New Caney Independent School District

Annual Financial Report

For the Fiscal Year Ended August 31, 2025

weaver

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New Caney Independent School District

Annual Financial Report
For the Fiscal Year Ended August 31, 2025
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Certificate of the Board

New Caney Independent School District	**Montgomery**	**170-908**
Name of School District	County	Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and _____ approved _____ disapproved for the fiscal year ended August 31, 2025 at a meeting of the Board of Trustees of such school district on the _____ 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 (attach list as necessary):

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Financial Section

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1800 Hughes Landing Blvd, Suite 500
The Woodlands, Texas 77380
713-800-1060

Independent Auditor's Report

To the Board of Trustees of
New Caney Independent School District
New Caney, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of New Caney Independent School District (the District), as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of August 31, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, during the year ended August 31, 2025, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Beginning net position has been restated as a result of the implementation of this statement. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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 Supplementary Information, 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) as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Information Included in the Annual Financial Report

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 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

The Woodlands, Texas
December 3, 2025

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Management's Discussion and Analysis
(Unaudited)

As management of the New Caney Independent School District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended August 31, 2025.

Financial Highlights

- The liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by $(38,748,848) *(net deficit).*
- The District's total net deficit decreased by $13,035,814 from current operations. Beginning net deficit increased $13,410,750 as a result of the implementation of GASB No. 101, *Compensated Absences*.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of $341,591,591, a decrease of $113,119,527 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was $68,808,491, or 31 percent of total general fund expenditures.
- The District's total bonded debt decreased by $23,573,485 (2 percent) during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains required supplementary information and supplementary and other 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 (Exhibit A-1) presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position/(deficit). Over time, increases or decreases in net position/(deficit) may serve as an indicator of how the financial position of the District is changing.

The Statement of Activities (Exhibit B-1) presents information showing how the District's net position / (deficit) changed during the year. Changes in net position/(deficit) are reported upon occurrence of the underlying event giving rise to the change, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some transactions that will not result in cash flows until future fiscal periods (e.g., uncollected taxes).

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

The government-wide financial statements can be found as noted in the table of contents of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental 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 District maintains fifty-three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, debt service fund and the capital projects fund, all of which are considered to be major funds. Data from the other fifty governmental funds are combined into a single, aggregated presentation titled total nonmajor funds.

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

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

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of students. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the District's own programs. A statement of fiduciary net position and a statement of changes in fiduciary net position are presented for fiduciary funds, as noted in the table of contents of this report.

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

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

Government-wide Financial Analysis

As mentioned earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $(38,748,848) at the close of the most recent fiscal year.

New Caney Independent School District's Net Position

	Governmental Activities					
	2025		2024		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Current and other assets	$ 386,647,237	36	$ 500,296,203	46	$ (113,648,966)	(23)
Capital assets	694,384,231	64	590,284,816	54	104,099,415	18
Total assets	1,081,031,468	100	1,090,581,019	100	(9,549,551)	
Total deferred outflows of resources	51,359,006	100	48,838,384	100	2,520,622	5
Other liabilities	40,518,952	4	42,730,046	4	(2,211,094)	(5)
Long-term liabilities outstanding	1,086,373,092	96	1,084,932,184	96	1,440,908	-
Total liabilities	1,126,892,044	100	1,127,662,230	100	(770,186)	
Total deferred inflows of resources	44,247,278	100	50,131,085	100	(5,883,807)	(12)
Net position (deficit)						
Net investment in capital assets (deficit)	(16,908,615)	44	(27,712,935)	72	10,804,320	(39)
Restricted	20,876,579	(54)	26,243,593	(68)	(5,367,014)	(20)
Unrestricted (deficit)	(42,716,812)	110	(36,904,570)	96	(5,812,242)	16
Total net position (deficit)	$ (38,748,848)	100	$ (38,373,912)	100	$ (374,936)	

Net investment in capital assets includes land and improvements, buildings and improvements, furniture and equipment, right-to-use leased assets, right-to-use subscription assets and construction in progress, less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net position that is restricted for debt service and grants total $20,876,579 of total net position.

Unrestricted net position, reported as a negative ($42,716,812), represents the portion of net position not reported elsewhere. Unrestricted net position is negative primarily due to the recognition of the District's pension and OPEB liabilities as well as the implementation of GASB 101, *Compensated Absences* (GASB 101). The District implemented GASB 101 in fiscal year 2025 resulting in a restatement which decreased beginning net position by $13,410,750. Because the restatement is the result of a change in accounting principle, the information for 2024 in the tables in the MD&A have not been restated in accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections* - an amendment of GASB Statement No. 62. See Note 1 for more information.

Governmental Activities. Governmental activities increased the District's net deficit by $13,035,814 from current operations. The elements giving rise to this change may be determined from the table below.

New Caney Independent School District's Changes in Net Position

	Governmental Activities					
	2025		2024		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Revenue						
Program revenues:						
Charges for services	$ 5,566,176	2	$ 5,339,232	2	$ 226,944	4
Operating grants and contributions	34,217,558	11	39,774,071	13	(5,556,513)	(14)
General revenues:						
Property taxes, levied for general purpose	63,542,098	20	58,223,831	20	5,318,267	9
Property taxes, levied for debt service	42,012,913	13	38,431,840	13	3,581,073	9
Grants and contributions not restricted to specific programs	150,480,342	48	136,392,908	45	14,087,434	10
Insurance proceeds	44,213	-	290,068	-	(245,855)	(85)
Investment earnings	19,598,420	6	19,569,570	7	28,850	-
Miscellaneous	550,008	-	297,551	-	252,457	85
Total revenues	316,011,728	100	298,319,071	100	17,692,657	
Expenses:						
Instruction	145,784,516	48	138,637,595	48	7,146,921	5
Instructional resources and media services	2,312,694	1	2,235,213	1	77,481	3
Curriculum and instructional staff development	9,295,329	3	5,838,254	2	3,457,075	59
Instructional leadership	3,869,147	1	3,718,368	1	150,779	4
School leadership	13,148,378	5	12,816,941	4	331,437	3
Guidance, counseling, and evaluation services	10,844,852	4	10,676,933	4	167,919	2
Health services	2,376,937	1	2,391,012	1	(14,075)	(1)
Student transportation	9,858,091	3	10,015,318	3	(157,227)	(2)
Food services	14,293,075	5	14,162,502	5	130,573	1
Extracurricular activities	10,475,551	3	10,283,333	4	192,218	2
General administration	7,174,447	2	7,222,087	3	(47,640)	(1)
Plant maintenance and operations	20,510,199	7	20,535,587	7	(25,388)	-
Security and monitoring services	3,841,648	1	4,379,090	2	(537,442)	(12)
Data processing services	5,496,085	2	5,239,734	2	256,351	5
Community services	493,189	-	464,554	-	28,635	6
Interest on long-term debt	36,402,463	12	26,742,349	9	9,660,114	36
Issuance costs and fees	733,365	-	1,862,407	1	(1,129,042)	(61)
Facilities repair and maintenance	4,492,835	2	8,824,373	3	(4,331,538)	(49)
Payments related to shared services arrangements	602,488	-	696,253	-	(93,765)	(13)
Other intergovernmental charges	970,625	-	943,026	-	27,599	3
Total expenses	302,975,914	100	287,684,929	100	15,290,985	
Change in net position	13,035,814		10,634,142		2,401,672	
Net position (deficit) - beginning	(38,373,912)		(49,008,054)		10,634,142	
Implementation of GASB 101, *Compensated Absences*	(13,410,750)		-		(13,410,750)	
Net position - beginning, as restated	(51,784,662)		(49,008,054)		(2,776,608)	
Net position (deficit) - ending	$ (38,748,848)		$ (38,373,912)		$ (374,936)	

Revenues are generated primarily from two sources. Grants and contributions (program and general revenues totaling $184,697,900) represent 59 percent of total revenues and property taxes ($105,555,011) represent 33 percent of total revenues. The remaining 8 percent is generated from investment earnings, charges for services, insurance proceeds, and miscellaneous revenues. The most significant change in revenues is the $16.7 million increase in state funding.

The primary functional expense of the District is instruction ($145,784,516) which represents 48 percent of total expenses. The remaining functional categories of expenses are individually 12 percent or less of total expenses. Expenses increased $15,290,985, the most significant increases being instruction and interest on long term debt.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of $341,591,591, a decrease of $113,119,527 in comparison with the prior year.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was $68,808,491 and total fund balance was $71,931,098. As a measure of the general fund's liquidity, it may be useful to compare unassigned and total fund balance to total fund expenditures. Unassigned fund balance represents 31 percent of total general fund expenditures, while total fund balance represents 32 percent of the same amount. The fund balance of the District's general fund increased by $5,647,588 during the current fiscal year. The fund balance of the general fund increased primarily due to an increase in state funding.

The debt service fund has a total fund balance of $13,538,878, all of which is restricted for retirement of long-term debt. The net decrease in fund balance during the current year in the debt service fund was $7,011,664. The decrease in fund balance was due primarily to an increase in scheduled debt payments caused by debt issuances in recent years.

The capital projects fund has a total fund balance of $245,940,940, all of which is restricted for capital acquisition programs and contractual obligations. The net decrease in fund balance during the current year in the capital projects fund was $112,852,868. The net decrease in fund balance during the current year in the capital projects fund was due to the increased construction expenditures using the prior year proceeds from the sale of building bonds.

General Fund Budgetary Highlights

The District amended the budget several times throughout the year. The variations between the original budget and the final amended budget of the general fund included an increase in state program revenues and an increase in curriculum and instructional staff development expenditures.

There were no significant variations between the final budget and actual results at year end.

Capital Assets and Long-term Liabilities

Capital Assets. The District's investment in capital assets for its governmental-type activities as of August 31, 2025, amounts to $694,384,231 (net of accumulated depreciation/amortization). This investment in capital assets includes land and improvements, buildings and improvements, furniture and equipment, right-to-use leased assets, right-to-use subscription assets, and construction in progress.

New Caney Independent School District's Capital Assets
(net of depreciation/amortization)

	Governmental Activities					
	2025		2024		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Land and improvements	$ 52,703,293	8	$ 48,250,851	8	$ 4,452,442	9
Buildings and improvements (net)	523,564,508	75	465,291,157	78	58,273,351	13
Furniture and equipment (net)	14,977,836	2	14,829,889	3	147,947	1
Right-to-use leased assets (net)	1,200,349	-	4,101,890	1	(2,901,541)	(71)
Right-to-use subscription assets (net)	3,146,981	1	1,019,304	-	2,127,677	209
Construction in progress	98,791,264	14	56,791,725	10	41,999,539	74
Totals	$ 694,384,231	100	$ 590,284,816	100	$ 104,099,415	

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

- $118,615,133 construction and renovations for various campuses and facilities
- $4,452,442 for land and improvements

Additional information on the District's capital assets can be found in Note 3.D. in the notes to the financial statements as noted in the table of contents of this report.

Construction Commitments. At the end of the current fiscal year, the District's commitments with construction contractors totaled $123,702,046.

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

New Caney Independent School District's Outstanding Long-term Liabilities

	Governmental Activities					
	2025		2024		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
General obligation bonds (net)	$ 954,381,738	88	$ 977,955,223	90	$ (23,573,485)	(2)
Leases payable	2,548,369	-	3,402,873	-	(854,504)	(25)
Financed purchases	-	-	1,205,492	-	(1,205,492)	(100)
Subscription liabilities	1,060,615	-	924,042	-	136,573	15
Compensated absences	13,665,822	1	-	-	13,665,822	-
Net pension liability	71,775,178	7	72,720,090	7	(944,912)	(1)
Net OPEB liability	42,941,370	4	28,724,464	3	14,216,906	49
Totals	$ 1,086,373,092	100	$ 1,084,932,184	100	$ 1,440,908	

The District's bonded debt decreased by $23,573,485 (2 percent) during the current fiscal year. The key factor in this decrease was the increase in scheduled debt payments caused by debt issuances in recent years.

The District's general obligation debt is backed by the full faith and credit of the District and is further guaranteed by the Texas Permanent School Fund Guarantee Program.

State statutes do not limit the amount of bonded indebtedness issued by school districts, so long as the debt service tax rate does not exceed the limit established in Texas Education Code 45.0031. Additionally, approval by the Attorney General of the State of Texas is required prior to the sale of bonds.

Additional information on the District's long-term debt can be found in Note 3.E. in the notes to the financial statements as indicated in the table of contents of this report.

Additional information on the District's net pension liability can be found in Note 4.C. in the notes to the financial statements as indicated in the table of contents of this report.

Additional information on the District's OPEB liability can be found in Note 4.D. to the financial statements as indicated in the table of contents of this report.

Economic Factors and Next Year's Budgets and Rates

- Current enrollment totals 19,663 students, which is an increase from the prior year.
- District staff totals 3,015 employees, which includes of 1,509 teachers and 454 teachers' aides and secretaries.
- The District maintains 21 campuses for instruction and The Learning Center.
- Unemployment rates for the State and County were 4.1% and 4.6% respectively
- Property values of the District are projected to increase for the 2025-2026 fiscal year.

A maintenance and operations tax rate of $0.7552 and a debt service tax rate of $0.50, a total rate of $1.2552, were adopted for 2025-2026. Preceding year rates were $0.7552, $0.50 and $1.2552, respectively.

