2937.16	2674.40	1.0%
STUDENT SERVICES											
Guidance counselors	108.00	111.00	105.00	109.00	112.00	132.00	131.00	132.00	122.00	101.00	-6.5%
Visiting teacher/social workers	3.00	3.00	3.00	3.00	3.00	2.50	2.50	3.50	5.50	3.50	16.7%
	8.00	8.00	9.00	10.00	12.00	12.00	12.00	11.80	12.00	12.00	50.0%
Librarians	38.00	39.00	40.00	40.00	40.00	40.00	40.00	40.00	39.00	23.00	-39.5%
Other professionals (noninstructional)	97.00	98.00	100.00	99.00	99.00	102.00	126.00	105.00	126.00	118.00	21.6%
Technicians	0.00	4.00	10.00	10.00	11.00	13.50	13.50	13.50	13.50	14.50	0.0%
Total student services	254.00	263.00	267.00	271.00	277.00	302.00	325.00	305.80	318.00	272.00	7.1%
SUPPORT AND ADMINISTRATION											
Clerical/secretarial	252.25	261.75	265.75	279.25	285.50	289.50	289.25	291.50	290.00	272.00	7.8%
Service workers	268.00	274.00	277.00	282.00	280.00	284.00	290.00	287.00	274.00	286.00	6.7%
Skilled crafts	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.0%
Unskilled Laborers	334.00	346.00	353.00	362.00	367.00	370.50	379.50	382.50	367.00	391.00	17.1%
Total support and administration	854.25	881.75	895.75	923.25	932.50	944.00	958.75	961.00	931.00	949.00	11.1%
TOTAL	3967.50	4153.71	4235.90	4338.82	4482.47	4661.10	4647.35	4613.30	4499.16	4196.40	5.8%

Source: Keller Independent School District records.
Note: 2018 was a ten month period

Keller Independent School District **Table XVII**

Operating Statistics
All Funds
Last Ten Fiscal Periods

Fiscal Year	Peak Enrollment	Operating Expenditures	Cost per Pupil	Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Fee or Reduced-Price Meals
2016	34,180	$ 288,671,453	$ 8,446	2,216	15.4	23.26%
2017	34,660	304,045,079	8,772	2,321	14.9	24.20%
2018	34,937	281,191,332	8,049	2,350	14.9	25.87%
2019	34,888	327,984,400	9,401	2,374	14.7	27.65%
2020	35,267	342,844,868	9,721	2,426	14.5	27.90%
2021	34,319	364,035,932	10,607	2,584	13.3	100.00%
2022	34,813	377,064,934	10,831	2,606	13.4	25.89%
2023	34,078	380,588,336	11,168	2,590	13.2	32.51%
2024	33,250	396,362,752	11,921	2,467	13.5	34.46%
2025	32,042	352,162,506	10,991	2,192	14.6	32.41%

Source: Nonfinancial information from district records.

Notes:

Expenditures for computing per pupil cost are a total of actual expenditures as prescribed by the Texas Education Agency's Financial Accountability System Resource Guide. These include the General and Special Revenue Funds, excluding objects of Debt Service, Capital Outlay and Intergovernmental Charges.

2018 was a ten month period

Keller Independent School District

Building Information
Last Ten Fiscal Periods

	School Year			
	2016	2017	2018	2019
SCHOOLS				
ELEMENTARY				
Buildings	23	25	25	25
Square feet	1,744,123	1,933,237	1,933,237	1,933,237
Capacity	16,170	17,170	17,170	17,170
Enrollment	12,915	13,064	13,103	13,103
INTERMEDIATE/MIDDLE				
Buildings	11	11	11	11
Square feet	1,478,683	1,756,873	1,756,873	1,756,873
Capacity	11,910	11,910	11,910	11,910
Enrollment	10,426	10,533	10,679	10,679
HIGH				
Buildings	5	6	6	6
Square feet	1,613,974	1,946,615	1,946,615	1,946,615
Capacity	10,000	12,300	12,300	12,300
Enrollment	10,839	11,063	11,155	11,155
ADMINISTRATIVE				
Buildings	3	3	3	3
Square feet	139,299	138,983	138,983	138,983
ATHLETICS				
Stadiums	13	11	11	11
Indoor Practice facilities				
Football/soccer/play fields	45	47	47	47
Running tracks	10	10	10	10
Baseball/softball	14	14	14	14
Natatorium	1	1	1	1

Table XVIII

School Year					
2020	**2021**	**2022**	**2023**	**2024**	**2025**
25	25	25	25	25	25
1,933,237	1,990,855	2,022,490	2,054,125	2,054,125	2,054,125
17,170	17,302	17,424	17,546	17,546	17,546
13,103	13,218	13,433	13,433	13,433	13,433
11	10	10	10	10	10
1,756,873	1,621,873	1,675,625	1,729,377	1,729,377	1,729,377
11,910	10,960	10,960	10,960	10,960	10,960
10,679	10,109	10,005	10,005	10,005	10,005
6	7	7	7	7	7
1,946,615	2,081,615	2,177,603	2,273,591	2,273,591	2,273,591
12,300	13,250	13,826	14,402	14,402	14,402
11,155	11,544	11,303	11,303	11,303	11,303
3	3	3	3	3	3
138,983	138,983	138,983	138,983	138,983	138,983
11	11	11	11	11	11
		4	4	4	4
47	47	47	47	47	47
10	10	10	10	10	10
14	14	14	14	14	14
1	1	1	1	1	1

