

Annual Financial & Compliance Report

for the year ended August 31, 2025

CONFIDENT LEARNERS
TODAY

CHANGE MAKERS
TOMORROW

GATORS
FOREVER

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DICKINSON INDEPENDENT SCHOOL DISTRICT ANNUAL FINANCIAL & COMPLIANCE REPORT

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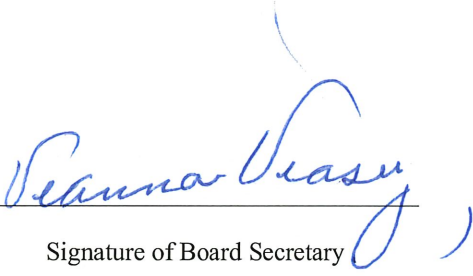
CERTIFICATE OF BOARD

Dickinson Independent School District
Name of School District

Galveston
County

084-901
County-District

We, the undersigned, certify that the attached annual financial & compliance reports of the above named school district were reviewed and X approved disapproved for the year ended August 31, 2025, at a meeting of the Board of Trustees of such school district on the 9th day of February, 2026.



Signature of Board Secretary



Signature of Board President

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FINANCIAL SECTION

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MAYS & ASSOCIATES PLLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
DICKINSON INDEPENDENT SCHOOL DISTRICT
Dickinson, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dickinson 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 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, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as 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, budgetary comparison information, and TRS pension and OPEB schedules on pages 8-15 and 67-77 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 accompanying combining and individual nonmajor fund financial statements, compliance schedules required by the Texas Education Agency, 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*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, schedules required by the Texas Education Agency, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic, financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.


Mays & Associates, PLLC

Baytown, Texas
February 9, 2026

DICKINSON INDEPENDENT SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Dickinson 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 year ended August 31, 2025. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$69,147,169 (*net position*).
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$148,341,988, a decrease of \$ \$28,446,291 in comparison with the prior year. The decrease in overall governmental fund balances was primarily due to ongoing capital project expenditures coupled with excess expenditures over revenues in the general fund. Fund balance in the debt service fund increased by \$580,930.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$10,695,906 or 8% of total general fund expenditures; however, total general fund balance was \$24,675,693 or 17% of general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – Management's Discussion and Analysis, the basic financial statements, and the required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The Statement of Net Position (Exhibit A-1) and the Statement of Activities (Exhibit B-1) are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status.
- The remaining Governmental Fund Financial Statements and the Fiduciary Fund Financial Statement focus on individual parts of the government and they report the District's operations in more detail than the government-wide statements. The governmental funds statements tell how general government services were funded in the short term as well as what remains for future spending. Fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

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

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all the government's assets and deferred outflows of resources, and liabilities and deferred inflows of resources. All the current period's revenues and expenses are accounted for in the Statement of Activities regardless of when cash was received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position represents the difference between the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources and is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are indicators of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional non-financial factors such as changes in the District's tax base and changes in student enrollment.

DICKINSON INDEPENDENT SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

The government-wide financial statements of the District reflect the governmental activities which are principally supported by taxes and intergovernmental revenues. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services, and general administration.

Fund Financial Statements

The fund financial statements (Exhibits C-1 through E-2) provide more detailed information about the District's most significant funds, but not the District as a whole. A fund is a group of accounts that the District uses to record specific sources of revenue and to track expenditures used for particular purposes.

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

The District has the following kinds of funds:

1. *Governmental Funds* – Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets, that can readily be converted to cash, flow in and out and (2) the balances remaining at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide Exhibits C-2 and C-3 to explain the differences between them.
2. *Proprietary Funds* – Proprietary funds provide the same type of information as the government-wide financial statements only in more detail. Proprietary funds, like government-wide statements, provide both long- and short-term financial information. The District reports one type of proprietary fund, the Internal Service Fund. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the various functions. The District uses an internal service fund to charge the costs of the District's print shop.
3. *Fiduciary Funds* – The District is the trustee, or fiduciary, for certain funds. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in separate statements (Exhibit E-1 & E-2). We excluded these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

DICKINSON INDEPENDENT SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

Fund Balance

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- *Nonspendable* – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
- *Restricted* – includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* – includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board.
- *Assigned* – includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed.
- *Unassigned* – includes the residual fund balance for amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the *general fund*.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. The required supplementary information compares the original adopted budget, the final amended budget, and the actual amounts for the fiscal year. This is required supplementary information for the general fund and any major special revenue funds. The District did not have any major special revenue funds; therefore, only the general fund budget is presented as required supplementary information.

In addition, information related to the District's proportionate share of its net pension liability, net OPEB liability, and contributions to the Teacher Retirement System of Texas is also presented.

Other Information

The other supplementary information is presented immediately following the required supplementary information and includes schedules required by the Texas Education Agency.

**DICKINSON INDEPENDENT SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a District’s financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$69,147,169 at the close of the most recent fiscal year.

The District’s net position includes amounts invested in capital assets (e.g., land, building and improvements, furniture and equipment, construction in progress), less any outstanding related debt used to acquire those assets. 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.

COMPARATIVE SCHEDULE OF NET POSITION			
	Governmental Activities		Change 2025-2024
	2025	2024	
Current and other assets	\$ 171,937,829	\$ 195,138,913	\$ (23,201,084)
Capital assets and non current assets	<u>312,560,122</u>	<u>296,193,542</u>	<u>16,366,580</u>
Total assets	<u>484,497,951</u>	<u>491,332,455</u>	<u>(6,834,504)</u>
Total deferred outflows of resources	<u>32,869,179</u>	<u>42,497,451</u>	<u>(9,628,272)</u>
Other liabilities	18,257,759	13,250,015	5,007,744
Long-term liabilities	<u>540,272,234</u>	<u>552,154,158</u>	<u>(11,881,924)</u>
Total liabilities	<u>558,529,993</u>	<u>565,404,173</u>	<u>(6,874,180)</u>
Total deferred inflows of resources	<u>27,984,306</u>	<u>35,100,290</u>	<u>(7,115,984)</u>
Net position:			
Net investment in capital assets	(43,526,902)	(42,427,003)	(1,099,899)
Restricted	24,797,946	24,085,253	712,693
Unrestricted	<u>(50,418,213)</u>	<u>(48,332,807)</u>	<u>(2,085,406)</u>
Total net position	<u>\$ (69,147,169)</u>	<u>\$ (66,674,557)</u>	<u>\$ (2,472,612)</u>

Net position is restricted for the following purposes:

	Governmental Activities	
	2025	2024
Federal and state programs	\$ 7,537,203	\$ 7,529,690
Debt Services	<u>17,260,743</u>	<u>16,555,563</u>
	<u>\$ 24,797,946</u>	<u>\$ 24,085,253</u>

Unrestricted net position, which can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, amount to \$(50,418,213) at August 31, 2025. Unrestricted net position continues to reflect a deficit balance. Although the District reports a deficit, the deficit is primarily due to reporting the District’s proportionate share of the net pension and OPEB liabilities. The District’s liability is reported in governmental activities; however, the actual liability does not require the use of current resources at the fund level, which results in a timing difference since the pension and TRS-Care plans are funded on a pay-as-you-go basis. The District has made all contractually required contributions as noted in the required supplementary information and has sufficient fund balance to meet the District’s ongoing obligations to students and creditors.

**DICKINSON INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Governmental Activities

COMPARATIVE SCHEDULE OF CHANGES IN NET POSITION					
	Governmental Activities				Change 2025-2024
	2025	%	2024	%	
Revenues					
Program revenues:					
Charges for services	\$ 5,285,699	3%	\$ 3,722,436	2%	\$ 1,563,263
Operating grants & contributions	25,239,068	13%	33,659,388	18%	(8,420,320)
General revenues:					
Property taxes	76,548,030	40%	72,830,587	38%	3,717,443
State aid - formula grants	76,012,561	39%	70,674,017	37%	5,338,544
Grants and contributions not restricted	1,197,102	1%	1,776,903	1%	(579,801)
Investment earnings	7,268,599	4%	4,533,815	2%	2,734,784
Other	2,138,373	1%	4,763,783	2%	(2,625,410)
Total revenues	<u>193,689,432</u>	<u>100%</u>	<u>191,960,929</u>	<u>100%</u>	<u>1,728,503</u>
Expenses:					
Instruction and related services	101,191,300	52%	107,286,709	57%	(6,095,409)
Instructional and school leadership	11,251,943	6%	11,485,166	6%	(233,223)
Support services - student	28,279,472	14%	27,599,777	15%	679,695
General administration	3,730,914	2%	3,728,990	2%	1,924
Plant maintenance, security & data processing	30,406,443	16%	29,986,267	16%	420,176
Ancillary services	764,083	0%	728,553	0%	35,530
Debt services	19,401,403	10%	6,502,235	3%	12,899,168
Intergovernmental charges	685,897	0%	546,531	0%	139,366
Shared service arrangements and other charges	450,589	0%	621,251	0%	(170,662)
Total expenses	<u>196,162,044</u>	<u>100%</u>	<u>188,485,479</u>	<u>100%</u>	<u>7,676,565</u>
Increase (decrease) in net position	(2,472,612)		3,475,450		(5,948,062)
Net position, beginning	<u>(66,674,557)</u>		<u>(70,150,007)</u>		<u>3,475,450</u>
Net position, ending	<u>\$ (69,147,169)</u>		<u>\$ (66,674,557)</u>		<u>\$ (2,472,612)</u>

The increase in a deficit Net Position of \$2,472,612 primarily due to a surplus in debt service expenditures and reduction in operating grants and contribution revenues.

Governments providing defined benefit pension plans and other post-employment benefits were required to recognize their long-term obligation for pension and OPEB benefits as a liability on their accrual-based, government-wide statement of net position. This provides citizens and other users of these financial reports with a clearer picture of the size and nature of the financial obligations to current and former employees. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI).

The implementation of these standards clearly depicts the government's financial position. While this information will, in some cases, give the appearance that a government is financially weaker than it was previously, the financial reality of the government's situation will not have changed. Reporting the net pension liability and net OPEB liability on the face of the financial statements will more clearly portray the government's financial status because the pension and OPEB liabilities will be placed on an equal footing with other long-term obligations.

At August 31, 2025, the District reported a net pension liability of \$47,445,924 for its proportionate share of TRS's net pension liability and a net OPEB liability of \$30,630,549 for its proportionate share of the District's Other Post-Employment benefits other than pensions. At August 31, 2024, the District's net pension liability and OPEB liability was \$55,019,018 and \$22,748,326, respectively.

**DICKINSON INDEPENDENT SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS**

The primary revenues of the District are generated from the following sources: property taxes, state-aid formula grants, and operating grants and contributions. When combined, these represented 92% or \$177,799,659 of total revenues. The remaining 8% or \$16,050,115 was generated from charges for services, investment earnings, and miscellaneous revenues.

The primary functional expense of the District are due to the following sources: instruction and related services, which represents 52% or \$101,191,300 of total expenses. Support services – student (such as guidance, counseling and evaluation services, student transportation, food services, and extracurricular activities, etc.) represents 14% of total expenses, support services – non-student based (such as facilities maintenance and operations, etc.) represents 16% of total expenses, debt services represents 10% of total expenses and the remaining individual functional categories of expenses are each less than 8% of total expenses.

FINANCIAL ANALYSIS OF GOVERNMENTAL 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.

At August 31, 2025, the District’s governmental funds reported combined fund balances of \$148,502,330, a decrease of \$28,285,949 in comparison with the prior year. Approximately 66% or \$98,216,720 of combined fund balance constitutes *capital acquisition and contractual obligations*.