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

During the current fiscal year, fund balance in the general fund increased to $71,931,098, which exceeded three months of annual operating expenditures.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director of Finance, New Caney Independent School District, 21580 Loop 494, New Caney, Texas, 77357.

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Basic Financial Statements

New Caney Independent School District

Exhibit A-1

Statement of Net Position
August 31, 2025

Data Control Codes		1 Primary Government Governmental Activities
	ASSETS	
1110	Cash and cash equivalents	$ 10,445,233
1120	Investments	343,115,018
1220	Property taxes receivable	6,342,029
1230	Allowance for uncollectible taxes	(127,000)
1240	Due from other governments	25,924,172
1290	Other receivables	467,049
1300	Inventories	392,013
1410	Prepaid items	88,723
	Capital assets:	
1510	Land and improvements	52,703,293
1520	Buildings and improvements (net)	523,564,508
1530	Furniture and equipment (net)	14,977,836
1553	Right-to-use subscription assets (net)	1,200,349
1559	Right-to-use leased assets (net)	3,146,981
1580	Construction in progress	98,791,264
1000	Total assets	1,081,031,468
	DEFERRED OUTFLOWS OF RESOURCES	
1705	Deferred outflows - pension	22,423,589
1706	Deferred outflows - OPEB	24,692,404
1710	Deferred charge on refunding	4,243,013
1700	Total deferred outflows of resources	51,359,006
	LIABILITIES	
2110	Accounts payable	18,753,872
2140	Interest payable	1,678,335
2150	Payroll deductions and withholdings	37,676
2160	Accrued wages payable	19,971,244
2190	Due to student groups	34,231
2300	Unearned revenue	43,594
	Noncurrent liabilities:	
2501	Due within one year	22,035,898
2502	Due in more than one year	949,620,646
2540	Net pension liability	71,775,178
2545	Net OPEB liability	42,941,370
2000	Total liabilities	1,126,892,044
	DEFERRED INFLOWS OF RESOURCES	
2605	Deferred inflows - pension	1,639,834
2606	Deferred inflows - OPEB	36,673,987
2610	Deferred gain on refunding	5,933,457
2600	Total deferred inflows of resources	44,247,278
	NET POSITION	
3200	Net investment in capital assets (deficit)	(16,908,615)
3820	Restricted for grants	9,155,814
3850	Restricted for debt service	11,720,765
3900	Unrestricted (deficit)	(42,716,812)
3000	**TOTAL NET POSITION (DEFICIT)**	$ (38,748,848)

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

New Caney Independent School District

Exhibit B-1

Statement of Activities
For the Fiscal Year Ended August 31, 2025

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues: Charges for Services	4 Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
	PRIMARY GOVERNMENT:				
	Governmental activities:				
0011	Instruction	$ 145,784,516	$ 178,424	$ 9,068,102	$ (136,537,990)
0012	Instructional resources and media services	2,312,694	93,835	44,700	(2,174,159)
0013	Curriculum and instructional staff development	9,295,329	-	2,865,420	(6,429,909)
0021	Instructional leadership	3,869,147	10,329	121,028	(3,737,790)
0023	School leadership	13,148,378	327,536	424,833	(12,396,009)
0031	Guidance, counseling, and evaluation services	10,844,852	855	1,448,129	(9,395,868)
0033	Health services	2,376,937	23	47,135	(2,329,779)
0034	Student transportation	9,858,091	-	118,074	(9,740,017)
0035	Food services	14,293,075	2,582,049	11,999,647	288,621
0036	Extracurricular activities	10,475,551	1,530,683	109,296	(8,835,572)
0041	General administration	7,174,447	300,182	262,541	(6,611,724)
0051	Plant maintenance and operations	20,510,199	-	145,175	(20,365,024)
0052	Security and monitoring services	3,841,648	8,542	831,470	(3,001,636)
0053	Data processing services	5,496,085	-	106,559	(5,389,526)
0061	Community services	493,189	-	489,488	(3,701)
0072	Interest on long-term debt	36,402,463	-	5,971,802	(30,430,661)
0073	Issuance costs and fees	733,365	-	-	(733,365)
0081	Facilities repair and maintenance	4,492,835	-	13,909	(4,478,926)
0093	Payments related to shared services arrangements	602,488	533,718	150,250	81,480
0099	Other intergovernmental charges	970,625	-	-	(970,625)
TG	Total governmental activities	302,975,914	5,566,176	34,217,558	(263,192,180)
TP	**TOTAL PRIMARY GOVERNMENT**	$ 302,975,914	$ 5,566,176	$ 34,217,558	(263,192,180)
	General revenues:				
MT	Property taxes, levied for general purpose				63,542,098
DT	Property taxes, levied for debt service				42,012,913
GC	Grants and contributions not restricted to specific programs				150,480,342
IN	Insurance proceeds				44,213
IE	Investment earnings				19,598,420
MI	Miscellaneous				550,008
SA	Gain (loss) on sale of capital assets				-
TR	Total general revenues				276,227,994
CN	Change in net position				13,035,814
NB	Net position (deficit) - beginning				(38,373,912)
PA	Implementation of GASB 101, *Compensated Absences*				(13,410,750)
	Net position (deficit) - beginning, as restated				(51,784,662)
NE	**NET POSITION (DEFICIT) - ENDING**				$ (38,748,848)

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

New Caney Independent School District

Balance Sheet
Governmental Funds
August 31, 2025

Data Control Codes		199 General Fund	599 Debt Service Fund
	ASSETS		
1110	Cash and cash equivalents	$ 7,220,853	$ 492,333
1120	Investments	59,563,954	12,911,680
1220	Property taxes receivable	3,987,427	2,354,602
1230	Allowance for uncollectible taxes	(80,000)	(47,000)
1240	Due from other governments	22,613,309	-
1260	Due from other funds	1,588,630	134,865
1290	Other receivables	467,049	-
1300	Inventories	60,037	-
1410	Prepaid items	62,570	-
1000	Total assets	95,483,829	15,846,480
1000a	**TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**	$ 95,483,829	$ 15,846,480
	LIABILITIES		
2110	Accounts payable	$ 627,216	$ -
2150	Payroll deductions and withholdings	37,676	-
2160	Accrued wages payable	18,803,143	-
2170	Due to other funds	136,613	-
2190	Due to student groups	34,231	-
2300	Unearned revenue	6,425	-
2000	Total liabilities	19,645,304	-
	DEFERRED INFLOWS OF RESOURCES		
2600	Unavailable revenue - property taxes	3,907,427	2,307,602
	Total deferred inflows of resources	3,907,427	2,307,602
	FUND BALANCES		
3410	Nonspendable - inventories	60,037	-
3430	Nonspendable - prepaid items	62,570	-
3450	Restricted - grant funds	-	-
3470	Restricted - capital acquisitions and contractual obligations	-	-
3480	Restricted - debt service	-	13,538,878
3545	Committed - other	-	-
3570	Assigned - capital expenditures	3,000,000	-
3600	Unassigned	68,808,491	-
3000	Total fund balances	71,931,098	13,538,878
4000	**TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES**	$ 95,483,829	$ 15,846,480

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

699 Capital Projects Fund	Total Nonmajor Funds	98 Total Governmental Funds
$ 430,678	$ 2,301,369	$ 10,445,233
263,685,133	6,954,251	343,115,018
-	-	6,342,029
-	-	(127,000)
-	3,310,863	25,924,172
-	1,748	1,725,243
-	-	467,049
-	331,976	392,013
-	26,153	88,723
264,115,811	12,926,360	388,372,480
$ 264,115,811	$ 12,926,360	$ 388,372,480
$ 18,121,649	$ 5,007	$ 18,753,872
-	-	37,676
51,187	1,116,914	19,971,244
2,035	1,586,595	1,725,243
-	-	34,231
-	37,169	43,594
18,174,871	2,745,685	40,565,860
-	-	6,215,029
-	-	6,215,029
-	-	60,037
-	-	62,570
-	9,155,814	9,155,814
245,940,940	-	245,940,940
-	-	13,538,878
-	1,056,621	1,056,621
-	-	3,000,000
-	(31,760)	68,776,731
245,940,940	10,180,675	341,591,591
$ 264,115,811	$ 12,926,360	$ 388,372,480

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New Caney Independent School District

Exhibit C-1R

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
August 31, 2025

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS (EXHIBIT C-1)		$ 341,591,591
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The governmental capital assets at year-end consist of:		
Governmental capital assets costs	$ 923,977,406	
Accumulated depreciation/amortization of governmental capital assets	(229,593,175)	694,384,231
Property taxes receivable, which will be collected subsequent to year-end, but are not available soon enough to pay expenditures and, therefore, are deferred in the funds.		6,215,029
Long-term liabilities, including bonds, leases and net pension and OPEB liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Liabilities at year end related to such items, consist of:		
Bonds payable, at original par	$ (893,050,000)	
Premium on bonds payable	(58,884,358)	
Accreted interest	(2,447,380)	
Accrued interest on the bonds	(1,678,335)	
Lease liability	(2,548,369)	
Compensated absences	(13,665,822)	
Subscription liability	(1,060,615)	
Net pension liability	(71,775,178)	
Net OPEB liability	(42,941,370)	(1,088,051,427)
Deferred charge on refunding is reported as deferred outflow in the statement of net position and is not reported in the funds due to it is not a current financial resource available to pay for current expenditures.		4,243,013
Deferred gain on refunding is reported as deferred inflow in the statement of net position that applies to a future period(s) and will not be recognized as an inflow of resouces (revenue) until that time.		(5,933,457)
Deferred outflows of resources for pension represents a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expenses/expenditures) until then.		22,423,589
Deferred inflows of resources for pension represents an acquisition of net assets that future period(s) and will not be recognized as an inflow of resouces (revenue) until that time.		(1,639,834)
Deferred outflows of resources for OPEB represents a consumption of net assets that applies to a applies to a future period(s) and will not be recognized as an outflow of resources (expenses/expenditures) until then.		24,692,404
Deferred inflows of resources for OPEB represents an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resouces (revenue) until that time.		(36,673,987)
TOTAL NET POSITION (DEFICIT) - GOVERNMENTAL ACTIVITIES (EXHIBIT A-1)		$ (38,748,848)

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

New Caney Independent School District

Statement of Revenues, Expenditures and Changes
in Fund Balances
Governmental Funds
For the Fiscal Year Ended August 31, 2025

Data Control Codes		199 General Fund	599 Debt Service Fund
	REVENUES		
5700	Local and intermediate sources	$ 67,383,778	$ 42,877,017
5800	State program revenues	160,911,585	5,585,711
5900	Federal program revenues	1,326,307	-
5020	Total revenues	229,621,670	48,462,728
	EXPENDITURES		
	Current:		
0011	Instruction	128,032,222	-
0012	Instructional resources and media services	1,977,639	-
0013	Curriculum and instructional staff development	7,034,738	-
0021	Instructional leadership	3,962,419	-
0023	School leadership	12,959,184	-
0031	Guidance, counseling, and evaluation services	9,908,866	-
0033	Health services	2,403,677	-
0034	Student transportation	9,467,075	-
0035	Food services	-	-
0036	Extracurricular activities	7,658,079	-
0041	General administration	7,100,088	-
0051	Plant maintenance and operations	20,439,044	-
0052	Security and monitoring services	3,664,877	-
0053	Data processing services	5,470,806	-
0061	Community services	3,051	-
	Debt service:		
0071	Principal on long-term debt	2,497,944	15,160,000
0072	Interest on long-term debt	416,614	40,305,195
0073	Issuance costs and fees	-	733,365
	Capital outlay:		
0081	Facilities acquisition and construction	7,134	-
	Intergovernmental:		
0093	Payments related to shared services arrangements	-	-
0099	Other intergovernmental charges	970,625	-
6030	Total expenditures	223,974,082	56,198,560
1100	Excess (deficiency) of revenues over (under) expenditures	5,647,588	(7,735,832)
	OTHER FINANCING SOURCES (USES)		
7901	Issuance of refunding bonds	-	82,460,000
7913	Issuance of leases, subscriptions and financed purchases	1,064,122	-
7916	Premium on issuance of bonds	-	9,224,683
8940	Payment to bond refunding escrow agent	-	(90,960,515)
7080	Total other financing sources (uses)	1,064,122	724,168
1200	Net change in fund balances	6,711,710	(7,011,664)
0100	Fund balances - beginning	65,219,388	20,550,542
3000	**FUND BALANCES - ENDING**	$ 71,931,098	$ 13,538,878

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

699		98
Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
$ 14,563,311	$ 5,157,750	$ 129,981,856
52,188	3,024,988	169,574,472
126,780	21,139,428	22,592,515
14,742,279	29,322,166	322,148,843
-	6,037,539	134,069,761
-	101,783	2,079,422
-	2,675,925	9,710,663
-	46,155	4,008,574
-	489,455	13,448,639
-	1,213,277	11,122,143
-	27	2,403,704
-	10,720	9,477,795
-	15,193,607	15,193,607
-	785,908	8,443,987
-	421,905	7,521,993
-	-	20,439,044
-	794,706	4,459,583
-	49,906	5,520,712
-	477,998	481,049
2,454	314,717	17,975,115
447	72,755	40,795,011
-	-	733,365
127,592,246	-	127,599,380
-	602,488	602,488
-	-	970,625
127,595,147	29,288,871	437,056,660
(112,852,868)	33,295	(114,907,817)
-	-	82,460,000
-	-	1,064,122
-	-	9,224,683
-	-	(90,960,515)
-	-	1,788,290
(112,852,868)	33,295	(113,119,527)
358,793,808	10,147,380	454,711,118
$ 245,940,940	$ 10,180,675	$ 341,591,591