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Federal Awards Section

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2821 West 7th Street, Suite 700
Fort Worth, Texas 76107
817-332-7905

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
Keller Independent School District
Keller, Texas

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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Keller 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 Keller Independent School District's basic financial statements, and have issued our report thereon dated December 18, 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 District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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.

Purpose of This Report

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas
December 18, 2025

2821 West 7th Street, Suite 700
Fort Worth, Texas 76107
817-332-7905

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas
December 18, 2025

Keller Independent School District

Exhibit K-1

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed Through State Department of Education:			
ESSA Title I, Part A Improving Basic Programs	84.010A	25610101220907	$ 2,935,712
IDEA-B Formula[1]	84.027A	256600012209076600	5,628,696
High Cost Fund[1]	84.027A	66002106	703,422
Total 84.027A			6,332,118
IDEA-B Preschool Grant[1]	84.173A	256610012209076610	112,827
Total Special Education Cluster			6,444,945
COVID-19 - American Rescue Plan - ESSER	84.425U	21528001220907	247,813
Perkins V: Strengthening CTE For 21st Century	84.048A	25420006220907	290,302
Educator Assessments	84.367A	69452171	130
ESSA Title II, Part A Supporting Effective Instruction	84.367A	25694501220907	1,046,986
Total 84.367A			1,047,116
ESSA Title III, Part A English Language Acquisition Summer LEP	84.369A	69552002	16,363
ESSA Title III, Part A English Language Acquisition	84.365A	25671001220907	406,209
ESSA Title III, Part A Immigrant	84.365A	25671003220907	25,401
Total 84.365A			431,610
ESSA Title IV, Part A, Subpart 1	84.424A	25680101220907	319,509
TOTAL U.S. DEPARTMENT OF EDUCATION			11,733,370
U.S. DEPARTMENT OF AGRICULTURE			
Passed through State Department of Agriculture:			
National School Breakfast Program [2]	10.553	71402001	1,421,270
National School Lunch Program [2]	10.555	71302001	5,709,993
National School Lunch Program - Non-cash Assistance (2)	10.555	71302001	948,149
Total 10.555			6,658,142
Total Child Nutrition Cluster			8,079,412
TOTAL U.S. DEPARTMENT OF AGRICULTURE			8,079,412
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 19,812,782
School Health and Related Services [3]			2,297,604
School and Libraries Program [3]			246,657
TOTAL FEDERAL REVENUES, RECONCILED TO EXHBIT C-3			$ 22,357,043

(1) Reported as Special Education Cluster, as required by Compliance Supplement November 2025
(2) Reported as Child Nutrition Cluster, as required by Compliance Supplement November 2025
(3) Programs are not considered federal financial assistance subject to requirements in accordance with Uniform Guidance

Note 1: The schedule of federal awards is presented using the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2: The District participates in numerous state and federal grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at June 30, 2025, may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Generally, unused balances are returned to the grantor at the close of specified project periods.

Note 3: Nonmonetary assistance is reported in the Schedule of Expenditures of Federal Awards at the fair market value of the commodities received and disbursed. For the year ended June 30, 2025, the District received and disbursed food commodities totaling $948,149.

Note 4: The District has elected not to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.

Keller Independent School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Section I – Summary of Auditors' Results

Financial Statements

An unmodified opinion was issued on the financial statements.

Internal control over financial reporting:

- Material weakness(es) identified? ____ Yes __X__ No
- Significant deficiencies identified that are not considered to be material weakness(es)? ____ Yes __X__ No
- Noncompliance material to financial statements noted? ____ Yes __X__ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ____ Yes __X__ No
- Significant deficiencies identified that are not considered to be material weakness(es)? ____ Yes __X__ No

An unmodified opinion was issued on compliance for major programs.

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ____ Yes __X__ No

Identification of major programs:

ESSA Title I, Part A Improving Basic Programs	84.010A
COVID-19 - American Rescue Plan – ESSER	84.425U
ESSA Title II, Part A Supporting Effective Instruction	84.367A

Dollar threshold used to distinguish between type A and type B programs? $750,000

Auditee qualified as low-risk auditee? __X__ Yes ____ No

Keller Independent School District
Schedule of Findings and Questioned Costs - Continued
For the Year Ended June 30, 2025

Section II – Financial Statement Findings

There were no matters reported

Section III – Federal Award Findings and Questioned Costs

There were no matters reported.

Section IV – Prior Year Findings and Questioned Costs

None