	Governmental Fund Balances				Totals
	General Fund	Debt Service Fund	Capital Projects	NonMajor Funds	
Total fund expenditures	\$ 141,338,545	\$ 32,122,280	\$ 35,585,221	\$ 20,486,576	\$ 229,532,622
Nonspendable	\$ 957,860	\$ -	\$ -	\$ 87,568	1,045,428
Restricted	-	16,837,235	98,056,378	7,449,635	122,343,248
Committed	8,300,000	-	-	1,235,479	9,535,479
Assigned	4,721,927	-	-	-	4,721,927
Unassigned	10,695,906	-	-	-	10,695,906
Total fund balances	\$ 24,675,693	\$ 16,837,235	\$ 98,056,378	\$ 8,772,682	\$ 148,341,988

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 \$10,695,906, while total fund balance reached \$ \$24,675,693. As a measure of the general fund’s liquidity, it may be useful to compare unassigned, assigned, committed fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 8% of total general fund expenditures, while assigned fund balance represents 3%, committed fund balance represents 6%, and total fund balance represents 17% of that same amount. The fund balance of the District’s general fund increased by \$1,156,518 during the current fiscal year. The increase in fund balance resulted from other financing sources of non-current loans.

The debt service fund has a total fund balance of \$16,837,235, all of which is restricted for the payment of debt service. The net increase in the debt service fund balance during the current year was \$580,930. This increase results from revenues exceeding debt service expenditures.

The capital projects fund has a fund balance of \$98,216,720, all of which is restricted for authorized construction and technology projects/enhancements. The decrease in fund balance during the current year of \$30,180,829 was due to ongoing construction projects.

**DICKINSON INDEPENDENT SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS**

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget of the general fund can be briefly summarized as follows:

	BUDGET		Actuals
	Original	Final	
Total revenues	\$ 135,978,482	\$ 135,978,482	\$ 139,942,951
Total expenditures	140,900,476	147,729,838	141,338,545
Other financing sources (uses)	5,000	5,000	2,552,112
Net change in fund balance	<u>\$ (4,916,994)</u>	<u>\$ (11,746,356)</u>	<u>\$ 1,156,518</u>

The District originally adopted a deficit budget of \$4,916,994 for fiscal year 2025. During the year, the budget was amended, resulting in a planned deficit of \$11,746,356. Actual general fund revenues exceeded the final budget by \$3,964,469, largely attributable to higher-than-anticipated state revenues. Actual expenditures were \$6,391,293 less than budgeted. As a result, the general fund balance increased by \$1,156,518 during the fiscal year.

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 \$312,560,122 (net of accumulated depreciation). This investment in capital assets includes land, construction in process, buildings and improvements, furniture and equipment, and library books and media. The investment in capital assets (capital outlays) increased during the current year by \$16,366,580. This increase was the result of current year additions offset by current year depreciation.

The following table summarizes the investment in capital assets as of August 31, 2025 and 2024.

	2025	2024
Land	\$ 16,837,788	\$ 16,817,988
Construction in progress	33,545,188	2,338,893
Buildings and improvements	489,117,495	487,826,559
Furniture and equipment	31,692,446	28,893,432
Library books and media	32,389	32,389
	<u>571,225,306</u>	<u>535,909,261</u>
Accumulated depreciation	(258,665,184)	(239,715,719)
Net capital assets	<u>\$ 312,560,122</u>	<u>\$ 296,193,542</u>

Additional information on the District’s capital assets can be found in the notes to the financial statements.

Long-Term Liabilities

As of August 31, 2025, the District had total long-term debt liabilities of \$435,075,000. The District’s bonded debt decreased by \$12,495,000 from the prior year. The District’s bonds are sold with an “AAA” rating and are guaranteed through the Texas Permanent School Fund Guarantee Program or by a municipal bond insurance policy. The underlying rating of the bonds from Standard and Poor’s is “A” and from Moody’s Investors Service is “Aa3” for general obligation debt.

**DICKINSON INDEPENDENT SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS**

Changes in long-term debt for the year ended August 31, 2025 are as follows:

	Outstanding 9/1/2024	Additions	Reductions	Outstanding 8/31/2025
General obligation bonds	\$448,075,000	\$ -	\$ (12,495,000)	\$435,580,000
Deferred bond components	26,311,814	45,542	(2,919,901)	23,437,455
Other liabilities	77,767,344	11,060,529	(7,573,094)	81,254,779
	<u>\$552,154,158</u>	<u>\$ 11,106,071</u>	<u>\$ (22,987,995)</u>	<u>\$540,272,234</u>

State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of its total assessed valuation. For the fiscal year ended August 31, 2025, the current debt limitation for the District is \$671,756,400. The District’s outstanding debt of \$435,580,000 less the reserve for the retirement of the debt of \$16,837,235 totals \$418,742,765 leaving a legal debt margin of \$253,013,635.

Additional information on the District’s long-term liabilities can be found in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

- Appraised value used for the 2025-2026 budget preparation was increased by \$606 million, or 5.7% from the previous year. This increase was due to a property re-evaluation and an increase in construction of new homes.
- The Tax Rate for 2025-2026 is \$1.132 (\$.712 for M&O; \$.42 for I&S), the total tax rate was decreased by \$.004 due to a reduction in M&O.
- The 2025-2026 general fund operating budget projects spending \$11,553 per student.
- The District’s 2025-2026 refined average daily attendance is expected to be 11,600.

Dickinson ISD is classified as a 6A district and has grown consistently for the past several years. The District received a ‘above standard’ rating under the new Financial Integrity Rating System of Texas.

The Board of Trustees sold \$120 million in bonds in 2023. The bond proceeds will be used to build a Pre-K thru 5 campus and a Career and Technology center at Dickinson High School.

The tax rate did not increase due to the bond election.

The District is growing and several residential projects are being developed. Lago Mar, a subdivision with 5,000 to 7,500 residential units is under construction.

Subdivisions, on the west side of the District, have started building and include plans for approximately 550 new residential homes within the next five to seven years.

Restaurants, banks, department stores and businesses within the District continue to be constructed as the business community grows.

The Tuscan Lakes subdivision construction projects of new homes and additional apartments are adding to the growth of the District. More commercial building is in the planning stages for this area

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the District’s Business Office at Dickinson Independent School District, 2218 FM 517, Dickinson, Texas 77539.

DICKINSON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2025

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 87,569,447
1120 Current Investments	67,540,389
1220 Property Taxes - Delinquent	6,749,380
1230 Allowance for Uncollectible Taxes	(3,045,090)
1240 Due from Other Governments	9,439,055
1250 Accrued Interest	201,339
1267 Due from Fiduciary Funds	648
1290 Other Receivables, Net	2,367,338
1300 Inventories	872,197
1410 Prepayments	243,126
Capital Assets:	
1510 Land	16,837,788
1520 Buildings, Net	253,270,935
1530 Furniture and Equipment, Net	8,906,211
1580 Construction in Progress	33,545,188
1000 Total Assets	484,497,951
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Charge for Refunding	3,150,747
1705 Deferred Outflow Related to TRS Pension	12,414,282
1706 Deferred Outflow Related to TRS OPEB	17,304,150
1700 Total Deferred Outflows of Resources	32,869,179
LIABILITIES	
2110 Accounts Payable	6,738,393
2140 Accrued Interest	738,851
2160 Accrued Wages Payable	7,243,378
2177 Due to Fiduciary Funds	228
2200 Accrued Expenses	2,494,461
2300 Unearned Revenue	1,042,448
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	14,537,858
Due in More than One Year:	
2502 Bonds, Notes, Loans, Leases, etc.	447,657,903
2540 Net Pension Liability (District's Share)	47,445,924
2545 Net OPEB Liability (District's Share)	30,630,549
2000 Total Liabilities	558,529,993
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	1,791,656
2606 Deferred Inflow Related to TRS OPEB	26,192,650
2600 Total Deferred Inflows of Resources	27,984,306
NET POSITION	
3200 Net Investment in Capital Assets and Right-to-Use Lease Assets	(43,526,902)
Restricted:	
3820 Restricted for Federal and State Programs	7,537,203
3850 Restricted for Debt Service	17,260,743
3900 Unrestricted	(50,418,213)
3000 Total Net Position	\$ (69,147,169)

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

DICKINSON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2025

EXHIBIT B-1

Data	Program Revenues			Net (Expense)
Control	1	3	4	Revenue and
Codes	Expenses	Charges for	Operating	Changes in Net
		Services	Grants and	Position
			Contributions	Primary Gov.
				Governmental
				Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11	\$ 98,535,685	\$ 826,632	\$ 8,597,297	\$ (89,111,756)
12	1,378,154	-	50,435	(1,327,719)
13	1,075,868	-	320,078	(755,790)
21	2,298,878	82,944	287,205	(1,928,729)
23	9,003,567	257,855	359,591	(8,386,121)
31	5,461,867	-	809,677	(4,652,190)
32	182,612	-	89,360	(93,252)
33	1,487,310	-	23,988	(1,463,322)
34	8,496,449	-	344,499	(8,151,950)
35	8,974,455	2,622,446	7,386,277	1,034,268
36	3,764,781	1,443,060	71,715	(2,250,006)
41	3,744,608	-	259,803	(3,484,805)
51	25,137,933	52,762	183,775	(24,901,396)
52	2,723,239	-	834,402	(1,888,837)
53	2,591,600	-	38,512	(2,553,088)
61	767,149	-	51,776	(715,373)
72	19,392,803	-	5,351,558	(14,041,245)
73	8,600	-	-	(8,600)
93	256,355	-	179,120	(77,235)
95	194,234	-	-	(194,234)
99	685,897	-	-	(685,897)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 196,162,044	\$ 5,285,699	\$ 25,239,068	(165,637,277)
Data	General Revenues:			
Control	Taxes:			
Codes	MT	Property Taxes, Levied for General Purposes		49,595,428
	DT	Property Taxes, Levied for Debt Service		26,952,602
	SF	State Aid - Formula Grants		76,012,561
	GC	Grants and Contributions not Restricted		1,197,102
	IE	Investment Earnings		7,268,599
	MI	Miscellaneous Local and Intermediate Revenue		2,138,373
	TR	Total General Revenues		163,164,665
	CN	Change in Net Position		(2,472,612)
	NB	Net Position - Beginning		(66,674,557)
	NE	Net Position - Ending		\$ (69,147,169)