New Caney Independent School District

Exhibit C-3

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended August 31, 2025

TOTAL NET CHANGES IN FUND BALANCES - GOVERNMENTAL (EXHIBIT C-2)		$ (113,119,527)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense.		
Capital assets increased	$ 127,133,860	
Depreciation/amortization expense	(22,849,937)	104,283,923
The net effect of miscellaneous transactions involving capital assets (transfers, adjustments and dispositions) is an increase (decrease) to net position.		(184,508)
Because some property taxes will not be collected for several months after the District's fiscal year end, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues increased (decreased) by this amount this year.		1,458,386
Issuance of bonds provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.		
Par value	$ (82,460,000)	
(Premium) discount	(9,224,683)	(91,684,683)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		15,160,000
Payment to escrow agent to refund bonds from refunding proceeds.		90,960,515
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due, and includes amortization of related long-term debt accounts. The increase (decrease) in interest expense reported in the statement of activities consist of the following:		
Accrued interest on current interest bonds payable (increased) decreased	$ 223,269	
Interest accreted on the capital appreciation bonds (increased) decreased	(41,669)	
Accreted interest paid	840,000	
Amortization of bond premium and discount	3,469,000	
Amortization of deferred charge and deferred gain on refunding	(270,482)	4,220,118
Issuance of leases, financed purchases, and subscription liabilities provide current financial resources to governmental funds, but increases long-term liabilities in the statement of net position.		
Leases, financed purchases, and subscription issued		(1,064,122)
The net effect of modifications involving subscriptions is an increase (decrease) to net position.		172,430
Repayment of leases, financed purchases, and subscription liabilities principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		2,815,115
The (increase) decrease in compensated absences is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds.		(255,072)
The net change in net pension liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following:		
Deferred outflows increased (decreased)	$ (7,403,888)	
Deferred inflows (increased) decreased	1,929,454	
Net pension liability (increased) decreased	944,912	(4,529,522)
The net change in net OPEB liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following:		
Deferred outflows increased (decreased)	$ 12,592,510	
Deferred inflows (increased) decreased	6,427,157	
Net OPEB liability (increased) decreased	(14,216,906)	4,802,761
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES (EXHIBIT B-1)		$ 13,035,814

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

New Caney Independent School District **Exhibit E-1**

Statement of Fiduciary Net Position
Fiduciary Fund
August 31, 2025

	865 Custodial Fund Student Activity
ASSETS	
Cash and cash equivalents	$ 886,336
Total assets	886,336
NET POSITION	
Restricted for:	
Student activities	886,336
TOTAL NET POSITION	$ 886,336

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

New Caney Independent School District **Exhibit E-2**

Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended August 31, 2025

	865
	Custodial Fund
	Student Activity
ADDITIONS	
Dues and fees	$ 740,148
Fundraisers	382,551
Donations	55,050
Other	211,200
Total additions	1,388,949
DEDUCTIONS	
Student activity	955,966
Administrative	20,186
Fundraiser expense	67,477
Other	172,898
Total deductions	1,216,527
Net change in fiduciary net position	172,422
Net position - beginning	713,914
NET POSITION - END OF YEAR	$ 886,336

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

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

B. Description of Government-wide Financial Statements

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

C. Basis of Presentation – Government-wide Financial Statements

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of Presentation – Fund Financial Statements

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

The District reports the following major governmental funds:

- The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those accounted for in another fund.
- The *debt service fund* is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.
- The *capital projects fund* accounts for the acquisition and construction of the District's major capital facilities.

Additionally, the District reports the following fiduciary fund types:

- The *custodial fund* accounts for assets held by the District for student organizations. Custodial funds report fiduciary activities that are not held in a trust.

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

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

E. Measurement Focus and Basis of Accounting

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

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

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

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

F. Implementation of New Accounting Standards

GASB Statement No. 101, *Compensated Absences* (GASB 101), improves the information needs of financial statements users by updating the recognition and measurement guidance for compensated absences under a unified model and amending certain previously required disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2023, with earlier application encouraged. GASB 101 was implemented in the District's fiscal year 2025 financial statements with a restatement of $13,410,750 to net position as of September 1, 2024 to reflect the changes adopted to conform to the new standard.

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

G. Recent Accounting Pronouncements

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

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

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

1. Cash and Cash Equivalents
The District's cash and cash equivalents are considered to be cash on hand and cash on deposit with bank depository.

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

3. Receivables and Payables
Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Property tax receivables include unpaid property taxes at year-end and are shown net of an allowance for uncollectibles. Net property tax receivables are stated at the amount estimated to be collectible based on the District's collection experience. Revenues from property taxes are recognized when levied to the extent they are available (collected within 60 days after the close of the fiscal year). However, not all outstanding property taxes are expected to be collected within one year of the date of the financial statements.

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

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

5. Capital Assets

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

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

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

Capital Asset Classes	Lives
Buildings and improvements	5-47
Furniture and equipment	5-30
Furniture and equipment, right-to-use	Shorter of lease term or useful life
Subscriptions, right-to-use	Shorter of subscription term or useful life

6. Leases

The District is a lessee for noncancellable 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 and proprietary fund financial statements. The District recognizes lease liabilities with an initial, individual value of $50,000 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 determines (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 the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, purchase option price that the District is reasonably certain to exercise, lease incentives receivable from the lessor, 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 leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

7. Subscription-Based Information Technology Arrangements (SBITAs)

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 $50,000 or more.

At the commencement of a 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.

8. Deferred Outflows/Inflows of Resources

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

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension and OPEB activities are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and OPEB plan, except for projected and actual earnings differences on investments which are amortized on a closed basis over a 5-year period.
- District contributions to the pension and OPEB plans after the measurement date of each plan are recognized in the subsequent fiscal year.
- 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.

9. 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 financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

State Personal Leave

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

Local Leave

The District's policy provides eligible employees with 3-4 days of local personal leave per year (local leave) with no limit on accumulation. Local leave benefits are eligible for payment upon separation from employment, with limitations.

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

10. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column of the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

11. Net Position Flow Assumption

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

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

12. Fund Balance Flow Assumptions

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

13. Fund Balance Policies

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

The restricted classification accounts for amounts that have external constraints imposed upon the use of the resources by bondholders, grantors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The amounts reported in this category include funding from external sources such as state and federal grants, tax levies for the repayment of principal and interest on long-term debt, and unspent bond proceeds for the construction and equipment of school facilities.

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

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

14. Pension

The fiduciary net position of the Teacher Retirement System of Texas (TRS) Pension 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 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.

15. Other Postemployment Benefits (OPEB)

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.

I. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

Property values are determined by the County Central Appraisal District as of January 1 of each year. Prior to September 1 of each year, District must adopt its annual budget and as soon thereafter as practicable, shall adopt a tax rate thus creating the tax levy. Property taxes for the current calendar year are levied on approximately October 1 of each year and are payable by January 31 of the following year. Property tax receivables are recorded as of the date levied. Unpaid taxes become delinquent on February 1 and a tax lien on real property is created as of July 1 of each year.

J. Use of Estimates

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

K. Data Control Codes

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

Note 2. Stewardship, Compliance and Accountability

A. Budgetary Information

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

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

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

B. Encumbrances

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as restricted, committed, or assigned fund balances as appropriate. The encumbrances do not constitute expenditures or liabilities because the commitments will be appropriated and honored during the subsequent year. Significant encumbrances included in governmental fund balances are as follows:

	Restricted Fund Balance
Capital projects Fund	$ 123,702,046
Total encumbrances	$ 123,702,046

Note 3. Detailed Notes on All Funds

A. Deposits and Investments

Cash Deposits
The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas School Depository Act. The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the District's and the depository banks' agent bank. The pledged securities shall be in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

Investments
The Public Funds Investment Act (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 District is authorized to invest in the following instruments provided that they meet the guidelines of the investment policy:

1. Obligations of, or guaranteed by governmental entities as permitted by Government Code 2256.009
2. Certificates of deposit and share certificates as permitted by Government Code 2256.010
3. Fully collateralized repurchase agreements permitted by Government Code 2256.011
4. A securities lending program as permitted by Government Code 2256.0115
5. Banker's acceptances as permitted by Government Code 2256.012
6. Commercial paper as permitted by Government Code 2256.013
7. No-load money market mutual funds and no-load mutual funds as permitted by Government Code 2256.014
8. A guaranteed investment contract as an investment vehicle for bond proceeds, provided it meets the criteria and eligibility requirements established by Government Code 2256.015
9. Public funds investment pools as permitted by Government Code 2256.016.

The District's measurements of investments are presented in the table below. The District's investment balances, and weighted average maturity and credit risk of such investments are as follows:

	August 31, 2025	Percent of Total Investments	Weighted Average Maturity (Days)	Moody's / S&P Rating
Investments measured at amortized cost:				
Investment pools				
Texpool	$ 332,344,178	97%	42	AAAm
Lone Star Government Overnight	10,770,840	3%	26	AAAm
Total investments	$ 343,115,018	100%		
Portfolio weighted average maturity			41	

Local Government Investment Pools
Certain investment types are not required to be measured at fair value; these include certain investment pools in which the underlying portfolio is measured at amortized cost. Other investment pools, in which underlying portfolio investments are measured at fair value, are reported by the District at the net asset value (NAV) determined by the pool, which approximates fair value.

TexPool
TexPool is duly chartered and overseen by the State Comptroller's Office, administered and managed by Federated Investors, Inc. State Street Bank serves as the custodial bank. The portfolio consists of U.S. Government securities; collateralized repurchase and reverse repurchase agreements; and AAA rated money market mutual funds.

TexPool transacts at a net asset value of $1.00 per share, has a weighted average maturity of 60 days or less and weighted average life of 120 days or less, investments held are highly rated by a 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. The investment pool 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.

Lone Star Government Overnight Fund
The objective of the Lone Star Government Overnight Fund is to provide safety of principal, daily liquidity, and the highest possible rate of return. The fund seeks to maintain a net asset value of one dollar, and its dollar-weighted average maturity is 60 days or fewer. The fund may invest in obligations of the U.S. or its agencies and instrumentalities; other obligations guaranteed or insured by the U.S. or its agencies and instrumentalities; fully collateralized repurchase agreements having a defined termination date and secured by obligations of the U.S. or its agencies and instrumentalities; reverse repurchase agreements authorized under the Public Funds Investment Act; and SEC-regulated no-load money market mutual funds that investment exclusively in authorized Government Overnight Fund Investments.

Credit Risk
For fiscal year 2025, the District invested in TexPool and Lone Star Investment Pool. TexPool is duly chartered and administered by the State Comptroller's Office. Lone Star Investment Pool is duly chartered by the State of Texas Interlocal Cooperation Act and is administered by First Public, LLC, formerly, the Texas Association of School Boards Financial Services. The credit rating for investments are noted in the table above.

Interest Rate Risk
Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The District monitors interest rate risk utilizing weighted average maturity analysis. In accordance with its investment policy, the District reduces its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio as a whole to no more than 180 days, diversification and by holding securities to maturity not to exceed one year unless specifically authorized by the Board of Trustees.

Concentration of Credit Risk
The District's investment policy does not limit an investment in any one issuer.

Custodial Credit Risk – Deposits
In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of August 31, 2025, the District's deposits at the local bank were not exposed to custodial credit risk because they were insured and collateralized with securities held by the District's agent and in the District's name.

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

B. Receivables

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

Change in uncollectibles related to General Fund property taxes	$ (18,000)
Change in uncollectibles related to Debt Service property taxes	(12,000)
Total change in uncollectibles of the current fiscal year	$ (30,000)

Approximately 78% of the outstanding balance of property taxes is not anticipated to be collected within the next year.

C. Interfund Receivables and Payables

1. Receivables/Payables
The composition of interfund balances as of August 31, 2025, was as follows:

Fund	Interfund Receivables	Interfund Payables
General fund	$ 1,588,630	$ 136,613
Debt service fund	134,865	-
Capital projects fund	-	2,035
Other governmental funds - nonmajor	1,748	1,586,595
Totals	$ 1,725,243	$ 1,725,243

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

2. Transfers

The Interfund transfers are defined as "flows of assets from one fund to another fund without equivalent flow of assets in return and without a requirement for repayment." Transfers are the use of funds collected in one fund to finance various programs accounted for in other funds. There were no transfers in the current fiscal year.

D. Capital Assets

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

	Beginning Balance	Additions	Reductions and Adjustments	Transfers and Reclassifications	Ending Balance
Governmental activities:					
Capital assets, not being depreciated/amortized:					
Land and improvements	$ 48,250,851	$ 4,452,442	$ -	$ -	$ 52,703,293
Construction in progress	56,791,725	118,615,133	-	(76,615,594)	98,791,264
Total capital assets, not being depreciated/amortized	105,042,576	123,067,575	-	(76,615,594)	151,494,557
Capital assets, being depreciated/amortized:					
Buildings and improvements	646,826,893	-	-	76,615,594	723,442,487
Furniture and equipment	39,142,748	3,002,163	(701,106)	-	41,443,805
Right-to-use leased assets	5,735,288	471,774	(399,704)	-	5,807,358
Right-to-use subscription assets	1,413,035	592,348	(216,184)	-	1,789,199
Total capital assets, being depreciated/amortized	693,117,964	4,066,285	(1,316,994)	76,615,594	772,482,849
Less accumulated depreciation/amortization for:					
Buildings and improvements	(181,535,736)	(18,342,243)	-	-	(199,877,979)
Furniture and equipment	(24,312,859)	(2,731,960)	578,850	-	(26,465,969)
Right-to-use leased assets	(1,633,398)	(1,364,431)	337,452	-	(2,660,377)
Right-to-use subscription assets	(393,731)	(411,303)	216,184	-	(588,850)
Total accumulated depreciation/amortization	(207,875,724)	(22,849,937)	1,132,486	-	(229,593,175)
Total capital assets, being depreciated/amortized, net	485,242,240	(18,783,652)	(184,508)	76,615,594	542,889,674
Governmental activities capital assets, net	$ 590,284,816	$ 104,283,923	$ (184,508)	$ -	$ 694,384,231

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

Governmental Activities:	
11 Instruction	$ 16,814,731
12 Instructional resources and media services	295,046
13 Curriculum and instructional staff development	26,711
23 School leadership	166,177
31 Guidance, counseling, and evaluation services	39,120
33 Health services	63,430
34 Student transportation	1,407,385
35 Food services	436,574
36 Extracurricular activities	2,202,847
41 General administration	191,799
51 Plant maintenance and operations	489,010
52 Security and monitoring services	123,821
53 Data processing	593,286
Total depreciation/amortization expense-governmental activities	$ 22,849,937

Construction Commitments
The District had active construction projects as of August 31, 2025. The projects include the construction and equipment of school facilities. At year end, the District's commitments with contractors are as follows:

Project	Remaining Commitment
Highlands Middle School	$ 57,290,238
District Administration Building	31,386,136
Extracaurricular Improvements	17,792,755
New Caney Elementary	10,520,526
West Fork High School	2,766,146
The Learning Center	2,156,714
Operations Building	565,214
Pine Valley Middle School Roof	552,281
White Oak Middle School Roof	295,523
Highlands Elementary School	250,037
High School CTE Building	113,540
High School Athletics Facilities	12,936
Totals	$ 123,702,046

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

E. Long-term Liabilities

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

Changes in Long-term Liabilities
Long-term liability activity for the fiscal year ended August 31, 2025, was as follows:

	Beginning Balance	Additions	Reductions/ Adjustments	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	$ 915,335,000	$ 82,460,000	$ (104,745,000)	$ 893,050,000	$ 16,060,000
Issuance premiums	59,374,512	9,224,683	(9,714,837)	58,884,358	-
Accreted interest (CAB's)	3,245,711	41,669	(840,000)	2,447,380	-
Total bonds payable, net	977,955,223	91,726,352	(115,299,837)	954,381,738	16,060,000
Leases payable	3,402,873	471,774	(1,326,278)	2,548,369	1,368,062
Financed purchases	1,205,492	-	(1,205,492)	-	-
Subscription liabilities	924,042	592,348	(455,775)	1,060,615	396,849
Compensated absences*	13,410,750	255,072	-	13,665,822	4,210,987
Net pension liability	72,720,090	15,736,889	(16,681,801)	71,775,178	-
Net OPEB liability	28,724,464	15,620,200	(1,403,294)	42,941,370	-
Governmental activities long-term liabilities	$ 1,098,342,934	$ 124,402,635	$ (136,372,477)	$ 1,086,373,092	$ 22,035,898

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

General Obligation Bonds

The District issues general obligation bonds to provide funds for the construction and equipment of school facilities buildings (BLDG) and to refund general obligation bonds (REF). General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued as current interest and capital appreciation bonds (CAB) with various amounts of principal maturing each year. The following is a summary of changes in the general obligation bonds for the fiscal year:

Series	Interest Rate	Original Issue	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
2011 REF	2.0-4.0%	$ 9,255,000	2/15/2033	$ 5,220,000	$ -	$ (5,220,000)	$ -
2013 REF	3.25-6.25%	13,985,000	2/15/2035	9,310,000	-	(635,000)	8,675,000
2014 REF	2.00-4.00%	7,680,000	2/15/2033	4,100,000	-	(4,100,000)	-
2014 BLDG	2-4.25%	9,240,000	2/15/2042	4,380,000	-	(3,645,000)	735,000
2015 REF	2.00-5.00%	51,500,000	2/15/2037	38,045,000	-	(38,045,000)	-
2015 BLDG	2.00-5.00%	86,315,000	2/15/2045	81,255,000	-	(42,670,000)	38,585,000
2015A REF	2.00-5.00%	10,610,000	2/15/2030	6,750,000	-	(1,015,000)	5,735,000
2016 REF	2.00-4.00%	8,605,000	8/15/2038	7,750,000	-	(140,000)	7,610,000
2017 BLDG	2.00-5.00%	73,895,000	2/15/2047	69,555,000	-	(350,000)	69,205,000
2017 REF	2.00-5.00%	28,550,000	2/15/2039	22,185,000	-	(1,345,000)	20,840,000
2018 BLDG	4.00%	59,015,000	2/15/2050	57,005,000	-	-	57,005,000
2019 BLDG	3.00-5.00%	59,230,000	2/15/2051	58,895,000	-	(350,000)	58,545,000
2019 REF	3.00-5.00%	16,875,000	2/15/2039	16,205,000	-	(705,000)	15,500,000
2020 REF	1.519-5.00%	61,210,000	2/15/2042	60,095,000	-	-	60,095,000
2020 REF CABS	3.00-5.00%	1,055,000	2/15/2027	425,000	-	(170,000)	255,000
2021 BLDG	2.00-5.00%	49,170,000	2/15/2051	46,740,000	-	(865,000)	45,875,000
2022 BLDG	3.00-5.00%	29,845,000	2/15/2052	28,715,000	-	(385,000)	28,330,000
2023 BLDG	5.00%	205,200,000	2/15/2053	204,350,000	-	(3,750,000)	200,600,000
2024 BLDG	4.00-5.00%	194,355,000	2/15/2054	194,355,000	-	(295,000)	194,060,000
2024 REF	5.00%	82,460,000	2/15/2042	-	82,460,000	(1,060,000)	81,400,000
Totals				$ 915,335,000	$ 82,460,000	$ (104,745,000)	$ 893,050,000

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

Year Ending August 31,	Principal Value	Interest	Total Requirements
2026	$ 16,060,000	$ 37,585,245	$ 53,645,245
2027	16,800,000	36,797,345	53,597,345
2028	19,490,000	35,938,977	55,428,977
2029	20,430,000	34,999,989	55,429,989
2030	21,380,000	34,049,343	55,429,343
2031	22,340,000	33,089,353	55,429,353
2032	23,305,000	32,121,339	55,426,339
2033	24,270,000	31,157,597	55,427,597
2034	25,265,000	30,160,301	55,425,301
2035	26,310,000	29,114,810	55,424,810
2036	27,415,000	28,012,648	55,427,648
2037	28,585,000	26,843,868	55,428,868
2038	29,815,000	25,613,866	55,428,866
2039	31,105,000	24,321,303	55,426,303
2040	32,475,000	22,952,969	55,427,969
2041	33,920,000	21,509,510	55,429,510
2042	35,430,000	19,996,001	55,426,001
2043	37,655,000	18,375,184	56,030,184
2044	39,385,000	16,642,844	56,027,844
2045	41,160,000	14,869,388	56,029,388
2046	43,115,000	13,047,994	56,162,994
2047	45,030,000	11,134,825	56,164,825
2048	46,930,000	9,233,563	56,163,563
2049	48,815,000	7,349,688	56,164,688
2050	50,780,000	5,384,450	56,164,450
2051	40,945,000	3,578,831	44,523,831
2052	28,550,000	2,175,325	30,725,325
2053	24,025,000	1,032,300	25,057,300
2054	12,265,000	245,300	12,510,300
Totals	$ 893,050,000	$ 607,334,156	$ 1,500,384,156

As of August 31, 2025, the District has $295,000,000 ($295,000,000 in Proposition A and $0 in Proposition B) of authorized but unissued unlimited ad valorem tax bonds from the May 6, 2023 bond election.

In prior years, the District defeased certain bonds through the issuance of new bonds and placed the proceeds in an irrevocable trust to provide for all future debt service payments of the old bonds. Accordingly, the trust account securities and the liability for the defeased bonds are not included in the Districts basic financial statements. As of August 31, 2025, the District had no outstanding defeased bonds.

In November 2024, the District issued $82,460,000 of unlimited tax refunding bonds. The proceeds of the refunding bonds were used to legally defease $89,585,000 of previously issued District bonds in order to lower its overall debt services requirements. The net carrying value of the old debt is more than the reacquisition price by $2,715,995. The amount is netted against the new debt and amortized over the life of the new debt. The District completed the advance refunding to reduce its total debt service payments over the next 18 years by approximately $10,580,042 and to obtain an economic gain (difference between present values of the old and new debt service payments) of $8,053,311.

Leases Payable

The District has entered into multiple lease agreements as lessee. The leases allow the right-to-use vehicles, copiers, laptops, and office space over the term of the lease. The District is required to make monthly and annual payments at its incremental borrowing rate or the interest rate stated or implied within the leases. The lease rate, term and ending lease liability are as follows:

	Interest Rate(s)	Lease Term in Years	Ending Balance
Governmental activities:			
Vehicles	Various	4-5	$ 774,773
Copiers	5.00%	5	341,746
Laptops	13.50%	4	1,335,651
Office space	5.00%	3	96,199
Total governmental activities			$ 2,548,369

The future principal and interest lease payments as of fiscal year end are as follows:

Year Ending August 31,	Principal	Interest	Total Requirements
2026	$ 1,368,062	$ 249,894	$ 1,617,956
2027	968,047	145,212	1,113,259
2028	125,985	17,129	143,114
2029	86,275	11,219	97,494
Total governmental activities	$ 2,548,369	$ 423,454	$ 2,971,823

The value of the right-to-lease assets as of the end of the current fiscal year was $5,807,358 and had accumulated amortization of $2,660,377.

Financed Purchases

The District issued financed purchase agreements for laptops and hardware with original terms of 3-4 years and an interest rate of 2.685 - 5%. As of August 31, 2025, the obligations associated with the financed purchase agreements were paid in full.

The value of the financed purchased equipment as of the end of the current fiscal year was $2,464,837 and had accumulated depreciation of $1,318,848.

Subscription Based Information Technology Arrangements (SBITA)
The District has entered into multiple SBITAs that allow the right-to-use the SBITA vendor's information technology software over the subscription term. The District is required to make monthly or annual payments at its incremental borrowing rate.

The SBITA rate, term and ending subscription liabilities are as follows:

	Interest Rates	Liability at Commencement	SBITA Term in Years	Ending Balance
Governmental activities:				
Cloud and studio	3.86%	$ 497,010	5	$ 229,476
Lightspeed software	13.50%	287,816	3	179,505
Communications platform	13.50%	142,720	5	86,812
Curriculum	13.50%	269,305	4	133,580
Let's talk subscription	2.36%	120,768	3	79,568
Firewall protection	13.20%	471,580	5	351,674
Total governmental activities				$ 1,060,615

The future principal and interest SBITA payments as of fiscal year end are as follows:

Year Ending August 31,	Principal	Interest	Total
2026	$ 396,849	$ 112,983	$ 509,832
2027	432,109	78,489	510,598
2028	126,181	31,632	157,813
2029	105,476	14,429	119,905
Totals	$ 1,060,615	$ 237,533	$ 1,298,148

The value of the right-to-use subscription assets as of the end of the current fiscal year was $1,789,199 and had accumulated amortization of $588,850.

F. Fund Balance

Other committed fund balance includes the following commitments of funds:

Other governmental funds:	
Campus activity	$ 1,047,944
Education foundation grant	8,668
Local funds	9
Total other committed fund balance	$ 1,056,621

G. Deficit Fund Balance

Following are funds having deficit fund balances at year end, along with remarks which address such deficits:

Fund	Deficit Amount	Remarks
Porter High School Athletic Activity	$ (13,575)	Deficit expected to be funded by next year's campus activity revenue.
West Fork High School Athletic Activity	(18,185)	Deficit expected to be funded by next year's campus activity revenue.

H. Revenues from Local and Intermediate Sources

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

	General	Debt Service	Capital Projects	Other Governmental Funds	Totals
Property taxes	$ 62,695,143	$ 41,401,482	$ -	$ -	$ 104,096,625
Investment income	3,198,982	1,475,535	14,563,311	360,592	19,598,420
Food sales	-	-	-	2,582,049	2,582,049
Extracurricular student activities	-	-	-	2,215,109	2,215,109
Other	1,489,653	-	-	-	1,489,653
Total	$ 67,383,778	$ 42,877,017	$ 14,563,311	$ 5,157,750	$ 129,981,856

Note 4. Other Information

A. Risk Management

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

Health Care Coverage
During the year ended August 31, 2025, employees of the District were covered by the Texas Schools Health Benefits Program (the Plan) a statewide health coverage program developed for Texas school districts. The District paid premiums of $250 per month, per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to the plan.