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

DICKINSON INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2025

Data Control Codes	10 General Fund	50 Debt Service Fund	Capital Projects Fund
ASSETS			
1110 Cash and Cash Equivalents	\$ 15,238,715	\$ 1,889,436	\$ 61,212,259
1120 Investments - Current	5,867,612	15,118,758	43,303,427
1220 Property Taxes - Delinquent	4,631,510	2,117,870	-
1230 Allowance for Uncollectible Taxes	(2,089,579)	(955,511)	-
1240 Due from Other Governments	7,878,580	14,296	-
1250 Accrued Interest	41,157	125,076	-
1260 Due from Other Funds	1,093,550	-	-
1290 Other Receivables	2,207,551	-	-
1300 Inventories	714,779	-	-
1410 Prepayments	243,081	-	-
1000 Total Assets	<u>\$ 35,826,956</u>	<u>\$ 18,309,925</u>	<u>\$ 104,515,686</u>
LIABILITIES			
2110 Accounts Payable	\$ 1,055,609	\$ -	\$ 5,028,520
2160 Accrued Wages Payable	7,003,082	-	-
2170 Due to Other Funds	50,549	-	-
2200 Accrued Expenditures	-	-	1,430,788
2300 Unearned Revenue	500,092	310,331	-
2000 Total Liabilities	<u>8,609,332</u>	<u>310,331</u>	<u>6,459,308</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	2,541,931	1,162,359	-
2600 Total Deferred Inflows of Resources	<u>2,541,931</u>	<u>1,162,359</u>	<u>-</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	714,779	-	-
3430 Prepaid Items	243,081	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	98,056,378
3480 Retirement of Long-Term Debt	-	16,837,235	-
Committed Fund Balance:			
3510 Construction	6,000,000	-	-
3530 Capital Expenditures for Equipment	500,000	-	-
3545 Other Committed Fund Balance	1,800,000	-	-
Assigned Fund Balance:			
3570 Capital Expenditures for Equipment	340,000	-	-
3580 Self-Insurance	300,000	-	-
3590 Other Assigned Fund Balance	4,081,927	-	-
3600 Unassigned Fund Balance	10,695,906	-	-
3000 Total Fund Balances	<u>24,675,693</u>	<u>16,837,235</u>	<u>98,056,378</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 35,826,956</u>	<u>\$ 18,309,925</u>	<u>\$ 104,515,686</u>

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 9,078,561	\$ 87,418,971
-	64,289,797
-	6,749,380
-	(3,045,090)
1,546,179	9,439,055
-	166,233
50,309	1,143,859
159,657	2,367,208
157,418	872,197
45	243,126
<u>\$ 10,992,169</u>	<u>\$ 169,644,736</u>
\$ 654,264	\$ 6,738,393
240,296	7,243,378
1,092,902	1,143,451
-	1,430,788
232,025	1,042,448
<u>2,219,487</u>	<u>17,598,458</u>
-	3,704,290
-	3,704,290
87,523	802,302
45	243,126
7,449,635	7,449,635
-	98,056,378
-	16,837,235
-	6,000,000
-	500,000
1,235,479	3,035,479
-	340,000
-	300,000
-	4,081,927
-	10,695,906
<u>8,772,682</u>	<u>148,341,988</u>
<u>\$ 10,992,169</u>	<u>\$ 169,644,736</u>

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DICKINSON INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AUGUST 31, 2025

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$ 148,341,988
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. The cost of these assets is \$571,225,306 and the accumulated depreciation is \$258,665,184. The effect of including the capital assets (net of depreciation) in the governmental activities is to increase net position. (See Note II. D.)	312,560,122
2 Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period, and, therefore, are not reported as liabilities in the governmental funds. The effect of these long-term liabilities is a decrease to net position. (See Note II. E.)	(462,195,761)
3 Recognizing unearned revenue (property taxes) as revenue in the government-wide statements to convert from modified accrual basis of accounting to the accrual basis of accounting. The net effect is an increase to net position.	3,704,290
4 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of \$47,445,924, a deferred resource inflow related to TRS in the amount of \$1,791,656 and a deferred resource outflow related to TRS in the amount of \$12,414,282. The net effect of these pension related items is a decrease to net position. (See Note II. H.)	(36,823,298)
5 Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75 in the amount of \$30,630,549, a deferred inflow related to TRS OPEB in the amount of \$26,192,650, and a deferred resource outflow related to TRS OPEB in the amount of \$17,304,150. The net effect of these OPEB related items is a decrease to net position. (See Note II. I.)	(39,519,049)
6 The District uses internal service funds to charge the costs of self-insurance activities to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.	2,372,643
7 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include eliminating interfund transactions, accrued interest, and recognizing the bond components associated with outstanding debt. Deferred charges on refundings are not financial resources and therefore, are not reported in governmental funds. Deferred charges are amortized over the life of the debt. The net effect is an increase to net position.	2,411,896
29 Net Position of Governmental Activities	\$ (69,147,169)

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

DICKINSON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes	10 General Fund	50 Debt Service Fund	Capital Projects Fund
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 54,150,151	\$ 27,995,292	\$ 5,244,050
5800 State Program Revenues	83,768,367	4,707,918	-
5900 Federal Program Revenues	2,024,433	-	-
5020 Total Revenues	<u>139,942,951</u>	<u>32,703,210</u>	<u>5,244,050</u>
EXPENDITURES:			
Current:			
0011 Instruction	81,906,939	-	1,127,243
0012 Instructional Resources and Media Services	1,221,394	-	-
0013 Curriculum and Instructional Staff Development	628,460	-	-
0021 Instructional Leadership	1,834,000	-	18,306
0023 School Leadership	7,847,856	-	-
0031 Guidance, Counseling, and Evaluation Services	4,315,596	-	-
0032 Social Work Services	74,679	-	-
0033 Health Services	1,368,694	-	-
0034 Student (Pupil) Transportation	8,276,379	-	1,403,093
0035 Food Services	-	-	-
0036 Extracurricular Activities	2,706,799	-	-
0041 General Administration	3,402,675	-	17,688
0051 Facilities Maintenance and Operations	21,985,319	-	408,418
0052 Security and Monitoring Services	1,742,280	-	85,192
0053 Data Processing Services	2,429,189	-	-
0061 Community Services	635,151	-	-
Debt Service:			
0071 Principal on Long-Term Liabilities	-	12,495,000	-
0072 Interest on Long-Term Liabilities	-	19,618,680	-
0073 Bond Issuance Cost and Fees	-	8,600	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	5,769	-	32,525,281
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	77,235	-	-
0095 Payments to Juvenile Justice Alternative Ed. Prg.	194,234	-	-
0099 Other Intergovernmental Charges	685,897	-	-
6030 Total Expenditures	<u>141,338,545</u>	<u>32,122,280</u>	<u>35,585,221</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,395,594)</u>	<u>580,930</u>	<u>(30,341,171)</u>
OTHER FINANCING SOURCES (USES):			
7901 Refunding Bonds Issued	-	27,940,000	-
7914 Non-Current Loans	2,552,112	-	-
8940 Payment to Bond Refunding Escrow Agent (Use)	-	(27,940,000)	-
7080 Total Other Financing Sources (Uses)	<u>2,552,112</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balances	1,156,518	580,930	(30,341,171)
0100 Fund Balance - September 1 (Beginning)	23,519,175	16,256,305	128,397,549
3000 Fund Balance - August 31 (Ending)	<u>\$ 24,675,693</u>	<u>\$ 16,837,235</u>	<u>\$ 98,056,378</u>

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

	Nonmajor Governmental Funds	Total Governmental Funds
\$	4,348,866	\$ 91,738,359
	3,089,437	91,565,722
	13,205,705	15,230,138
	20,644,008	198,534,219
	7,728,090	90,762,272
	68,338	1,289,732
	331,024	959,484
	282,428	2,134,734
	475,923	8,323,779
	723,826	5,039,422
	87,907	162,586
	-	1,368,694
	1,599	9,681,071
	8,452,764	8,452,764
	749,630	3,456,429
	4,154	3,424,517
	53,209	22,446,946
	842,412	2,669,884
	125	2,429,314
	48,158	683,309
	-	12,495,000
	-	19,618,680
	-	8,600
	457,869	32,988,919
	179,120	256,355
	-	194,234
	-	685,897
	20,486,576	229,532,622
	157,432	(30,998,403)
	-	27,940,000
	-	2,552,112
	-	(27,940,000)
	-	2,552,112
	157,432	(28,446,291)
	8,615,250	176,788,279
\$	8,772,682	\$ 148,341,988

DICKINSON INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED AUGUST 31, 2025

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ (28,446,291)
The District uses an internal service fund to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The net income (loss) of internal service funds is reported with governmental activities. The net effect of this consolidation is to increase net position.	136,858
Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of removing current year capital outlays is an increase to net position. (See Note II.D.)	35,692,927
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position. (See Note II. D.)	(19,302,038)
The governmental funds report bond proceeds as an other financing source, while repayment of bond principal is reported as an expenditure. Also, governmental funds report the effect of premiums when debt is first issued, whereas this amount is deferred and amortized in the statement of activities. The net effect is to increase net position. (See Note II. E.)	12,191,053
Changes in the District's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to the Teacher Retirement System of Texas for the current year are not reported in governmental funds but are reported in the Statement of Activities. The net effect of all these changes is a decrease to net position.	(3,304,024)
Changes in the District's proportionate share of the net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to the Texas Public Retired Employees Group Insurance Program (TRS-Care) for the current year are not reported in the governmental funds but are reported in the Statement of Activities. The net effect of all these changes is an increase to net position.	3,276,122
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating inter-fund transactions, recognizing the net effect of retirement of capital assets, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.	(2,717,219)
Change in Net Position of Governmental Activities	\$ (2,472,612)

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

DICKINSON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AUGUST 31, 2025

	Governmental Activities -
	Total Internal Service Funds
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 150,476
Investments - Current	3,250,592
Accrued Interest	35,106
Due from Other Funds	12
Other Receivables	130
Total Assets	3,436,316
LIABILITIES	
Current Liabilities:	
Accrued Expenses	1,063,673
Total Liabilities	1,063,673
NET POSITION	
Unrestricted Net Position	2,372,643
Total Net Position	\$ 2,372,643

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

DICKINSON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2025

	Governmental Activities -
	Total Internal Service Funds
<hr/>	
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 309,903
Total Operating Revenues	309,903
OPERATING EXPENSES:	
Professional and Contracted Services	252,792
Other Operating Costs	68,668
Total Operating Expenses	321,460
Operating Income (Loss)	(11,557)
NONOPERATING REVENUES (EXPENSES):	
Earnings from Temporary Deposits & Investments	148,415
Total Nonoperating Revenues (Expenses)	148,415
Change in Net Position	136,858
Total Net Position - September 1 (Beginning)	2,235,785
Total Net Position - August 31 (Ending)	\$ 2,372,643

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

DICKINSON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2025

EXHIBIT D-3

	Governmental Activities -
	Total Internal Service Funds
<hr/>	
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 310,004
Cash Payments for Other Operating Expenses	(562,370)
Net Cash Used for Operating Activities	(252,366)
<u>Cash Flows from Investing Activities:</u>	
Purchase of Investment Securities	(3,250,592)
Interest and Dividends on Investments	113,309
Net Cash Provided by (Used for) Investing Activities	(3,137,283)
Net Decrease in Cash and Cash Equivalents	(3,389,649)
Cash and Cash Equivalents at Beginning of Year	3,540,125
Cash and Cash Equivalents at End of Year	\$ 150,476
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Used for Operating Activities:</u>	
Operating Income (Loss):	\$ (11,557)
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Receivables	101
Increase (decrease) in Accounts Payable	(16,577)
Increase (decrease) in Accrued Expenses	(224,333)
Net Cash Used for Operating Activities	\$ (252,366)

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

DICKINSON INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 AUGUST 31, 2025

	Total Custodial Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 502,202
Due from Other Funds	228
Other Receivables	4,405
Total Assets	<u>506,835</u>
LIABILITIES	
Accounts Payable	92,094
Due to Other Funds	648
Total Liabilities	<u>92,742</u>
NET POSITION	
Restricted for Campus Activities	2,748
Restricted for Student Groups	411,345
Total Net Position	<u><u>\$ 414,093</u></u>

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

DICKINSON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2025

	Total Custodial Funds
ADDITIONS:	
Miscellaneous Revenue - Student	\$ 1,461,788
Earnings from Temporary Deposits	12,942
Total Additions	1,474,730
DEDUCTIONS:	
Other Deductions	1,509,965
Total Deductions	1,509,965
Change in Fiduciary Net Position	(35,235)
Total Net Position - September 1 (Beginning)	449,328
Total Net Position - August 31 (Ending)	\$ 414,093

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

**DICKINSON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Dickinson Independent School District (the “District”) have been prepared in conformity with U.S. generally accepted accounting principles (“GAAP”) promulgated by the Governmental Accounting Standards Board (“GASB”) and other authoritative sources identified in *Statement on Auditing Standards No. 69*, as amended by *Statement on Auditing Standards No. ’s 91 and 93* of the American Institute of Certified Public Accountants (“AICPA”); and it complies with the requirements of the appropriate version of Texas Education Agency’s (“TEA”) Financial Accountability System Resource Guide (FASRG) and the requirements of contracts and grants of agencies from which it receives funds.