Workers' Compensation
The District participates in the Texas Association of School Boards Risk Management Fund ("Fund") for Workers' Compensation. The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund's membership, obtain competitive costs for coverages and develop a comprehensive loss control program. The District pays an annual premium to the Fund for its coverages and transfers the risk to the Fund. In the event that the Fund was to discontinue operations, the member districts would be responsible for any eligible claims not funded by the pool. There were no significant reductions in insurance coverage from the prior year or settlements exceeding insurance coverage for each of the past three fiscal years.

B. Litigation and Contingencies

The District is a defendant in various lawsuits arising principally in the normal course of operations. In the opinion of the District's management, the potential claims will not have a material effect on the District's financial position or results of operations.

The District participates in a number of federal and state financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of the Single Audit Act through August 31, 2025, these programs are subject to financial and compliance audits by the grantor agencies. The District is also subject to audit by the TEA of the attendance data upon which payments from the agency are based. These audits could result in questioned costs or refunds to be paid back to the granting agencies.

C. Defined Benefit Pension Plan

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

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

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

Benefits Provided

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

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

Contributions

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

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

Rates for such plan fiscal years are as follows:

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

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

District contributions	$ 7,282,927
Member contributions	13,862,335
NECE On-behalf contributions (State)	8,947,006

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

As the non-employer contributing entity, for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during the fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior colleges, universities and medical schools) are required to pay the employer contribution rate in the following instances:

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

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

- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment-after-retirement surcharge.
- Public education employer contribution - all public schools, charter schools and regional education service centers must contribute 1.9% of the member's salary beginning in fiscal year 2024, gradually increasing to 2.0% in fiscal year 2025.

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

On August 31, 2025, the District reported a liability of $71,775,178 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District are as follows:

District's proportionate share of the net pension liability	$	71,775,178
State's proportionate share of the net pension liability associated with the District		87,569,916
Total	$	159,345,094

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

At the measurement date of August 31, 2024, the District's proportion of the collective net pension liability was 0.11750% which was an increase 0.01164% from its proportion measured as of August 31, 2023.

For the fiscal year ended August 31, 2025, the District recognized pension expense of $22,278,518 and revenue of $10,466,069 for support provided by the State.

On August 31, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 3,956,150	$ 560,386
Changes of assumptions	3,705,906	496,835
Difference between projected and actual earnings on pension plan investments	436,296	-
Changes in proportion and difference between District's contributions and the proportionate share of contributions	7,042,310	582,613
District contributions paid subsequent to the measurement date	7,282,927	-
Totals	$ 22,423,589	$ 1,639,834

$7,282,927 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 August 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending August 31,	
2026	$ 1,635,177
2027	9,149,787
2028	2,332,702
2029	(552,325)
2030	935,487
Total	$ 13,500,828

Actuarial Methods and Assumptions

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

Actuarial cost method	Individual entry age normal
Asset valuation method	Fair value
Single discount rate	7.00%
Long-term expected rate of return	7.00%
Municipal bond rate as of August 2024	3.87% - The source for the rate is the Bond Buyers 20 Index which represents the estimated yield of a portfolio of 20 general obligation bonds maturing in 20 years based on a survey of municipal bond traders.
Last year ending August 31 in projection period (100 years)	2123
Inflation	2.30%
Salary increases	2.95% to 8.95% including inflation
Ad hoc postemployment benefit changes	None
Mortality rates	The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy 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% of payroll in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

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

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

Asset Class	Target Allocation**	Long-term Expected Geometric Real Rate of Return**	Expected Contribution to Long-term Portfolio Returns
Global equity:			
U.S.	18.0%	4.4%	1.0%
Non-U.S. developed	13.0%	4.2%	0.8%
Emerging markets	9.0%	5.2%	0.7%
Private equity*	14.0%	6.7%	1.2%
Stable value:			
Government bonds	16.0%	1.9%	0.4%
Absolute return*	-	4.0%	-
Stable value hedge funds	5.0%	3.0%	0.2%
Real return:			
Real estate	15.0%	6.6%	1.2%
Energy, natural resources and infrastructure	6.0%	5.6%	0.4%
Commodities	-	2.5%	-
Risk parity:			
Risk parity	8.0%	4.0%	0.4%
Asset allocation leverage:			
Cash	2.0%	1.0%	-
Asset allocation leverage cash	-6.0%	1.3%	-0.1%
Inflation expectation			2.4%
Volatility drag****			-0.7%
Total	100.0%		7.9%

* Absolute return includes credit sensitive investments.

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

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

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

Discount Rate Sensitivity Analysis

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	$ 114,643,147	$ 71,775,178	$ 36,256,019

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

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

D. Defined Other Postemployment Benefit Plan

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

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

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

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

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

TRS-Care Monthly Plan Premium Rates

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

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

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

Rates for such plan fiscal years are as follows:

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

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

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

District contributions	$ 1,364,240
Member contributions	1,092,188
NECE on-behalf contributions (State)	1,998,658

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 $1,190,315, $875,500 and $734,992 in 2025, 2024, and 2023, respectively, for on-behalf payments for Medicare Part D.

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

On August 31, 2025, the District reported a liability of $42,941,370 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided by the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District are as follows:

District's proportionate share of the net OPEB liability	$ 42,941,370
State's proportionate share of the net OPEB liability associated with the District	53,804,954
Total	$ 96,746,324

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 0.14148% which was an increase of 0.01173% from its proportion measured as of August 31, 2023.

For the fiscal year ended August 31, 2025, the District recognized net OPEB revenue of $10,432,172 due to recognition of deferred inflows in excess of deferred outflows and current year expense. OPEB revenue of ($6,993,651) was recognized for support provided by the State.

On August 31, 2025, the District reported its proportionate share of the TRS' deferred outflows of resources and deferred inflows of resources related to other postemployment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 8,230,419	$ 21,430,071
Changes of assumptions	5,495,988	14,011,272
Difference between projected and actual earnings on OPEB plan investments	-	120,250
Changes in proportion and difference between District's contributions and the proportionate share of contributions	9,601,757	1,112,394
District contributions paid subsequent to the measurement date	1,364,240	-
Totals	$ 24,692,404	$ 36,673,987

$1,364,240 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 August 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending August 31,	
2026	$ (4,556,239)
2027	(2,611,376)
2028	(3,844,184)
2029	(3,270,560)
2029	(1,487,303)
Thereafter	2,423,839
Total	$ (13,345,823)

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

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

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

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

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

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

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

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

Discount Rate

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

Sensitivity Analysis of Rates

Discount Rate

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

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
District's proportionate share of the net OPEB liability	$ 51,016,354	$ 42,941,370	$ 36,416,661

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	$ 34,969,370	$ 42,941,370	$ 53,329,680

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

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

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

E. Joint Venture-Shared Service Arrangement

The District participates in the following shared service arrangements:

Purchasing Alliance Cooperative
The District is the fiscal agent for a Shared Services Arrangement ("SSA") which provides food purchasing services for various member districts. All services are provided by the fiscal agent. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in the appropriate Special Revenue Fund and has accounted for these funds using Model 1 in the SSA section of the Resource Guide. Expenditures spent by the District were $710,377 for the year ended August 31, 2025.

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

F. Net Position Deficit

The statement of net position reported a deficit balance of $38,748,848 at August 31, 2025 due to the implementation of GASB Statement No. 75 in fiscal year 2018, the implementation of GASB Statement No. 68 in fiscal year 2015, and the implementation of GASB Statement No. 101 in fiscal year 2025, significantly reducing the unrestricted net position which resulted in an overall deficit.

G. Nonmonetary Transactions

During 2025, the District received goods purchased by the Texas Department of Agriculture (TDA) through the Food Distribution Program (commodities). These commodities have been recorded in the amount of $861,794 in a special revenue fund as federal revenues, which represents the amount of consideration given by TDA.

Required Supplementary Information
(Unaudited)

New Caney Independent School District

Exhibit G-1

Schedule of Revenues, Expenditures and Changes
In Fund Balance – Budget and Actual
General Fund
For the Fiscal Year Ended August 31, 2025

Data Control Codes		199 Budgeted Amounts Original	199 Budgeted Amounts Final	Actual	Variance with Final Budget Positive (Negative)
	REVENUES:				
5700	Local and intermediate sources	$ 65,797,746	$ 67,846,208	$ 67,383,778	$ (462,430)
5800	State program revenues	148,487,159	156,737,401	160,911,585	4,174,184
5900	Federal program revenues	1,950,000	1,950,000	1,326,307	(623,693)
5020	Total revenues	216,234,905	226,533,609	229,621,670	3,088,061
	EXPENDITURES:				
	Current:				
0011	Instruction	127,005,263	128,951,393	128,032,222	919,171
0012	Instructional resources and media services	2,044,340	2,098,611	1,977,639	120,972
0013	Curriculum and instructional staff development	4,089,682	7,278,807	7,034,738	244,069
0021	Instructional leadership	3,904,249	4,023,319	3,962,419	60,900
0023	School leadership	12,360,804	13,046,090	12,959,184	86,906
0031	Guidance, counseling, and evaluation services	9,329,564	9,987,048	9,908,866	78,182
0033	Health services	2,615,392	2,642,227	2,403,677	238,550
0034	Student transportation	8,016,146	9,550,279	9,467,075	83,204
0036	Extracurricular activities	7,664,582	7,738,375	7,658,079	80,296
0041	General administration	7,547,175	7,656,748	7,100,088	556,660
0051	Plant maintenance and operations	21,536,625	21,337,100	20,439,044	898,056
0052	Security and monitoring services	3,692,642	3,723,060	3,664,877	58,183
0053	Data processing services	5,390,009	5,541,382	5,470,806	70,576
0061	Community services	-	3,053	3,051	2
	Debt service:				
0071	Principal on long-term debt	-	2,555,155	2,497,944	57,211
0072	Interest on long-term debt	-	416,614	416,614	-
	Capital outlay:				
0081	Facilities acquisition and construction	-	8,434	7,134	1,300
	Intergovernmental charges:				
0095	Payments to juvenile justice alternative education programs	45,000	45,000	-	45,000
0099	Other intergovernmental charges	993,432	993,432	970,625	22,807
6030	Total expenditures	216,234,905	227,596,127	223,974,082	3,622,045
1100	Excess (deficiency) of revenues over (under) expenditures	-	(1,062,518)	5,647,588	6,710,106
	OTHER FINANCING SOURCES (USES):				
7913	Issuance of leases, subscriptions and financed purchases	-	1,064,122	1,064,122	-
7080	Total other financing sources (uses)	-	1,064,122	1,064,122	-
1200	Net change in fund balance	-	1,604	6,711,710	6,710,106
0100	Fund balance - beginning	65,219,388	65,219,388	65,219,388	-
3000	**FUND BALANCE - ENDING**	$ 65,219,388	$ 65,220,992	$ 71,931,098	$ 6,710,106

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

New Caney Independent School District **Exhibit G-2**

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

Year	District's Proportion of Net Pension Liability	District's Proportionate Share of the Net Pension Liability	State's Proportionate Share of the Net Pension Liability Associated with the District	Total	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2025	0.1175021%	$ 71,775,178	$ 87,569,916	$ 159,345,094	$ 155,510,898	46.15%	77.51%
2024	0.1058665%	72,720,090	85,984,048	158,704,138	135,901,069	53.51%	73.15%
2023	0.1019013%	60,496,183	83,887,373	144,383,556	127,078,479	47.61%	75.62%
2022	0.0981291%	24,990,021	38,140,413	63,130,434	121,277,371	20.61%	88.79%
2021	0.0985874%	52,801,386	77,448,604	130,249,990	115,981,853	45.53%	75.54%
2020	0.1042179%	54,175,721	72,459,837	126,635,558	108,854,866	49.77%	75.24%
2019	0.0999142%	54,995,174	78,083,072	133,078,246	103,297,323	53.24%	73.74%
2018	0.0927553%	29,658,134	45,319,803	74,977,937	95,872,906	30.93%	82.17%
2017	0.0866803%	32,755,201	52,456,045	85,211,246	88,748,492	36.91%	78.00%
2016	0.0866180%	30,618,310	48,009,456	78,627,766	82,049,484	37.32%	78.43%

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

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

New Caney Independent School District **Exhibit G-3**

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

Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	$ 7,282,927	$ (7,282,927)	$ -	$ 168,129,348	4.33%
2024	6,620,126	(6,620,126)	-	155,510,898	4.26%
2023	5,440,579	(5,440,579)	-	127,078,479	4.28%
2022	4,755,052	(4,755,052)	-	127,078,479	3.74%
2021	4,187,799	(4,187,799)	-	121,277,371	3.45%
2020	4,066,939	(4,066,939)	-	115,981,853	3.51%
2019	3,646,779	(3,646,779)	-	108,854,866	3.35%
2018	3,512,303	(3,512,303)	-	103,297,323	3.40%
2017	3,039,976	(3,039,976)	-	95,872,906	3.17%
2016	2,753,835	(2,753,835)	-	88,748,492	3.10%

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

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

New Caney 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
For the Last Eight Fiscal Years*

Year	District's Proportion of Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	State's Proportionate Share of the Net OPEB Liability Associated with the District	Total	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2025	0.1414801%	$ 42,941,370	$ 53,804,954	$ 96,746,324	$ 155,510,898	27.61%	13.70%
2024	0.1297501%	28,724,464	34,660,481	63,384,945	135,901,069	21.14%	14.94%
2023	0.1268159%	30,364,813	37,040,301	67,405,114	127,078,479	23.89%	11.52%
2022	0.1246452%	48,081,219	64,418,118	112,499,337	121,277,371	39.65%	6.18%
2021	0.1267839%	48,196,275	64,764,240	112,960,515	115,981,853	41.56%	4.99%
2020	0.1280920%	60,576,301	80,492,354	141,068,655	108,854,866	55.65%	2.66%
2019	0.1240100%	61,919,274	89,157,122	151,076,396	103,297,323	59.94%	1.57%
2018	0.1144160%	49,755,221	75,560,484	125,315,705	95,872,906	51.90%	0.91%

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

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

New Caney Independent School District **Exhibit G-5**

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

Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	$ 1,364,240	$ (1,364,240)	$ -	$ 168,129,348	0.81%
2024	1,285,133	(1,285,133)	-	155,510,898	0.83%
2023	1,122,506	(1,122,506)	-	135,901,069	0.83%
2022	1,041,548	(1,041,548)	-	127,078,479	0.82%
2021	974,292	(974,292)	-	121,277,371	0.80%
2020	963,005	(963,005)	-	115,981,853	0.83%
2019	908,968	(908,968)	-	108,854,866	0.84%
2018	768,007	(768,007)	-	103,297,323	0.74%

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

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

New Caney Independent School District
Notes to the Required Supplementary Information

Note 1. Budget

A. Budgetary Information

Each school district in Texas is required by law to prepare annually a budget of anticipated revenues and expenditures for the general fund, debt service fund and the National School Breakfast and Lunch Program special revenue fund. The Texas Education Code requires the budget to be prepared not later than August 20 and adopted by August 31 of each year. The budgets are prepared on a basis of accounting that is used for reporting in accordance with generally accepted accounting principles.

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

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

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

Note 2. Net Pension Liability and Net OPEB Liability

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

Changes in Actuarial Assumptions and Inputs

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

Changes in Demographic and Economic Assumptions
For measurement date August 31, 2018 – Net Pension Liability and Net OPEB Liability:

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

Changes in Benefit Terms
For measurement date August 31, 2024 – Net Pension Liability:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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Supplementary Information

New Caney Independent School District

Combining Balance Sheet
Nonmajor Government Funds
Special Revenue Funds
August 31, 2025

Data Control Codes		206 Education for Homeless Children and Youth	210 Title I 1003 School Improvement	211 ESEA Title I Improving Basic Programs
	ASSETS			
1110	Cash and cash equivalents	$ -	$ -	$ -
1120	Investments	-	-	-
1240	Due from other governments	17,260	-	578,192
1260	Due from other funds	-	-	-
1300	Inventories	-	-	-
1410	Prepaid items	-	-	5,153
1000	**TOTAL ASSETS**	$ 17,260	$ -	$ 583,345
	LIABILITIES			
2110	Accounts payable	$ -	$ -	$ 4,448
2160	Accrued wages payable	-	-	184,570
2170	Due to other funds	17,260	-	394,327
2300	Unearned revenue	-	-	-
2000	Total liabilities	17,260	-	583,345
	FUND BALANCES			
3450	Restricted - grant funds	-	-	-
3545	Committed - other	-	-	-
3600	Unassigned	-	-	-
3000	Total fund balances	-	-	-
4000	**TOTAL LIABILITIES AND FUND BALANCES**	$ 17,260	$ -	$ 583,345

212	224	225	226	240	244	255
Title-I Part C Migrant	**IDEA-B Formula**	**IDEA-B Preschool Grant**	**IDEA-B High Cost Funds**	**National School Breakfast/Lunch Program**	**Career and Technical - Basic Grant**	**ESEA Title II Supporting Effective Instruction**
$ -	$ -	$ -	$ -	$ 408,353	$ -	$ -
-	-	-	-	6,947,438	-	-
408	453,284	2,979	-	1,154,397	-	217,328
-	-	-	-	-	-	-
-	-	-	-	331,976	-	-
-	-	-	-	-	-	21,000
$ 408	$ 453,284	$ 2,979	$ -	$ 8,842,164	$ -	$ 238,328
$ -	$ -	$ -	$ -	$ 559	$ -	$ -
-	321,905	2,618	-	487,071	-	30,225
408	131,379	361	-	8,764	-	208,103
-	-	-	-	-	-	-
408	453,284	2,979	-	496,394	-	238,328
-	-	-	-	8,345,770	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	8,345,770	-	-
$ 408	$ 453,284	$ 2,979	$ -	$ 8,842,164	$ -	$ 238,328

New Caney Independent School District
Combining Balance Sheet
Nonmajor Government Funds
Special Revenue Funds – Continued
August 31, 2025

Data Control Codes		263 Title III, English Language Acquisition and Enhancement	282 ESSER III American Rescue Plan	288 Stronger Connections
	ASSETS			
1110	Cash and cash equivalents	$ -	$ -	$ -
1120	Investments	-	-	-
1240	Due from other governments	138,925	9,010	45,215
1260	Due from other funds	-	-	-
1300	Inventories	-	-	-
1410	Prepaid items	-	-	-
1000	**TOTAL ASSETS**	$ 138,925	$ 9,010	$ 45,215
	LIABILITIES			
2110	Accounts payable	$ -	$ -	$ -
2160	Accrued wages payable	29,047	-	35,521
2170	Due to other funds	109,878	9,010	9,694
2300	Unearned revenue	-	-	-
2000	Total liabilities	138,925	9,010	45,215
	FUND BALANCES			
3450	Restricted - grant funds	-	-	-
3545	Committed - other	-	-	-
3600	Unassigned	-	-	-
3000	Total fund balances	-	-	-
4000	**TOTAL LIABILITIES AND FUND BALANCES**	$ 138,925	$ 9,010	$ 45,215

289	385	397	410	424	425	427
Other Federally Funded Grants	Supplemental Visually Impaired	Advanced Placement Incentives	State Textbook Fund	2023-2025 Safety and Facilities/Safe Cycle 2	School Safety Standards	Special Education Fiscal Support
$ -	$ -	$ 14,503	$ -	$ -	$ -	$ 6,116
-	-	-	-	-	-	-
64,107	-	-	559,391	40,979	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
$ 64,107	$ -	$ 14,503	$ 559,391	$ 40,979	$ -	$ 6,116
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-
64,107	-	-	559,391	40,979	-	-
-	-	8,096	-	-	-	6,116
64,107	-	8,096	559,391	40,979	-	6,116
-	-	6,407	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	6,407	-	-	-	-
$ 64,107	$ -	$ 14,503	$ 559,391	$ 40,979	$ -	$ 6,116

New Caney Independent School District

Combining Balance Sheet
Nonmajor Government Funds
Special Revenue Funds – Continued
August 31, 2025

Data Control Codes		429 Other State Funded Grants	458 SSA - Purchasing Alliance Co-op	460 New Caney High School Campus Activity
	ASSETS			
1110	Cash and cash equivalents	$ 19,526	$ 803,637	$ 42,329
1120	Investments	-	-	6,813
1240	Due from other governments	29,388	-	-
1260	Due from other funds	-	-	29
1300	Inventories	-	-	-
1410	Prepaid items	-	-	-
1000	**TOTAL ASSETS**	$ 48,914	$ 803,637	$ 49,171
	LIABILITIES			
2110	Accounts payable	$ -	$ -	$ -
2160	Accrued wages payable	25,957	-	-
2170	Due to other funds	-	-	-
2300	Unearned revenue	22,957	-	-
2000	Total liabilities	48,914	-	-
	FUND BALANCES			
3450	Restricted - grant funds	-	803,637	-
3545	Committed - other	-	-	49,171
3600	Unassigned	-	-	-
3000	Total fund balances	-	803,637	49,171
4000	**TOTAL LIABILITIES AND FUND BALANCES**	$ 48,914	$ 803,637	$ 49,171

461	462	463	464	465	466	467
White Oak M.S. Campus Activity	Keefer Crossing M.S. Campus Activity	Porter Elementary Campus Activity	New Caney Elementary Campus Activity	Tavola Elementary Campus Activity	Robert Crippen Elementary Campus Activity	Kings Manor Elementary Campus Activity
$ 21,363	$ 42,049	$ 24,044	$ 25,914	$ 14,077	$ 13,570	$ 4,448
-	-	-	-	-	-	-
-	-	-	-	-	-	-
23	177	-	-	24	16	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
$ 21,386	$ 42,226	$ 24,044	$ 25,914	$ 14,101	$ 13,586	$ 4,448
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
21,386	42,226	24,044	25,914	14,101	13,586	4,448
-	-	-	-	-	-	-
21,386	42,226	24,044	25,914	14,101	13,586	4,448
$ 21,386	$ 42,226	$ 24,044	$ 25,914	$ 14,101	$ 13,586	$ 4,448

New Caney Independent School District
Combining Balance Sheet
Nonmajor Government Funds
Special Revenue Funds – Continued
August 31, 2025

Data Control Codes		468 Infinity Early College High School Campus Activity	469 Special Education Campus Activity	470 Bens Branch Elementary Campus Activity
	ASSETS			
1110	Cash and cash equivalents	$ 16,791	$ 10,146	$ 44,662
1120	Investments	-	-	-
1240	Due from other governments	-	-	-
1260	Due from other funds	38	-	998
1300	Inventories	-	-	-
1410	Prepaid items	-	-	-
1000	**TOTAL ASSETS**	$ 16,829	$ 10,146	$ 45,660
	LIABILITIES			
2110	Accounts payable	$ -	$ -	$ -
2160	Accrued wages payable	-	-	-
2170	Due to other funds	-	-	-
2300	Unearned revenue	-	-	-
2000	Total liabilities	-	-	-
	FUND BALANCES			
3450	Restricted - grant funds	-	-	-
3545	Committed - other	16,829	10,146	45,660
3600	Unassigned	-	-	-
3000	Total fund balances	16,829	10,146	45,660
4000	**TOTAL LIABILITIES AND FUND BALANCES**	$ 16,829	$ 10,146	$ 45,660

471	472	473	474	475	476	477	478
Valley Ranch Elementary Campus Activity	**Sorters Mill Elementary Campus Activity**	**Pine Valley Middle School Campus Activity**	**District Wide Activity**	**New Caney High School Athletic Activity**	**Porter High School Campus Activity**	**Oakley Elementary Campus Activity**	**Porter High School Athletic Activity**
$ 25,632	$ 24,835	$ 23,173	$ 1,888	$ 504,745	$ 20,363	$ 41,387	$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	2	29	-	-	91	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
$ 25,632	$ 24,837	$ 23,202	$ 1,888	$ 504,745	$ 20,454	$ 41,387	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
-	743	-	-	254	-	-	13,575
-	-	-	-	-	-	-	-
-	743	-	-	254	-	-	13,575
-	-	-	-	-	-	-	-
25,632	24,094	23,202	1,888	504,491	20,454	41,387	-
-	-	-	-	-	-	-	(13,575)
25,632	24,094	23,202	1,888	504,491	20,454	41,387	(13,575)
$ 25,632	$ 24,837	$ 23,202	$ 1,888	$ 504,745	$ 20,454	$ 41,387	$ -

New Caney Independent School District

Combining Balance Sheet
Nonmajor Government Funds
Special Revenue Funds – Continued
August 31, 2025

Data Control Codes		479 Woodridge Forest M.S. Campus Activity	480 Dogwood Elementary Campus Activity	481 Brookwood Forest Elementary Campus Activity
	ASSETS			
1110	Cash and cash equivalents	$ 20,465	$ 12,117	$ 5,623
1120	Investments	-	-	-
1240	Due from other governments	-	-	-
1260	Due from other funds	52	37	7
1300	Inventories	-	-	-
1410	Prepaid items	-	-	-
1000	**TOTAL ASSETS**	$ 20,517	$ 12,154	$ 5,630
	LIABILITIES			
2110	Accounts payable	$ -	$ -	$ -
2160	Accrued wages payable	-	-	-
2170	Due to other funds	-	-	-
2300	Unearned revenue	-	-	-
2000	Total liabilities	-	-	-
	FUND BALANCES			
3450	Restricted - grant funds	-	-	-
3545	Committed - other	20,517	12,154	5,630
3600	Unassigned	-	-	-
3000	Total fund balances	20,517	12,154	5,630
4000	**TOTAL LIABILITIES AND FUND BALANCES**	$ 20,517	$ 12,154	$ 5,630