A. Reporting Entity

The Board of Trustees (the “Board”), a seven member group, has fiscal responsibility over all activities related to public elementary and secondary education within the jurisdiction of the District. The public elects the Board that corporately has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency (“TEA”) or to the Texas State Board of Education are reserved for the Board, and TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District is not included in any other governmental “reporting entity” as defined by GASB Statement No. 61, “*The Financial Reporting Entity*”: *Omnibus - an amendment by GASB Statements No. 14 and 34*. There are no component units or entities for which the District is considered financially accountable included within the reporting entity.

B. Basis of Presentation

1. Government-Wide Financial Statements

The government-wide financial statements, which includes the statement of net position and the statement of activities, report on all of the non-fiduciary activities of the District’s primary government. These statements exclude the effects of interfund activities that do not involve services provided or used. In this context, the District’s governmental activities are typically funded by tax revenues and intergovernmental revenues. The District does not have business-type activities, which would normally depend significantly on fees and charges for financial support.

The statement of activities provides a comparison between direct expenses and program revenues for each program or function of the District’s governmental activities. *Direct expenses* are specifically associated with a program or function and are clearly attributable to that function. *Indirect costs* are allocated proportionally, based on the ratio of function’s expense to total expense. *Program revenues* are categorized as 1) Charges for services, goods, or privileges purchased by students, applicants, or users who directly benefit from a specific function and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Revenues that are not classified as program revenues, such as taxes, are reported as *general revenues*.

2. Fund Financial Statements

The District presents separate financial statements for governmental, proprietary, and fiduciary funds. Fiduciary funds, though excluded from the government-wide financial statements, are still reported in separate fiduciary fund financial statements. During the fiscal year, the District segregates transactions related to specific functions or activities into separate funds to aid financial management and demonstrate legal compliance.

Fund financial statements are designed to present the District’s financial information at a more detailed level, with the focus on major funds. These major individual governmental funds are reported in separate columns to highlight their financial activity. All remaining nonmajor governmental funds are aggregated and presented in a single column for reporting purposes. Additionally, proprietary funds are reported separately, and fiduciary funds are presented in their own financial statements, even though they are not included in the government-wide statements.

**DICKINSON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

C. Fund Accounting

The District utilizes funds to manage and organize its financial records during the fiscal year. A fund is an accounting entity with its own set of self-balancing accounts, meaning it independently tracks its financial resources and obligations. There are three categories of funds: governmental, proprietary, and fiduciary.

1. Governmental Funds

Governmental funds are those through which most governmental functions of the District are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities and deferred inflows of resources are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources, and liabilities and deferred inflows of resources is reported as fund balance. The District reports the following major governmental funds:

- **General Fund** – is the District’s primary operating fund and accounts for resources that finance the fundamental operations of the District. It includes all financial resources not required to be accounted for in another fund. Major revenue sources for the General Fund include local property taxes and state funding, such as the Foundation School Program.

This fund covers all expenditures related to the District's daily operations, except for specific programs funded by federal or state government, as well as food service, debt service, and capital projects. It plays a central role in supporting the District's mission, in partnership with the community, to enable and motivate students to reach their full potential. The General Fund is a budgeted fund, and any fund balances are considered resources available for current operations.

- **Debt Service Fund** – is used to account for the accumulation of resources to pay the principal and interest on long-term debt issued by the District. These funds ensure that the District can meet its debt obligations as they come due. Major revenue sources for the Debt Service Fund include dedicated property taxes. Transfers from other funds or special assessments that set aside to pay off debt. This is a budgeted fund and a separate bank account is maintained for this fund. Any unused sinking fund balances are transferred to the General Fund after all of the related debt obligations have been met.
- **Capital Projects Fund** – fund accounts for proceeds from the sale of voter-approved bonds and other resources to be used for Board authorized acquisition, construction, and renovations of major capital facilities as well as providing their furnishings and equipment. Upon completion of a bond project, any unused proceeds are transferred to the debt service fund to retire related bond principal.
- **Nonmajor Governmental Funds** - account for grants and other resources of the District whose uses are restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a special revenue fund. Generally, unused balances are returned to the grantor at the close of the specified project periods. With respect to the food service and campus activity funds, funds are rolled over from year to year for use in the program.

**DICKINSON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

2. Proprietary Fund

Proprietary funds are used to account for operations that are similar to private businesses, where goods or services are provided to external parties for a fee and distinguished between operating and non-operating revenues and expenses. The two main types of proprietary funds are *enterprise funds* and *internal service funds*.

The District uses internal service funds to account for specific services provided to other funds or departments on a cost reimbursement basis. The District uses the following *internal service fund*:

- **Workers' Compensation Fund** – The District's statutory workers' compensation obligations are accounted for in the internal service fund using a cost reimbursement basis. All funds within the District that expend resources for salaries and wages contribute a percentage to the workers' compensation program. The operating revenues of the District's internal service fund includes charges for self-funded worker's compensation services provided to other funds and/or employees of the District. Operating expenses consists of insurance claims, premiums and administrative costs associated with the workers' compensation program.

3. Fiduciary Funds

Fiduciary Funds are used to manage resources that the Districts holds in a trust or as an agent for others, such as pension funds, scholarship donations, or various campus organization fundraising resources. These funds are excluded from the government-wide financial statements because the resources they contain are held for the benefit of individuals, organizations, or other governments and are not available to support the government's own programs or services. The District uses the following fiduciary funds:

- **Custodial Funds** – These funds account for the resources raised by student groups and various other campus organizations received by the District in a custodial capacity that do not constitute District property. However, the District's role is considered to be substantive because in the absence of an approved policy, the faculty advisor has the ability to reject, modify, or approve how the resources are being spent.

The custodial funds meet the requirements for reporting as fiduciary activities. The assets derived from these funds are not from the District's owned revenue sources. In addition, they do not meet the criteria for District-mandated or voluntary nonexchange transactions. Lastly, these assets are for the benefits of individuals, namely students or others, and the District does not have administrative involvement or direct financial involvement for these funds.

D. Measurement Focus and Basis of Accounting

1. Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. All assets and deferred outflows of resources, and liabilities and deferred inflows of resources associated with the operation of the District are included in the statement of net position. 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 recorded as revenues in the year of levy.

2. Fund Financial Statements

The fund financial statements are prepared using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. These statements reflect only current assets (such as cash and receivables expected to be collected within the year) and current liabilities (those expected to be settled within the fiscal year). Long-term assets and liabilities, such as capital assets and long-term debt, are not reported in these statements.

**DICKINSON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

Revenues are recognized when they are both measurable (the amount can be determined) and available (expected to be collected within the current period or within 60 days after the fiscal year ends). Property tax revenue and state funding follow the susceptible-to-accrual concept, meaning they must be available and measurable to be recognized. Taxes not collected within 60 days are reported as deferred inflows of resources. Miscellaneous revenues, such as fees or minor revenues, are recorded when received because they are generally not measurable until collection.

Interest revenue and building rentals are recognized when earned, as they are measurable and available. State and Federal grants revenue is recognized when eligible expenditures are incurred. If funds are received before expenditures are made, they are recorded as unearned revenues. If expenditures are made before receiving grant funds, they are reported as receivables.

Expenditures are recognized when a liability is incurred, similar to accrual accounting. However, debt service payments (principal and interest), compensated absences, claims, and judgments are recorded only when payment is due, not when the liability is incurred.

The government-wide financial statements (using the *accrual basis*) include all assets and liabilities, including long-term ones. In contrast, the fund financial statements (using *modified accrual*) exclude long-term items like capital assets and long-term debt. As a result, reconciliations are provided in the fund financial statements to explain these differences.

3. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Governmental fund financial statements use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

- ***Revenues-Exchange and Non-exchange Transactions***

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year end.

Grant revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

**DICKINSON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

On the modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized. Tax revenues are considered available when collected.

- **Unearned Revenues**

Unearned revenues arise when assets are recognized before revenue recognition criteria has been satisfied.

Property taxes for which there is an enforceable legal claim as of January 1, but which were levied to current fiscal year operations, are recorded as deferred inflows of resources in the fund financial statements. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue in both the government-wide and fund financial statements.

In governmental fund financial statements, receivables that will not be collected within the available period are reported as deferred inflows of resources.

- **Expenses/Expenditures**

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on the decrease in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of costs, such as depreciation and amortization, are not recognized in governmental funds.

E. Assets, Liabilities, and Net Position or Fund Equity

1. Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers cash on hand, demand deposits, investment pools, and short-term investments with maturities of three months or less from the date of acquisition to be cash and cash equivalents.

2. Deposits and Investments

Under Texas state law, a bank serving as the school depository must have a bond, or in lieu thereof, deposited or pledged securities with the District or an independent third party agent, in an amount equal to the highest daily balance of all deposits the District may have during the term of the depository contract, less any applicable FDIC insurance.

Investments consist of balances in privately managed public funds investment pools. Investments in local government investment pools are valued and recorded at amortized costs as permitted by GASB Statement No. 79, *Certain Investment Pools and Pool Participants*. Investments with maturities of 12 months or less at the date of purchase are held at amortized cost and net asset value (NAV). Investments with maturities exceeding 12 months at the date of purchase are stated at fair value based on quoted market prices at year-end date.

The District categorizes fair value measurements of its investments based on the hierarchy established by GAAP. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Inputs to the valuation methodology are quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly.

**DICKINSON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

3. Property Taxes

The District levies property taxes on October 1, as per the Texas Property Tax Code. Taxes are due upon receipt of the bill and become delinquent after February 1 of the following year, subject to interest and penalties. A tax lien is attached to properties on January 1 to secure payment.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of levy. A significant portion of delinquent taxes outstanding at any fiscal year end is generally not collected in the ensuing fiscal year. Allowances for uncollectible taxes within the general and debt service funds are based on historical experience in collecting taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

4. Inter-fund Receivables, Payables, and Transfers

Interfund receivables and payables arise from interfund transactions and are recorded in all affected funds in the period in which transactions are executed in the normal course of operations. Interfund receivables and payables are eliminated in the government-wide financial statements as are transfers between funds.

5. Inventories

The District reports inventories of supplies using the first-in, first-out method of accounting. Inventories for food, school, maintenance, and custodial supplies are carried at cost and charged to a respective fund expenditure account when consumed. Inventories of food commodities are recorded at fair values. Although commodities are received at no cost, their fair value is provided by the Texas Department of Agriculture and recorded as inventory and unearned revenue when received. When requisitioned, inventory and unearned revenue are relieved, expenditures are charged, and revenue is recognized in an equal amount.

6. Prepayments (i.e., Deferred Expenditures/Expenses)

Certain payments to vendors reflect costs applicable to the next fiscal period and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are accounted for using the consumption method and are recognized as expenditures/expenses proportionately over the periods in which the services are provided.

7. Capital Assets

Capital assets, which include land, buildings and improvements, and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as those with an initial individual cost of more than \$5,000 and an estimated useful life of more than five years. Such assets are recorded at historical cost, or if unavailable, at estimated historical cost. Donated assets are recorded at their acquisition value or estimated fair value on the date of donation.

Furniture and equipment costing in excess of \$5,000 are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed, but interest incurred during construction is not capitalized. When assets are retired or disposed of, their related costs or other recorded amounts are removed from the records.

**DICKINSON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

Capital assets of the District are depreciated using the straight-line method over their estimated useful lives, which are as follows:

<u>Capital Asset:</u>	<u>Years</u>
Portable buildings	9
Buildings & improvements	5-30
Furniture, fixtures & equipment	5-15
Buses & vehicles	5-10
Library books & media	10

8. Deferred Outflows/Inflows of Resources

Deferred outflows and inflows of resources are reported in the statement of net position and balance sheet as described below:

A *deferred outflow of resources* is a consumption of a government’s net assets (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period. The District has three items that qualify for reporting in this category:

- Deferred outflow of resources for refunding – Reported in the government-wide statement of net position, this deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred outflow of resources for pension – Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of differences between expected and actual actuarial experiences. The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The other pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.
- Deferred outflow of resources for OPEB – Reported in the government-wide financial statement of net position, this deferred outflow results from OPEB plan contributions made after the measurement date of the net OPEB liability and the results of differences between expected and actual investment earnings and changes in proportionate share. The deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year. The other OPEB related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEB through the OPEB plan.

A *deferred inflow of resources* is an acquisition of a government’s net assets (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period. The District has three items that qualify for reporting in this category:

- Deferred inflow of resources for unavailable revenues – Reported only in the governmental funds balance sheet, unavailable revenues from property taxes arise under the modified accrual basis of accounting. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Deferred inflow of resources for pension – Reported in the government-wide financial statement of net position, these deferred inflows result primarily from differences between projected and actual earnings on pension plan investments. These amounts will be amortized over a closed five year period.

**DICKINSON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

- Deferred inflow of resources for OPEB – Reported in the government-wide financial statement of net position, these deferred inflows result primarily from differences between expected and actual experience and from changes in assumptions. These amounts will be amortized over the average expected remaining service life of all members.

9. Long-Term Obligations

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term indebtedness is reported as a liability. Bond premiums and discounts, as well as defeasance costs, are deferred and amortized over the life of the bonds using the straight-line method in the government-wide financial statements. Bonds payable are reported net of the applicable bond premium, discount, and other costs.

In the fund financial statements, bond premiums (net of discounts) are recognized in the current period and recorded as other financing sources. Issuance costs are recognized in the current period as debt service expenditures. The face amount of the debt issued is reported as other financing sources; whereas, bonds refunded during the period are recorded as other financing uses.

10. Compensated Absences

Compensated absences are absences for which employees will be paid, such as sick leave and certain personal leave. A liability for compensated absences is accrued as employees earn the rights to the benefits and the leave is attributable to services already rendered.

All employees are entitled to five (5) days of paid state personal leave per year, which accumulates without limit. Eligible employees may also earn paid local leave under the District's local leave policy, generally up to 6.5 additional days per year, which also accumulates without limit.

In governmental funds, compensated absences expected to be liquidated with expendable available financial resources are reported as expenditures and fund liabilities in the applicable fund. The remaining liability is reported as a long-term liability in the government-wide financial statements.

11. Pensions

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

12. Other Post-Employment Benefits

The fiduciary net position of the 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 post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

**DICKINSON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

13. Fund Balance

Generally, governmental fund balances represent the difference between the current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources. The government fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective government funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- ***Nonspendable*** – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. (Inventories and Prepaid Items are considered *Nonspendable* as these items are not expected to be converted to cash or are not expected to be converted to cash within the next year.)
- ***Restricted*** – includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- ***Committed*** – includes amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., the Board of Trustees). To be reported as committed, amounts cannot be used for any other purposes unless the District takes the same highest level of action to remove or change the constraint. The District establishes (and modifies or rescinds) fund balance commitments by passage of a resolution or ordinance. A fund balance commitment is further indicated in the budget document as a commitment of the fund. The District has committed 100 percent of Fund 461 Campus Activity Funds' fund balance.
- ***Assigned*** – includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the Superintendent or Chief Financial Officer through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the *general fund*.
- ***Unassigned*** – includes the residual fund balance for amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the *general fund*. The *Unassigned* classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of *Assigned* fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

**DICKINSON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

14. Net Position

Net Position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. The classifications used in the government-wide financial statements are as follows:

- ***Net investment in capital assets*** – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.
- ***Restricted net position*** – This amount is restricted by creditors, grantors, contributors, or laws or regulations of other governments.
- ***Unrestricted net position*** – This amount is the net position that does not meet the definition of “net investment in capital assets” or “restricted net position”.

The District’s policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

15. Budgetary Data

The Board adopts an “appropriated budget” for the General Fund, Debt Services Fund, and the Child Nutrition Program (which is included in the Nonmajor Governmental Funds). The District compares the final amended budget to actual revenues and expenditures. The Budgetary Comparison Schedules appear in Exhibits G-1, J-2, and J-3.

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

- a) Prior to August 31, the District prepares an operating budget for the next succeeding fiscal year beginning September 1. The budget includes proposed expenditures and the means of financing them.
- b) A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten day’s public notice of the meeting must be given.
- c) Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after the fiscal year end.
- d) Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.
- e) Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year’s budget.

**DICKINSON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

16. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Accordingly, actual results could differ from those estimates.

The amount of state foundation and available school revenue a school district earns for a year, can and does vary until the time when final values for each of the factors in the formula become available. Availability can be as late as midway into the next fiscal year. It is probable that the foundation revenue estimate as of August 31 will change and those changes could be material. For the year ended August 31, 2025, the District received approximately 46% of revenues from the State of Texas.

17. Data Control Codes

The data control codes refer to the account code structure prescribed by TEA in the FASRG. The TEA requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a statewide database for policy development and funding plans.

18. Implementation of New Accounting Standards

GASB issued Statement No. 101, "*Compensated Absences*", which is effective for fiscal year ending August 31, 2025. The Statement requires governments to recognize a liability for compensated absences for leave that has not been used and leave that has been used but not paid. The liability is measured at the amount of the cash payment or noncash settlement to be made for the use of leave. The Statement did not have a material impact on the financial statements.

GASB issued Statement No. 102, "*Certain Risk Disclosures*", requires governments to disclose information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal year ending August 31, 2025, and the District implemented the Statement. The Statement did not have a material impact on the financial statements.

**DICKINSON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

II. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

A summary of the District’s cash and investments by fund at August 31, 2025 is shown below:

	Cash and Deposits	Investment Pools	Total Cash & Cash Equivalents	Investments	Total Cash & Investments
Governmental Funds:					
General fund	\$ 5,192,355	\$ 10,046,360	\$ 15,238,715	\$ 5,867,612	\$ 21,106,327
Debt service fund	545,774	1,343,662	1,889,436	15,118,758	17,008,194
Capital projects fund	74,338	61,137,921	61,212,259	43,303,427	104,515,686
Non-major governmental funds	3,555,861	5,522,700	9,078,561	-	9,078,561
Total governmental funds	9,368,328	78,050,643	87,418,971	64,289,797	151,708,768
Proprietary funds	147,244	3,232	150,476	3,250,592	3,401,068
Fiduciary funds	327,581	174,621	502,202	-	502,202
Total	\$ 9,843,153	\$ 78,228,496	\$ 88,071,649	\$ 67,540,389	\$ 155,612,038

At August 31, 2025, the net carrying amount of the District’s cash and deposits was \$9,843,153 and the bank balance was \$10,311,345. At August 31, 2025, the District’s combined deposits were fully insured by FDIC insurance or collateralized with securities held by the Bank’s agent in the District’s name.

The Public Funds Investment Act (“the Act”) and Board policy governs the District’s investment policies. The Act 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, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date of the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposits. Statutes authorize the District to invest in: (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) securities lending programs, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools and (9) guaranteed investment contracts.

The District’s cash equivalents and investments at August 31, 2025 are as shown below:

Investment Type:	Rating	Value at August 31, 2025	Fair Value Measurements Using:			Percent of Portfolio	WAM (Days/Years)
			(Level 1)	(Level 2)	(Level 3)		
Cash in Bank		\$ 9,843,153				6%	
<i>Cash equivalents measured at amortized costs:</i>							
LOGIC	AAA	3,513,099				2%	< 365 days
TexasTERM (daily)	AAAmmf	1,543,288				1%	< 365 days
TexasCLASS	AAA	12,034,188				8%	< 365 days
TX-FIT	AAAF/SI	61,137,921				39%	< 365 days
Cash and cash equivalents - subtotal		88,071,649					
<i>Investments measured at cost not subject to level reporting:</i>							
Certificates of deposits	Unrated	5,867,612				4%	< 2yrs
TX-FIT (choice pool)	AAAF	43,303,427				28%	< 270 days
TexasTERM (fixed)	AAAF	18,369,350				12%	< 365 days
Investments - subtotal		67,540,389	-	-	-		
Total cash & investments		\$ 155,612,038	\$ -	\$ -	\$ -	100%	

**DICKINSON INDEPENDENT SCHOOL DISTRICT
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The Texas Cooperative Liquid Assets Securities System (TexasCLASS), Texas Fixed Income Trust (TXFIT), Local Government Investment Pool (TexasDAILY), and Local Government Investment Cooperative (LOGIC) are local government investment “pools” organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The District’s investments in, TexasCLASS, TX-FIT, TexasDAILY and LOGIC are reported at amortized cost. Deposits and withdrawals can be made on any business day of the week. The pools have a redemption notice of one day, which may be redeemed daily. The pools may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or a national state of emergency that affects the pools liquidity. There are no limits on the number of accounts a participant can have or the number of transactions. The District has no unfunded commitments related to the pools.

The District’s investment in TexasTERM and TX-FIT is a fixed-rate, fixed-term portfolio rated AAAs by Fitch, that enables investors to lock in a fixed rate for a term of 60 days to 365 days.

The District’s management believes that it has complied with the requirements of the Act and with local policies.

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following investment risks at year end and if so, the reporting of certain related disclosures:

1) Credit Risk

State law and the District’s investment policy limits investments in all categories to top ratings issued by nationally recognized statistical rating organizations. As of August 31, 2025, the District’s investments in TexasCLASS and TexasDAILY are rated AAAs, TX-FIT is rated AAAs, and LOGIC and is rated AAA by Standard and Poor’s.

As of August 31, 2025, the District was not exposed to credit risk.

2) Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging institution, or collateralized with securities held by the pledging financial institution’s trust department or agent but not in the District’s name. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty’s trust department or agent but not in the District’s name.

As of August 31, 2025, the District was not exposed to custodial credit risk.

3) Concentration of Credit Risk

The District’s investment policy requires the investment portfolio to be diversified in terms of investment instruments, maturity scheduling, and financial institutions in order to reduce the risk of loss resulting from overconcentration of assets in a specific class of investments, specific maturity, or specific issuer.

As of August 31, 2025, the District was not exposed to concentration of credit risk.