482	483	485	486	495	499	
West Fork High School Campus Activity	**District Wide Fine Arts Activity**	**West Fork High School Athletic Activity**	**Highlands Elementary Campus Activity**	**Education Foundation Grant**	**Locally Funded Special Revenue Fund**	**Total Nonmajor Funds (See Exhibit C-1)**
$ 96,519	$ 2,200	$ -	$ 2,217	$ 8,668	$ 9	$ 2,301,369
-	-	-	-	-	-	6,954,251
-	-	-	-	-	-	3,310,863
225	-	-	-	-	-	1,748
-	-	-	-	-	-	331,976
-	-	-	-	-	-	26,153
$ 96,744	$ 2,200	$ -	$ 2,217	$ 8,668	$ 9	$ 12,926,360
$ -	$ -	$ -	$ -	$ -	$ -	$ 5,007
-	-	-	-	-	-	1,116,914
177	-	18,185	-	-	-	1,586,595
-	-	-	-	-	-	37,169
177	-	18,185	-	-	-	2,745,685
-	-	-	-	-	-	9,155,814
96,567	2,200	-	2,217	8,668	9	1,056,621
-	-	(18,185)	-	-	-	(31,760)
96,567	2,200	(18,185)	2,217	8,668	9	10,180,675
$ 96,744	$ 2,200	$ -	$ 2,217	$ 8,668	$ 9	$ 12,926,360

New Caney Independent School District

Combining Statements of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Government Funds
Special Revenue Funds
For the Fiscal Year Ended August 31, 2025

Data Control Codes		206 Education for Homeless Children and Youth	210 Title I 1003 School Improvement	211 ESEA Title I Improving Basic Programs
	REVENUES			
5700	Local and intermediate sources	$ -	$ -	$ -
5800	State program revenues	-	-	-
5900	Federal program revenues	33,294	57,558	3,657,421
5020	Total revenues	33,294	57,558	3,657,421
	EXPENDITURES			
	Current:			
0011	Instruction	1,750	28,759	1,768,594
0012	Instructional resources and media services	-	-	6,400
0013	Curriculum and instructional staff development	-	15,299	1,350,854
0021	Instructional leadership	-	-	-
0023	School leadership	-	13,500	86,343
0031	Guidance, counseling, and evaluation services	14,000	-	-
0033	Health services	-	-	-
0034	Student transportation	8,366	-	2,354
0035	Food services	-	-	-
0036	Extracurricular activities	-	-	-
0041	General administration	-	-	163,766
0052	Security and monitoring services	-	-	-
0053	Data processing services	-	-	1,002
0061	Community services	9,178	-	278,108
	Debt service:			
0071	Principal on long-term debt	-	-	-
0072	Interest on long-term debt	-	-	-
	Intergovernmental:			
0093	Payments related to shared services arrangements	-	-	-
6030	Total expenditures	33,294	57,558	3,657,421
1200	Net change in fund balances	-	-	-
0100	Fund balances (deficit) - beginning	-	-	-
3000	**FUND BALANCES - ENDING**	$ -	$ -	$ -

212	224	225	226	240	244	255
Title-I Part C Migrant	**IDEA-B Formula**	**IDEA-B Preschool Grant**	**IDEA-B High Cost Funds**	**National School Breakfast/Lunch Program**	**Career and Technical - Basic Grant**	**ESEA Title II Supporting Effective Instruction**
$ -	$ -	$ -	$ -	$ 2,937,877	$ -	$ -
-	-	-	-	434,465	-	-
5,136	3,250,705	33,792	3,045	11,711,767	200,255	660,984
5,136	3,250,705	33,792	3,045	15,084,109	200,255	660,984
3,917	1,872,298	33,792	3,045	-	200,255	-
-	-	-	-	-	-	-
1,116	25,620	-	-	-	-	576,004
103	5,218	-	-	-	-	28,733
-	-	-	-	-	-	55,157
-	1,197,319	-	-	-	-	1,090
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	15,193,607	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	5,813	-	-
-	-	-	-	1,059	-	-
-	150,250	-	-	-	-	-
5,136	3,250,705	33,792	3,045	15,200,479	200,255	660,984
-	-	-	-	(116,370)	-	-
-	-	-	-	8,462,140	-	-
$ -	$ -	$ -	$ -	$ 8,345,770	$ -	$ -

New Caney Independent School District

Combining Statements of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Government Funds
Special Revenue Funds - Continued
For the Fiscal Year Ended August 31, 2025

Data Control Codes		263 Title III, English Language Acquisition and Enhancement	282 ESSER III American Rescue Plan	288 Stronger Connections
	REVENUES			
5700	Local and intermediate sources	$ -	$ -	$ -
5800	State program revenues	-	-	-
5900	Federal program revenues	594,963	325,423	341,707
5020	Total revenues	594,963	325,423	341,707
	EXPENDITURES			
	Current:			
0011	Instruction	390,146	139,608	80,298
0012	Instructional resources and media services	-	-	-
0013	Curriculum and instructional staff development	196,656	125,659	258,623
0021	Instructional leadership	1,415	-	2,786
0023	School leadership	767	3,297	-
0031	Guidance, counseling, and evaluation services	-	-	-
0033	Health services	-	-	-
0034	Student transportation	-	-	-
0035	Food services	-	-	-
0036	Extracurricular activities	298	-	-
0041	General administration	-	-	-
0052	Security and monitoring services	-	7,955	-
0053	Data processing services	-	48,904	-
0061	Community services	5,681	-	-
	Debt service:			
0071	Principal on long-term debt	-	-	-
0072	Interest on long-term debt	-	-	-
	Intergovernmental:			
0093	Payments related to shared services arrangements	-	-	-
6030	Total expenditures	594,963	325,423	341,707
1200	Net change in fund balances	-	-	-
0100	Fund balances (deficit) - beginning	-	-	-
3000	**FUND BALANCES - ENDING**	$ -	$ -	$ -

289	385	397	410	424	425	427
Other Federally Funded Grants	**Supplemental Visually Impaired**	**Advanced Placement Incentives**	**State Textbook Fund**	**2023-2025 Safety and Facilities/Safe Cycle 2**	**School Safety Standards**	**Special Education Fiscal Support**
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	9,098	-	1,621,018	777,280	2,624	-
263,378	-	-	-	-	-	-
263,378	9,098	-	1,621,018	777,280	2,624	-
124,270	5,146	-	1,240,418	-	-	-
-	-	-	-	-	-	-
126,094	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	777,280	2,624	-
-	-	-	-	-	-	-
13,014	3,952	-	-	-	-	-
-	-	-	308,904	-	-	-
-	-	-	71,696	-	-	-
-	-	-	-	-	-	-
263,378	9,098	-	1,621,018	777,280	2,624	-
-	-	-	-	-	-	-
-	-	6,407	-	-	-	-
$ -	$ -	$ 6,407	$ -	$ -	$ -	$ -

New Caney Independent School District

Combining Statements of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Government Funds
Special Revenue Funds - Continued
For the Fiscal Year Ended August 31, 2025

Data Control Codes		429 Other State Funded Grants	458 SSA - Purchasing Alliance Co-op	460 New Caney High School Campus Activity
	REVENUES			
5700	Local and intermediate sources	$ -	$ 838,366	$ 47,159
5800	State program revenues	180,503	-	-
5900	Federal program revenues	-	-	-
5020	Total revenues	180,503	838,366	47,159
	EXPENDITURES			
	Current:			
0011	Instruction	7,918	-	3,545
0012	Instructional resources and media services	-	-	-
0013	Curriculum and instructional staff development	-	-	-
0021	Instructional leadership	4,520	-	-
0023	School leadership	-	-	27,704
0031	Guidance, counseling, and evaluation services	-	-	-
0033	Health services	-	-	-
0034	Student transportation	-	-	-
0035	Food services	-	-	-
0036	Extracurricular activities	-	-	11,627
0041	General administration	-	258,139	-
0052	Security and monitoring services	-	-	939
0053	Data processing services	-	-	-
0061	Community services	168,065	-	-
	Debt service:			
0071	Principal on long-term debt	-	-	-
0072	Interest on long-term debt	-	-	-
	Intergovernmental:			
0093	Payments related to shared services arrangements	-	452,238	-
6030	Total expenditures	180,503	710,377	43,815
1200	Net change in fund balances	-	127,989	3,344
0100	Fund balances (deficit) - beginning	-	675,648	45,827
3000	**FUND BALANCES - ENDING**	$ -	$ 803,637	$ 49,171

461	462	463	464	465	466	467
White Oak M.S. Campus Activity	**Keefer Crossing M.S. Campus Activity**	**Porter Elementary Campus Activity**	**New Caney Elementary Campus Activity**	**Tavola Elementary Campus Activity**	**Robert Crippen Elementary Campus Activity**	**Kings Manor Elementary Campus Activity**
$ 38,182	$ 24,903	$ 47,521	$ 57,597	$ 65,270	$ 35,075	$ 46,421
-	-	-	-	-	-	-
-	-	-	-	-	-	-
38,182	24,903	47,521	57,597	65,270	35,075	46,421
15,060	-	10,976	11,630	14,622	6,935	9,466
3,124	4,851	8,690	8,151	15,406	2,249	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
15,029	1,108	15,211	14,774	16,473	10,452	32,129
-	282	-	-	586	-	-
-	-	-	-	27	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
11,169	12,802	15,640	24,422	25,700	10,461	13,492
-	-	-	-	-	-	-
-	679	-	230	3,900	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
44,382	19,722	50,517	59,207	76,714	30,097	55,087
(6,200)	5,181	(2,996)	(1,610)	(11,444)	4,978	(8,666)
27,586	37,045	27,040	27,524	25,545	8,608	13,114
$ 21,386	$ 42,226	$ 24,044	$ 25,914	$ 14,101	$ 13,586	$ 4,448

New Caney Independent School District

Combining Statements of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Government Funds
Special Revenue Funds - Continued
For the Fiscal Year Ended August 31, 2025

Data Control Codes		468 Infinity Early College High School Campus Activity	469 Special Education Campus Activity	470 Bens Branch Elementary Campus Activity
	REVENUES			
5700	Local and intermediate sources	$ 4,133	$ 12,685	$ 69,238
5800	State program revenues	-	-	-
5900	Federal program revenues	-	-	-
5020	Total revenues	4,133	12,685	69,238
	EXPENDITURES			
	Current:			
0011	Instruction	-	771	8,840
0012	Instructional resources and media services	-	-	11,957
0013	Curriculum and instructional staff development	-	-	-
0021	Instructional leadership	-	3,380	-
0023	School leadership	2,149	-	37,737
0031	Guidance, counseling, and evaluation services	-	-	-
0033	Health services	-	-	-
0034	Student transportation	-	-	-
0035	Food services	-	-	-
0036	Extracurricular activities	-	-	24,725
0041	General administration	-	-	-
0052	Security and monitoring services	-	-	-
0053	Data processing services	-	-	-
0061	Community services	-	-	-
	Debt service:			
0071	Principal on long-term debt	-	-	-
0072	Interest on long-term debt	-	-	-
	Intergovernmental:			
0093	Payments related to shared services arrangements	-	-	-
6030	Total expenditures	2,149	4,151	83,259
1200	Net change in fund balances	1,984	8,534	(14,021)
0100	Fund balances (deficit) - beginning	14,845	1,612	59,681
3000	**FUND BALANCES - ENDING**	$ 16,829	$ 10,146	$ 45,660

471	472	473	474	475	476	477	478
Valley Ranch Elementary Campus Activity	**Sorters Mill Elementary Campus Activity**	**Pine Valley Middle School Campus Activity**	**District Wide Activity**	**New Caney High School Athletic Activity**	**Porter High School Campus Activity**	**Oakley Elementary Campus Activity**	**Porter High School Athletic Activity**
$ 52,038	$ 54,325	$ 37,408	$ 400	$ 267,880	$ 76,909	$ 37,298	$ 58,402
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
52,038	54,325	37,408	400	267,880	76,909	37,298	58,402
6,062	13,573	5,848	-	-	9,813	9,706	-
-	8,521	3,613	-	-	-	8,182	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
7,206	11,748	337	1,863	-	52,833	4,412	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
36,529	13,847	25,878	259	214,672	22,643	8,290	86,417
-	-	-	-	-	-	-	-
-	-	-	-	-	545	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
49,797	47,689	35,676	2,122	214,672	85,834	30,590	86,417
2,241	6,636	1,732	(1,722)	53,208	(8,925)	6,708	(28,015)
23,391	17,458	21,470	3,610	451,283	29,379	34,679	14,440
$ 25,632	$ 24,094	$ 23,202	$ 1,888	$ 504,491	$ 20,454	$ 41,387	$ (13,575)

New Caney Independent School District

Combining Statements of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Government Funds
Special Revenue Funds - Continued
For the Fiscal Year Ended August 31, 2025

Data Control Codes		479 Woodridge Forest M.S. Campus Activity	480 Dogwood Elementary Campus Activity	481 Brookwood Forest Elementary Campus Activity
	REVENUES			
5700	Local and intermediate sources	$ 49,054	$ 53,456	$ 25,115
5800	State program revenues	-	-	-
5900	Federal program revenues	-	-	-
5020	Total revenues	49,054	53,456	25,115
	EXPENDITURES			
	Current:			
0011	Instruction	-	6,038	1,756
0012	Instructional resources and media services	3,828	7,602	9,209
0013	Curriculum and instructional staff development	-	-	-
0021	Instructional leadership	-	-	-
0023	School leadership	34,042	27,806	7,573
0031	Guidance, counseling, and evaluation services	-	-	-
0033	Health services	-	-	-
0034	Student transportation	-	-	-
0035	Food services	-	-	-
0036	Extracurricular activities	30,303	11,457	6,226
0041	General administration	-	-	-
0052	Security and monitoring services	-	-	-
0053	Data processing services	-	-	-
0061	Community services	-	-	-
	Debt service:			
0071	Principal on long-term debt	-	-	-
0072	Interest on long-term debt	-	-	-
	Intergovernmental:			
0093	Payments related to shared services arrangements	-	-	-
6030	Total expenditures	68,173	52,903	24,764
1200	Net change in fund balances	(19,119)	553	351
0100	Fund balances (deficit) - beginning	39,636	11,601	5,279
3000	**FUND BALANCES - ENDING**	$ 20,517	$ 12,154	$ 5,630