**DICKINSON INDEPENDENT SCHOOL DISTRICT
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4) Interest Rate Risk

The risk that changes in interest rates may adversely affect the value of investments. The District monitors interest rate risk utilizing weighted average maturity and specific identification. In order to limit interest and market rate risk from changes in interest rates, the District's Investment Policy sets a maximum maturity as follows:

- CD's are limited to a stated maturity of one year.
- Repurchase agreements are limited to a maximum maturity of three months.
- Municipal obligations of the State of Texas or any other state or political subdivision must have a stated maturity less than two years.
- Obligations of the U.S. government, its agencies, and instrumentalities excluding mortgage backed securities, or guaranteed by governmental entities not to exceed two years to stated maturity in the operating and debt service funds and not to exceed three years in bond funds (2256.009).
- Commercial paper is limited to mature in 365 days or less.

As of August 31, 2025, the District was not exposed to interest rate risk.

B. Receivables and Unearned Revenue

Receivables as of August 31, 2025, for the District's individual major funds and nonmajor funds, in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Funds</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Property taxes delinquent:					
Property taxes	\$ 4,631,510	\$ 2,117,870	\$ -	\$ -	\$ 6,749,380
Less: allowance for uncollectibles	(2,089,579)	(955,511)	-	-	(3,045,090)
Net property taxes receivables	<u>2,541,931</u>	<u>1,162,359</u>	<u>-</u>	<u>-</u>	<u>3,704,290</u>
Due from other governments:					
Due from state	7,724,930	-	-	318,734	8,043,664
Due from federal	127,427	-	-	940,516	1,067,943
Due from other	26,223	14,296	-	286,929	327,448
Net due from other government	<u>7,878,580</u>	<u>14,296</u>	<u>-</u>	<u>1,546,179</u>	<u>9,439,055</u>
Other receivables:					
Interest	41,157	125,076	-	-	166,233
Other receivables	2,207,551	-	-	159,657	2,367,208
Net other receivables	<u>\$ 2,248,708</u>	<u>\$ 125,076</u>	<u>\$ -</u>	<u>\$ 159,657</u>	<u>\$ 2,533,441</u>

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2025 are summarized above. All federal grants shown above are passed through the TEA and are reported in the financial statements as Due from Other Governments.

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or in connection with resources that have been received, but not yet earned.

**DICKINSON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

Unearned revenue at August 31, 2025, for the District’s governmental funds is as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable - General fund	\$ 2,541,931	\$ -
Delinquent property taxes receivable - Debt service fund	1,162,359	-
State formula funds - General fund	-	500,092
State formula funds - Debt Service fund	-	310,331
Advance funding - Nonmajor governmental funding	-	232,025
Total deferred revenue	\$ 3,704,290	\$ 1,042,448

Property Taxes

Property taxes are considered available when collected within the current period. The District levies taxes on October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and become past due, subject to interest and penalty, if not paid by February 1 of the year following the October 1 levy date. On January 1 of each year, a tax lien attaches to property securing payment of all taxes, penalties, and interest ultimately imposed. The tax rates assessed for the year ended August 31, 2025 to finance general fund operations and voter approved debt service principal and interest payments were \$0.7360 and \$0.4000, respectively, per \$100 of assessed valuation for a total tax rate of \$1.13600.

The net assessed/appraised value for school tax purposes was \$6,717,563,996, upon which the current year’s total levy value was \$76,311,527.

Current tax collections for the year ended August 31, 2025 were 98% of the year-end adjusted levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of levy.

A significant portion of delinquent taxes outstanding at any fiscal year end is generally not collected in the ensuing fiscal year. Allowances for uncollectible taxes within the general and debt service funds are based on historical experience in collecting taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. The property taxes receivable allowance is approximately 45% of outstanding property taxes receivable at August 31, 2025.

C. Interfund Receivables, Payables and Transfers

Interfund balances consist of short-term lending/borrowing arrangements between two or more governmental funds. Interfund balances in the fund financial statements at August 31, 2025 consisted of the following:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General fund:		
Nonmajor governmental funds	\$ 1,093,550	\$ 50,549
Nonmajor governmental funds:		
General fund	50,309	1,092,902
Proprietary fund:		
General fund	12	-
Fiduciary fund:		
General fund	228	648
Total	\$ 1,144,099	\$ 1,144,099

**DICKINSON INDEPENDENT SCHOOL DISTRICT
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District expenditures are paid from a centralized-pooled operating bank account maintained in the general fund. Since all cash transactions flow through this account, each District fund carries a receivable/payable balance with the general fund, which will be repaid within one year.

D. Capital Assets

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

	Beginning Balances	Additions	Deletions	Ending Balances
Capital assets not being depreciated:				
Land purchase and improvements	\$ 16,817,988	\$ 19,800	\$ -	\$ 16,837,788
Construction in progress	2,338,893	31,206,295	-	33,545,188
Total capital assets not being depreciated	19,156,881	31,226,095	-	50,382,976
Capital assets being depreciated:				
Buildings and improvements	487,826,559	1,290,936	-	489,117,495
Furniture and equipment	28,893,432	3,175,896	(376,882)	31,692,446
Library books and media	32,389	-	-	32,389
Total capital assets being depreciated	516,752,380	4,466,832	(376,882)	520,842,330
Less accumulated depreciation for:				
Buildings and Improvements	(218,110,531)	(17,736,029)	-	(235,846,560)
Furniture and Equipment	(21,572,938)	(1,565,870)	352,573	(22,786,235)
Library Books and Media	(32,250)	(139)	-	(32,389)
Total accumulated depreciation	(239,715,719)	(19,302,038)	352,573	(258,665,184)
Capital assets, net	\$ 296,193,542	\$ 16,390,889	\$ (24,309)	\$ 312,560,122

Depreciation expense was charged to the following functions as follows:

Expenditures:	
Instruction	\$ 10,729,079
Instructional resources and media services	152,460
Curriculum and instructional staff development	113,421
Instructional leadership	252,349
School leadership	983,960
Guidance, counseling and evaluation services	595,714
Social work services	19,219
Health services	161,794
Student (pupil) transportation	1,144,407
Food services	999,208
Extracurricular activities	408,587
General administration	404,815
Facilities maintenance and operations	2,653,471
Security and monitoring services	315,609
Data processing services	287,171
Community services	80,774
Total depreciation expense	\$ 19,302,038

**DICKINSON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

E. Long-Term Liabilities

General Obligation Bonds

The District issues general obligation bonds for governmental activities to provide resources for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. Principal and interest requirements are payable solely from future revenues of the debt service fund which consists primarily of property taxes collected by the District and interest earnings. Certain outstanding bonds may be redeemed at their par value prior to their normal maturity dates in accordance with the terms of the related bond indentures. The District has never defaulted on any principal or interest payment.

The District has entered into a continuing disclosure undertaking to provide annual reports and material event notices to the State Information Depository of Texas through the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

Long-term liabilities include current interest bonds, term bonds, variable bonds, and capital appreciation bonds (CAB). State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of its total assessed valuation. For the fiscal year ended August 31, 2025, the current debt limitation for the District is \$671,756,400. The District’s outstanding debt of \$435,580,000 less the reserve for the retirement of the debt of \$16,837,235 totals \$418,742,765 leaving a legal debt margin of \$253,013,635.

There are a number of limitations and restrictions contained in the general obligation debt indentures. Management has indicated that the District is in compliance with all significant limitations and restrictions as of August 31, 2025.

Bonded debt as of August 31, 2025 is as follows:

Description	Interest Rate Payable	Maturity Date	Original Issue	Outstanding
Unlimited tax schoolhouse & refunding bonds, series 2000	5.40-6.05%	02/15/28	\$ 26,297,916	\$ 6,425,000
Unlimited tax schoolhouse bonds, taxable series 2010B	5.941-6.011%	02/15/38	30,000,000	30,000,000
Variable rate unlimited tax refunding bonds, series 2013	Variable	08/01/37	27,940,000	27,940,000
Unlimited tax schoolhouse bonds, series 2014	4.00-5.00%	02/15/44	54,755,000	26,970,000
Unlimited tax schoolhouse bonds, series 2016A	2.00%-5.00%	02/15/49	64,475,000	59,400,000
Unlimited tax refunding bonds, series 2016B	3.00%-5.00%	02/15/33	27,720,000	27,720,000
Unlimited tax refunding bonds, series 2019	4.00%	02/15/34	12,965,000	12,965,000
Unlimited tax schoolhouse bonds, series 2021	2.00%-5.00%	02/15/51	86,140,000	81,905,000
Unlimited tax schoolhouse bonds, series 2023	4.00-5.00%	02/15/53	116,645,000	114,735,000
Unlimited tax schoolhouse bonds, series 2023A	5.00%	02/15/32	32,905,000	28,430,000
Unlimited tax refunding bonds, series 2024	5.00%	02/15/38	19,950,000	19,090,000
				\$ 435,580,000

Variable Rate Terms – In August 2025, outstanding bonds totaling \$27,940,000 were remarketed to a term rate (3.10%) for a period of two years through August 1, 2027. Thereafter, the bonds will bear interest in a mode and at a rate determined by the remarketing agent (JP Morgan Securities LLC) and may change at the District’s option from time to time to (a) a weekly or term rate of a different duration or (b) a flexible rate not to exceed the lesser of (i) 7% per annum, or (ii) the maximum net effective interest rate permitted under Chapter 1204, Texas Government Code, as amended. In addition, at the option of the District, the bonds bearing interest at a variable rate or flexible rate may be converted in whole or in part to a fixed rate to their maturity.

In January 2023, the District entered into two loan agreements with the State Energy Conservation Office (SECO) for an aggregate amount of up to \$6 million. Under the agreements, the District may request reimbursement for approved energy conservation expenditures. Projects are required to be completed within 24 months of the agreement date, and loan proceeds are contingent upon SECO’s approval of the completed projects. As of August 31, 2025, the District had received loan proceeds totaling \$2,552,112.

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Once reimbursements commence, the loans will bear interest at 0.25% and a final repayment schedule will be established.

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

Bonds payable:	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Unlimited tax schoolhouse & refunding bonds, series 200	\$ 8,320,000	\$ -	\$ (1,895,000)	\$ 6,425,000	\$ 2,015,000
Unlimited tax schoolhouse bonds, series 2008	300,000	-	(300,000)	-	-
Unlimited tax schoolhouse bonds, taxable series 2010B	30,000,000	-	-	30,000,000	-
Variable rate unlimited tax refunding bonds, series 2013	27,940,000	-	-	27,940,000	-
Unlimited tax schoolhouse bonds, series 2014	26,970,000	-	-	26,970,000	-
Unlimited tax schoolhouse bonds, series 2016A	60,490,000	-	(1,090,000)	59,400,000	1,140,000
Unlimited tax refunding bonds, series 2016B	27,720,000	-	-	27,720,000	1,720,000
Unlimited tax refunding bonds, series 2019	12,965,000	-	-	12,965,000	-
Unlimited tax schoolhouse bonds, series 2021	83,870,000	-	(1,965,000)	81,905,000	2,045,000
Unlimited tax schoolhouse bonds, series 2023	116,645,000	-	(1,910,000)	114,735,000	2,010,000
Unlimited tax schoolhouse bonds, series 2023A	32,905,000	-	(4,475,000)	28,430,000	4,515,000
Unlimited tax refunding bonds, series 2024	19,950,000	-	(860,000)	19,090,000	905,000
Sub-Total Bonds Payable	448,075,000	-	(12,495,000)	435,580,000	14,350,000
Deferred amounts:					
Accumulated accretion on capital appreciation bonds	1,424,458	45,542	(1,470,000)	-	-
Premium on issuance of bonds	24,995,432	-	(1,480,777)	23,514,655	-
Discount on issuance of bonds	(108,076)	-	30,876	(77,200)	-
Total Long-Term Debt	474,386,814	45,542	(15,414,901)	459,017,455	14,350,000
Other liabilities:					
Loans payable - SECO HVAC	-	2,552,112	-	2,552,112	-
Net pension liability	55,019,018	-	(7,573,094)	47,445,924	-
Net OPEB liability	22,748,326	7,882,223	-	30,630,549	-
Compensated absences	-	626,194	-	626,194	187,858
Total Other liabilities	77,767,344	11,060,529	(7,573,094)	81,254,779	187,858
Governmental activities long-term liabilities	\$ 552,154,158	\$ 11,106,071	\$(22,987,995)	\$540,272,234	\$ 14,537,858

Debt service requirements at August 31, 2025 were as follows:

Fiscal Year Ending	General Obligation		
	Principal	Interest	Total
August 31,			
2026	\$ 14,350,000	\$ 17,373,795	\$ 31,723,795
2027	14,205,000	16,659,996	30,864,996
2028	14,925,000	16,466,905	31,391,905
2029	15,525,000	15,735,681	31,260,681
2030	16,245,000	15,010,880	31,255,880
2031-2035	102,435,000	63,171,787	165,606,787
2036-2040	94,300,000	37,601,290	131,901,290
2041-2045	75,885,000	22,163,393	98,048,393
2046-2050	63,560,000	10,013,171	73,573,171
2051-2053	24,150,000	1,339,437	25,489,437
Total	\$ 435,580,000	\$ 215,536,335	\$ 651,116,335

Build America Bonds

In February 2009, as part of the American Recovery and Reinvestment Act of 2009, Congress added Sections 54AA and 6431 to the Internal Revenue Code of 1986, which permit state and local governments to obtain certain tax advantages when issuing taxable obligations that meet certain requirements of the Code and the related Treasury regulations. Such obligations are referred to as Build America Bonds.

In April 2010, the District issued Unlimited Tax Schoolhouse Bonds, Taxable Series 2010B Bonds in the amount of \$30,000,000 under the Build America Bonds program. Under this program, the District receives semi-annual subsidies equal to 35% of the interest it pays on the bonds. The subsidy payments received by

**DICKINSON INDEPENDENT SCHOOL DISTRICT
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the District will not be pledged as security for the payment of the Series 2010B Bonds and no holder of the Series 2010B Bonds will be entitled to a tax credit or any subsidy payment with respect to the Series 2010B Bonds.

The District intends to use the subsidy payments for any lawful purpose, which may include payment of principal and interest on the Series 2010B Bonds. For fiscal year ended August 31, 2025, the District received \$894,010 in such subsidies. The amount received was recorded as federal revenue in the General Fund.

Defeased Debt

The District has defeased certain general obligation and other bonds in prior years by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At August 31, 2025, bonds outstanding of \$60,420,000 were considered defeased.

Arbitrage

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

As of August 31, 2025, the District does not anticipate any arbitrage liability.

F. Leases

GASB Statement No. 87, *Leases* (GASB 87), establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the government's leasing activities.

The District adopted GASB 87, which pertains to lease accounting; however, management determined that the implementation did not have a significant impact on the financial statements. Accordingly, no lease-related assets or liabilities were recognized in the disclosures.

G. Subscription-Based Information Technology Arrangements

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, provides guidance on the accounting and financial reporting for SBITAs for government end users (governments). Under GASB 96, a SBITA is defined as a contract that conveys controls of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The subscription term includes the period during which a government has a noncancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend (if it is reasonably certain that the government or SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that the government or SBITA vendor will *not* exercise that option). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter, with earlier application encouraged.

The District has entered into subscription based IT contracts, however, management determined that the impact of these arrangements is not material to the government-wide financial statements. Accordingly, no related assets or liabilities were recognized.

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H. Defined Benefit Pension Plan

Plan Description. The District participates in a multiple-employer cost-sharing defined benefit pension plan that has a special funding situation. The pension plan is administered by the TRS. It is a defined benefit pension plan 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 plan 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 plan’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. Detail information about the Teacher Retirement System’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 attention Finance Division, PO BOX 149676, Austin, TX, 78714-0185, or by calling 1-800-223-8778.

Components of the net pension liability of the pension plan as of August 31, 2024 are as follows:

Total pension liability	\$ 271,627,434,294
Less: plan fiduciary net position	(210,543,258,495)
Net pension liability	<u>\$ 61,084,175,799</u>
Net position as percentage of total pension liability	77.51%

Benefits Provided. TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3% (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member’s age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member’s age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered under a previous rule.

There are no automatic post-employment benefit changes; including automatic cost-of-living adjustments COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above. Accordingly, the 2023 Texas Legislature passed Senate Bill (SB) 10 and House Joint Resolution (HJR) 2 to provide eligible retirees with a one-time stipend and an ad hoc COLAs.

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

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

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

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

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 the manner are determined by the Plan's actuary.

Contributions. Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the pension plan 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.

	Contribution Rates	
	2024	2025
Member	8.25%	8.25%
Non-employer contributing entity (NECE) (State)	8.25%	8.25%
Employers	8.25%	8.25%
2025 Employer contributions		\$ 4,138,052
2025 Member contributions		\$ 8,571,496
2025 NECE on-behalf contributions		\$ 5,670,547

Contributors to the pension plan include active members, employers and the State of Texas as the only non-employer contributing entity. The State is 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 (GAA).

The State's on-behalf contribution is recorded as revenues and expenditures/expenses in the financial statements.

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

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- 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 is a surcharge an employer is subject to:

- All public schools, charter schools, and regional educational service centers must contribute 1.9% of the member’s salary beginning in fiscal year 2023, gradually increasing to 2% in fiscal year 2025.
- 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.

Actuarial Assumptions. The total pension plan liability in the August 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	August 31, 2023 rolled forward to August 31, 2024
Actuarial cost method	Individual entry age Normal
Asset valuation method	Fair Value
Single discount rate	7.00%
Long-term expected investment rate of return	7.00%
Municipal bond rate as of August 2024*	3.87%
Last year ending August 31 in projection period (100 years)	2123
Inflation	2.30%
Salary increases	2.95% to 8.95% including inflation
Ad hoc post-employment benefit changes	None

* Source: 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.

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

Discount Rate. The 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 plan investments of 7.00%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be to 9.54% of payroll in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

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

The long-term rate of return on pension plan investments is 7.00%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the 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.

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

Asset Class	Target Allocation**	Long-Term Expected Geometric Real Rate of Return***	Expected Contribution to Long-Term Portfolio Returns
Global equity:			
U.S.	18.0%	4.4%	1.0%
Non-U.S. developed	13.0%	4.2%	0.8%
Emerging markets	9.0%	5.2%	0.7%
Private equity	14.0%	6.7%	1.2%
Stable value:			
Government bonds	16.0%	1.9%	0.4%
Absolute return*	0.0%	4.0%	0.0%
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	0.0%	2.5%	0.0%
Risk parity	8.0%	4.0%	0.4%
Asset allocation leverage			
Cash	2.0%	1.0%	0.0%
Asset allocation leverage	-6.0%	1.3%	-0.1%
Inflation expectation			2.4%
Volatility drag****			<u>-0.7%</u>
Expected Return	<u>100%</u>		<u>7.9%</u>
* Absolute return includes credit sensitive investments.			
** Target allocations are based on the FY2024 policy model.			
*** Capital market assumptions come from 2024 SAA study SMA 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 Net Pension Liability of the pension plan using the discount rate of 7.00%, and what the net pension liability would be if it were calculated using a discount rate that is 1% point lower (6.00%) or 1% point higher (8.00%) than the current rate.

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the net pension liability	\$ 75,783,162	\$ 47,445,924	\$ 23,966,507

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2025, the District reported a net pension liability of \$47,445,924 for its proportionate share of the TRS net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 47,445,924
State's proportionate share that is associated with the District	61,465,655
Total	<u>\$ 108,911,579</u>

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The net pension liability was measured as of August 31, 2023 and rolled forward to August 31, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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.

For the fiscal years ended August 31, 2025 and 2024, the District's proportion of the collective net pension liability was as follows:

2025 Measurement Year 8/31/2024	2024 Measurement Year 8/31/2023	Increase/(Decrease)
0.0776730194%	0.0800971571%	-0.0024241377%

Changes Since the Prior Actuarial Valuation. The following were changes to the actuarial assumptions or other inputs that affected measurement of the net pension liability since the prior measurement period:

- There were no changes in the actuarial assumptions and methods used in the determination of the prior year's 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 the year ended August 31, 2025, the District recognized pension expense of \$14,788,249 and revenue of \$7,346,173 for support provided by the State in the government-wide financial statements.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 2,615,155	\$ 370,435
Changes in actuarial assumptions	2,449,735	328,426
Net difference between projected and actual investment earnings	288,408	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	2,922,932	1,092,795
District contributions paid to TRS subsequent to the measurement date	4,138,052	-
Total	\$ 12,414,282	\$ 1,791,656

The District recognized \$4,138,052 as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the measurement year ended August 31, 2025.

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The other amounts of the District’s balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended August 31:	Pension Expense Amount
2026	\$ 882,000
2027	5,713,589
2028	1,019,879
2029	(1,146,191)
2030	15,296
Thereafter	1
	\$ 6,484,574

I. Defined Other Post-Employment Benefit Plan (OPEB)

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 OPEB plan with a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

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

OPEB Plan Fiduciary Net Position. Detail information about TRS-Care’s fiduciary net position is available in the separately issued TRS 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/learningresources/publications>; by writing to TRS at P.O. Box 149676, Austin, TX, 78714-0185; or by calling (800) 223-8778.

Components of the net OPEB liability of the TRS-Care plan as of August 31, 2024 are as follows:

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

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

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

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

TRS-CARE Monthly Premium Rates		
	<u>Medicare</u>	<u>Non-Medicare</u>
Retiree*	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree* and Children	468	408
Retiree and Family	1,020	999
* or surviving spouse		

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 active employee compensations. The TRS Board of trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the state’s contribution rate which is 1.25% of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public or charter school.

The actual District contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor:

	Contribution Rates	
	2024	2025
Member	0.65%	0.65%
Non-employer contributing entity (NECE) (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
2025 Employer contributions		\$ 848,131
2025 Member contributions		\$ 675,335
2025 NECE on-behalf contributions		\$ 1,148,610

In addition to the District’s contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether they participate in the TRS Care OPEB program). When hiring a TRS retiree, employers are required to pay to TRS Care a monthly surcharge of \$535 per retiree.

Actuarial Assumptions. The actuarial valuation was performed as of August 31, 2023. Updated procedures were used to roll forward the Total OPEB Liability to August 31, 2024. The actuarial valuation was determined using the following actuarial assumptions:

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2021.

The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2023 TRS pension actuarial valuation that was rolled forward to August 31, 2024:

Rates of Mortality	Rates of Disability
Rates of Retirement	General Inflation
Rates of Termination	Wage Inflation

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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.