482	483	485	486	495	499	
West Fork High School Campus Activity	**District Wide Fine Arts Activity**	**West Fork High School Athletic Activity**	**Highlands Elementary Campus Activity**	**Education Foundation Grant**	**Locally Funded Special Revenue Fund**	**Total Nonmajor Funds (See Exhibit C-2)**
$ 49,870	$ 250	$ 163,818	$ 7,100	$ -	$ -	$ 5,157,750
-	-	-	-	-	-	3,024,988
-	-	-	-	-	-	21,139,428
49,870	250	163,818	7,100	-	-	29,322,166
2,684	-	-	-	-	-	6,037,539
-	-	-	-	-	-	101,783
-	-	-	-	-	-	2,675,925
-	-	-	-	-	-	46,155
5,141	-	-	4,664	-	-	489,455
-	-	-	-	-	-	1,213,277
-	-	-	-	-	-	27
-	-	-	-	-	-	10,720
-	-	-	-	-	-	15,193,607
2,072	-	176,760	219	-	-	785,908
-	-	-	-	-	-	421,905
554	-	-	-	-	-	794,706
-	-	-	-	-	-	49,906
-	-	-	-	-	-	477,998
-	-	-	-	-	-	314,717
-	-	-	-	-	-	72,755
-	-	-	-	-	-	602,488
10,451	-	176,760	4,883	-	-	29,288,871
39,419	250	(12,942)	2,217	-	-	33,295
57,148	1,950	(5,243)	-	8,668	9	10,147,380
$ 96,567	$ 2,200	$ (18,185)	$ 2,217	$ 8,668	$ 9	$ 10,180,675

New Caney Independent School District

Schedule of Delinquent Taxes Receivable
For the Fiscal Year Ended August 31, 2025

Year Ended August 31,	1 Tax Rates Maintenance	2 Tax Rates Debt Service	3 Assessed/ Appraised Value For School Tax Purposes	10 Beginning Balance 9/1/24
2016 and prior years	$ Various	$ Various	$ Various	$ 433,642
2017	1.1700	0.5000	3,528,444,491	98,130
2018	1.1700	0.5000	3,851,748,623	144,763
2019	1.1700	0.5000	4,308,636,048	180,431
2020	1.0684	0.5000	4,680,992,923	238,923
2021	0.9761	0.5000	5,255,477,881	331,881
2022	0.9603	0.5000	5,898,340,067	448,192
2023	0.9430	0.5000	7,483,075,417	1,005,972
2024	0.7575	0.5000	7,490,789,185	1,971,709
2025	0.7552	0.5000	8,315,670,411	-
1000 TOTALS				$ 4,853,643

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	40 Entire Year's Adjustments	50 Ending Balance 8/31/25	99 Total Taxes Refunded Under Section 26.1115(c)
$ -	$ 13,629	$ 5,824	$ (66,145)	$ 348,044	
-	2,498	1,067	(1,097)	93,468	
-	4,833	2,065	(1,114)	136,751	
-	13,711	5,859	(2,564)	158,297	
-	24,188	11,320	(3,015)	200,400	
-	42,246	21,640	1,220	269,215	
-	89,829	46,771	26,647	338,239	
-	185,294	98,247	182,731	905,162	
-	360,527	237,958	(22,679)	1,350,545	
104,378,295	61,270,586	40,565,801	-	2,541,908	
$ 104,378,295	$ 62,007,341	$ 40,996,552	$ 113,984	$ 6,342,029	
					$ 92,688
	$ -				

New Caney Independent School District **Exhibit J-2**

Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget and Actual
National School Breakfast and Lunch Program
For the Fiscal Year Ended August 31, 2025

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Positive (Negative)
	REVENUES				
5700	Local and intermediate sources	$ 2,200,000	$ 2,366,000	$ 2,937,877	$ 571,877
5800	State program revenues	370,000	370,000	434,465	64,465
5900	Federal program revenues	10,855,000	10,855,000	11,711,767	856,767
5020	Total revenues	13,425,000	13,591,000	15,084,109	1,493,109
	EXPENDITURES				
	Current:				
0035	Food services	17,894,504	18,040,501	15,193,607	2,846,894
0051	Plant maintenance and operations	50,000	50,000	-	50,000
	Debt service:				
0071	Principal on long-term debt	-	18,229	5,813	12,416
0072	Interest on long-term debt	-	1,059	1,059	-
6030	Total expenditures	17,944,504	18,109,789	15,200,479	2,909,310
1200	Net change in fund balance	(4,519,504)	(4,518,789)	(116,370)	4,402,419
0100	Fund balance - beginning	8,462,140	8,462,140	8,462,140	-
3000	**FUND BALANCE - ENDING**	$ 3,942,636	$ 3,943,351	$ 8,345,770	$ 4,402,419

New Caney Independent School District **Exhibit J-3**

Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget and Actual
Debt Service Fund
For the Fiscal Year Ended August 31, 2025

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Positive (Negative)
	REVENUES				
5700	Local and intermediate sources	$ 41,927,849	$ 41,927,849	$ 42,877,017	$ 949,168
5800	State program revenues	3,814,839	3,816,535	5,585,711	1,769,176
5020	Total revenues	45,742,688	45,744,384	48,462,728	2,718,344
	EXPENDITURES				
	Debt service:				
0071	Principal on long-term debt	14,100,000	15,160,000	15,160,000	-
0072	Interest on long-term debt	41,366,695	40,306,694	40,305,195	1,499
0073	Issuance costs and fees	7,500	733,365	733,365	-
6030	Total expenditures	55,474,195	56,200,059	56,198,560	1,499
1100	Excess (deficiency) of revenues over (under) expenditures	(9,731,507)	(10,455,675)	(7,735,832)	2,719,843
	OTHER FINANCING SOURCES (USES)				
7901	Issuance of refunding bonds	-	82,460,000	82,460,000	-
7916	Premium on issuance of bonds	-	9,224,683	9,224,683	-
8940	Payment to bond refunding escrow agent	-	(90,960,515)	(90,960,515)	-
7080	Total other financing sources (uses)	-	724,168	724,168	-
1200	Net change in fund balance	(9,731,507)	(9,731,507)	(7,011,664)	2,719,843
0100	Fund balance - beginning	20,550,542	20,550,542	20,550,542	-
3000	**FUND BALANCE - ENDING**	$ 10,819,035	$ 10,819,035	$ 13,538,878	$ 2,719,843

New Caney Independent School District **Exhibit J-4**

Use of Funds Report – Select State Allotment Programs
For the Fiscal Year Ended August 31, 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.	$ 20,631,880
AP4	Actual direct program expenditures for state compensatory education programs during the District's fiscal year. (PICs 24, 26, 28, 29, 30)	$ 10,229,949
	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.	$ 4,375,569
AP8	Actual direct program expenditures for bilingual education programs during the District's fiscal year.	$ 2,790,063

Overall Compliance, Internal Control Section and Federal Awards

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1800 Hughes Landing Blvd, Suite 500
The Woodlands, Texas 77380
713-800-1060

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
New Caney Independent School District
New Caney, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of New Caney Independent School District (the District) as of and for the year ended August 31, 2025 and the related notes to the financial statements, which collectively comprise District's basic financial statements, and have issued our report thereon dated December 3, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

The Board of Trustees of
New Caney Independent School District

Purpose of this Report

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P

The Woodlands, Texas
December 3, 2025

1800 Hughes Landing Blvd, Suite 500
The Woodlands, Texas 77380
713-800-1060

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
New Caney Independent School District
New Caney, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited New Caney Independent School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2025. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2025.

Basis for Opinion on Each Major 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.

The Board of Trustees of
New Caney Independent School District

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

The Woodlands, Texas
December 3, 2025

New Caney Independent School District

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended August 31, 2025

Section 1. Summary of Auditor's Results

Financial Statements

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

Federal Awards

4.	Internal control over major programs:	
	a. Material weakness(es) identified?	No
	b. Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
5.	Type of auditor's report issued on compliance with major programs?	Unmodified
6.	Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	No
7.	Identification of major programs	Special Education Cluster - 84.027A and 84.173A ESEA Title I, Part A – Improving Basic Programs – 84.010
8.	Dollar threshold used to distinguish between Type A and Type B federal programs	$750,000
9.	Auditee qualified as a low-risk auditee	Yes

Section 2. Financial Statement Findings

None reported

Section 3. Federal Award Findings and Questioned Costs

None reported

New Caney Independent School District
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended August 31, 2025

Prior Year Findings

None reported

New Caney Independent School District

Exhibit K-1

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended August 31, 2025

(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Federal Assistance Listing Number	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed Through State Department of Education:			
ESEA Title I, Part A - Improving Basic Programs	84.010A	25610101170908	$ 3,657,421
Title I 1003 School Improvement	84.010A	256101397110016	57,558
Total Assistance Listing Number 84.010A			3,714,979
Special Education Cluster (IDEA):			
IDEA - Part B, Formula	84.027A	256600011709086100	3,250,705
High Cost Fund	84.027A	66002506	3,045
Total Assistance Listing Number 84.027A			3,253,750
IDEA - Part B, Preschool	84.173A	256610011709086610	33,792
Total Special Education Cluster (IDEA)			3,287,542
Title I Part C- Migrant Shared Services Arrangement	84.011A	25615001236950	5,136
Career and Technical - Basic Grant	84.048A	25420006170908	200,255
ESEA, Title X, Part C - Texas Education for Homeless Children & Youth	84.196A	254600057110024	33,294
Title III, Part A - English Language Acquisition and Language Enhancement	84.365A	25671001170908	564,511
Title III, Part A - Immigrant	84.365A	25671003170908	30,452
Total Assistance Listing Number 84.365A			594,963
ESEA Title II, Part A - Teacher and Principal Training and Recruiting	84.367A	25694501170908	660,984
Improving Academic Achievement, Summer School LEP	84.369A	69552402	71,931
Title IV, Part A, Subpart 1	84.424A	25680101170908	191,447
Stronger Connections Grant	84.424F	236811017110071	341,707
Total Assistance Listing Number 84.424			533,154
COVID-19 - ARP ESSER III	84.425U	21528001170908	325,423
TOTAL U.S. DEPARTMENT OF EDUCATION			9,427,661

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

New Caney Independent School District

Exhibit K-1

Schedule of Expenditures of Federal Awards - Continued
For the Fiscal Year Ended August 31, 2025

(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Federal Assistance Listing Number	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Child Nutrition Cluster:			
Passed Through State Department of Education - Cash Assistance:			
School Breakfast Program	10.553	71402501	2,640,057
Passed Through State Department of Agriculture - Non-Cash Assistance:			
National School Lunch Program	10.555	806780706	861,794
Passed Through State Department of Education - Cash Assistance:			
National School Lunch Program	10.555	71302501	8,209,916
Total Assistance Listing Number 10.555			9,071,710
Total Child Nutrition Cluster			11,711,767
Passed Through Montgomery County, Texas:			
Forest Service Schools and Roads Cluster:			
Schools and Roads - Grants to Counties	10.666	N/A	2,540
TOTAL U.S. DEPARTMENT OF AGRICULTURE			11,714,307
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through Texas Health and Human Services Commission:			
Medicaid Cluster:			
Medicaid Administrative Claiming Program (MAC)	93.778	529-16-0072-00034	25,892
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			25,892
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 21,167,860

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

New Caney Independent School District

Notes to the Schedule of Expenditures of Federal Awards

Note 1. Summary of Significant Accounting Policies

The District accounts for all awards under federal programs in the General Fund and certain Special Revenue Funds in accordance with the Texas Education Agency's Financial Accountability System Resource Guide. These programs are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in fund balance.

The modified accrual basis of accounting is used for these funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the liability is incurred, if measurable, except for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned. Generally, unused balances are returned to the grantor at the close of specified project periods.

National School Lunch Program non-cash commodities are recorded at their estimated market value at the time of donation.

Note 2. De Minimis Cost Rate

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

Note 3. Reconciliation to Basic Financial Statements

The following is a reconciliation of expenditures of federal awards per Exhibit K-1 and federal revenues reported on Exhibit C-2:

Total expenditures of federal awards per Exhibit K-1	$	21,167,860
Additional federal revenues reported in the general fund and capital projects fund:		
School health and related services		918,518
Reserve officers' training corps		161,945
E-rate		344,192
Total federal revenues per exhibit C-2	$	22,592,515

New Caney Independent School District **Exhibit L-1**

Schedule of Required Responses to Selected
School FIRST Indicators (Unaudited)
For the Fiscal Year Ended August 31, 2025

Data Codes		Responses
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered **to not have made** timely payments.) Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued. Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	Yes
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.	$ 2,447,380