Additional Actuarial Methods and Assumptions:

Valuation date	August 31, 2023, rolled forward to August 31, 2024
Actuarial cost method	Individual entry age normal
Inflation	2.30%
Single discount rate	3.87% as of August 31, 2024
Aging factors	Based on the Society of Actuaries' 2013 Study "Health Care Costs - From Birth to Death".
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Salary increases	2.95% to 8.95%, including inflation*
Ad hoc post-employment benefit changes	None
*Includes inflation at 2.30%	

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

Because the investments are held in cash and there is no intentional objective to advance fund the benefits, the single discount rate is equal to the prevailing municipal bond rate.

The source of the municipal bond rate is the Bond Buyer’s “20-Bond GO Index” as of August 31, 2024, using the Fixed Income Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the net OPEB liability if the discount rate used was 1% point lower than and 1% point higher than the discount rate that was used (3.87%) in measuring the net OPEB liability:

	1% Decrease in Discount Rate (2.87%)	Current Single Discount Rate (3.87%)	1% Increase in Discount Rate (4.87%)
District's proportionate share of the net OPEB liability	\$ 36,390,523	\$ 30,630,549	\$ 25,976,403

Healthcare Trend Rate Sensitivity Analysis. The following schedule shows the impact of the net OPEB liability if a healthcare trend rate that is 1% less than and 1% greater than the health trend rates assumed.

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
District's proportionate share of the net OPEB liability	\$ 24,944,034	\$ 30,630,549	\$ 38,040,644

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OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At August 31, 2025, the District reported a liability of \$30,630,549 for its proportionate share of the TRS’ net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$	30,630,549
State's proportionate share that is associated with the District		38,379,662
Total	\$	<u>69,010,211</u>

The net OPEB liability was measured as of August 31, 2023 and rolled forward to August 31, 2024 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The 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 thru August 31, 2024.

For the fiscal years ended August 31, 2025 and 2024, the District’s proportion of the collective net OPEB liability was as follows:

2025	2024	
Measurement Year	Measurement Year	Increase/(Decrease)
8/31/2024	8/31/2023	
0.1009192830%	0.1027554987%	-0.0018362157%

Changes Since the Prior Actuarial Valuation. The following were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability (TOL) since the prior measurement period:

- The single discount rate changed from 4.13% as of August 31, 2023 to 3.87% as of August 31, 2024, accompanied by revised demographic and economic assumptions based on the TRS experience study. This change decreased the total OPEB liability.
- The tables used to model the impact of aging on the underlying claims were revised.
- There were no changes in benefit terms since the prior measurement date.

The amount of OPEB expense recognized by the District in the reporting period was \$(7,416,639).

For the year ended August 31, 2025, the District recognized OPEB expense of \$(7,416,639) and revenue of \$(4,988,648) for support provided by the State.

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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 post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 5,870,848	\$ 15,286,304
Changes in actuarial assumptions	3,920,348	9,994,394
Net difference between projected and actual investment earnings	-	85,775
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	6,664,823	826,177
District contributions paid to TRS subsequent to the measurement date	848,131	-
Total	\$ 17,304,150	\$ 26,192,650

The District recognized \$848,131 as deferred outflows of resources related to OPEB resulting from the District’s contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the measurement year ended August 31, 2025. The other amounts of the employer’s balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended August 31:	OPEB Expense Amount
2026	\$ (3,225,583)
2027	(1,838,294)
2028	(2,526,978)
2029	(2,061,400)
2030	(909,621)
Thereafter	825,245
	\$ (9,736,631)

J. Medicare Part D – On Behalf Payments

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2025, 2024, and 2023, the subsidy payments received by TRS-Care on-behalf of the District were \$737,812, \$566,045 and \$556,525, respectively. These payments are recorded as equal revenues and expenditures/expenses in the financial statements.

K. Health Care

The District provides medical insurance coverage for its employees through the TRS-Active Care insurance provided by the TRS. This is a premium-based plan: payments are made on a monthly basis for all covered employees. The District contributes \$300 per month for each employee enrolled in the health insurance plan. Employees are able to choose from three types of coverage and are responsible for premiums in excess of the District subsidy, including dependent coverage.

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III. OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to property/liability losses for which the District carries commercial insurance. In addition, the District participated in the following TASB Risk Management Fund (the Fund) programs:

- Auto Liability
- Auto Physical Damage
- Privacy & Information Security
- School Liability

The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for its Auto, Liability and Property Programs. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended August 31, 2025, the Fund anticipates that Dickinson ISD has no additional liability beyond the contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year (August 31). The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2024, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

Unemployment Compensation Pool

During the year ended August 31, 2025, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for the Unemployment Compensation pool. For the year ended August 31, 2025, the Fund anticipates that Dickinson ISD has no additional liability beyond the contractual obligation for payment of contribution.

Workers' Compensation

The District participates in the Texas Educational Insurance Association, a public entity risk pool operating as a common risk management and insurance program for member school districts. However, the District is a reimbursing member whereby it does not pay premiums but pays for claims and the cost of handling claims. As such, the District self-insures its worker's compensation claims which are administered by a third party, Claims Administrative Services, Inc., effective September 01, 2022 through August 31, 2027.

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Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities also include an estimated amount for claims that have been incurred but not reported (IBNRs).

The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claims settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from stop-loss or subrogation, are another component of the claims liability estimate. An excess coverage insurance policy covers individual claims in excess of \$225,000 up to the statutory limits for any given claim.

The following is a summary of the changes in the balances of claims liabilities for workers' compensation for the years ended August 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Liability, beginning of period	\$ 1,288,006	\$ 1,244,688
Changes in the est. for current & prior period claims	131,829	436,133
Payments on claims	<u>(356,162)</u>	<u>(392,815)</u>
Liability, end of period	<u>\$ 1,063,673</u>	<u>\$ 1,288,006</u>

B. Litigation and Contingencies

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of management and the District's counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the District. Accordingly, no provisions for gains or losses have been recorded in the accompanying government-wide or fund financial statements for contingencies.

The District participates in numerous state and federal grant programs governed by various rules and regulations of the grantor agencies. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. To the extent that the District has not complied with the rules and regulations governing the grants, if any, claims may be disallowed. Any disallowed claims, including amounts already collected, may constitute a liability of the District.

In the opinion of the Administration, no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants exist; therefore, no provision has been recorded in the accompanying government-wide or fund financial statements.

C. Construction and Other Significant Commitments

At August 31, 2025, the District had commitments under construction contracts totaling \$98.8 million.

The District utilizes encumbrance accounting in its governmental funds. Encumbrances represent commitments related to contracts not yet performed (executory contracts) and are used to control expenditures for the year and to enhance cash management. A school district often issues purchase orders or signs contracts for the purchase of goods and services to be received in the future. At the time these commitments are made, which in its simplest form means that when a purchase order is prepared, the appropriate accounts are checked for available funds. If an adequate balance exists, the amount of the order is immediately charged to the account to reduce the available balance for control purposes.

**DICKINSON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

Prior to the end of the year, every effort should be made to liquidate outstanding encumbrances. When encumbrances are outstanding at year end, the school district likely will honor the open purchase orders or contracts that support the encumbrances. For reporting purposes, outstanding encumbrances are not considered expenditures for the fiscal year, only a commitment to expend resources. If the school district allows encumbrances to lapse, even though it plans to honor encumbrances, the appropriations authority expires and the items represented by the encumbrances are usually re-appropriated in the following year's budget. Open encumbrances at fiscal year are included in restricted, committed, or assigned fund balance, as appropriate.

D. Shared Service Agreements (SSAs)

An SSA is an agreement between two or more governmental entities to share resources, services, or expertise to achieve a common goal. The purpose is typically to provide services more efficiently or cost-effectively. In school districts, SSAs often involve sharing specialized services such as special education, transportation, or administrative support.

The District is the fiscal agent for a Shared Service Arrangement (“SSA”), which provides educational services to students of member districts. In addition to the District, other member districts include Texas City ISD, Galveston ISD, and Clear Creek ISD. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. The District also receives funding from Galveston County for the program. According to guidance provided in TEA’s Resource Guide, the District has accounted for the fiscal agent’s activities of the SSA in Special Revenue Fund No. 446, Shared Services Arrangements – Transforming Lives Cooper using Model 3 in SSA section of the FASRG.

Each District’s revenue contributions and total expenditures of the SSA are summarized below:

SSA #446 - Transforming Lives Cooper	
Revenues:	
Dickinson Independent School District	\$ 17,114
Texas City Independent School District	35,517
Galveston Independent School District	10,240
Clear Creek Independent School District	6,087
	<u>68,957</u>
Galveston County (mandatory placement by judicial system)	27,681
Dickinson Independent School District (Per Capita Apportionment)	42,850
	<u>\$ 139,488</u>
Expenditures:	
6100 - Payroll costs	<u>\$ 139,488</u>

**DICKINSON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

The District is the fiscal agent for a Shared Service Arrangement (“SSA”), which provides educational services for students of member districts. All services are provided by the fiscal agent. The member districts provide the funds to 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 Special Revenue Fund No. 447, Shared Services Arrangements – Coastal Alternative Program using Model 3 in SSA section of the FASRG.

Each District’s revenue contributions and total expenditures of the SSA are summarized below:

SSA #447 - Coastal Alternative Program	
Revenues:	
Dickinson Independent School District	\$ 240,579
Texas City Independent School District	144,374
Santa Fe Independent School District	90,413
Galveston Independent School District	85,464
Friendswood Independent School District	11,139
Hitchcock Independent School District	27,222
	<u>\$ 599,190</u>
Expenditures:	
6100 - Payroll costs	\$ 497,851
6200 - Professional and contracted services	93,793
6300 - Supplies and materials	7,261
6400 - Other operating costs	285
	<u>\$ 599,190</u>

The District is the fiscal agent for a Shared Service Arrangement (“SSA”), which provides disciplinary alternative education services for students within Galveston County. All services are provided by the fiscal agent. Galveston County provides the funds to the fiscal agent. The District also receives funding from the State of Texas based on student attendance data. The District accounts for the program in Fund No. 448, Shared Services Arrangements – Galveston County Detention Boot C. using Model 3 in SSA section of the FASRG.

Each District’s revenue contributions and total expenditures of the SSA are summarized below:

SSA #448 - GALCO Detention/Bootcamp	
Revenues:	
Galveston County (mandatory placement by judicial system)	\$ 157,810
Dickinson Independent School District (Per Capita Apportionment)	104,164
Total Revenue Contributions	<u>\$ 261,974</u>
Expenditures:	
6100 - Payroll costs	<u>\$ 261,974</u>

The District is the fiscal agent for a Shared Service Arrangement (“SSA”), which provides an educational environment for all students that ensures academic growth, emotional well-being, and positive social behaviors. All services are provided by the fiscal agent. Galveston County provides the funds to the fiscal agent. The District also receives funding from the State of Texas based on student attendance data. The District accounts for the program in Fund No. 449, Shared Services Arrangements – JJAEP Juvenile Justice AEP using Model 3 in SSA section of the FASRG. Each District’s revenue contribution and total expenditures of the SSA are summarized below:

SSA #449 - JJAEP Juvenile Justice AEP	
Revenues:	
Galveston County (mandatory placement by judicial system)	<u>\$ 140,628</u>
Expenditures:	
6100 - Payroll costs	<u>\$ 140,628</u>

**DICKINSON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

E. Related Organizations

The Dickinson ISD Education Foundation (“Foundation”), a non-profit entity which was organized in 2009 to provide funds for District teaching and education programs, is a “related organization” as defined by GASB Statement No. 61. The members of the Board of Directors of the Foundation serve without financial compensation. The operations of the Foundation are not financially significant to the overall operations of the District, and therefore are not reported in the District’s financial statements.

F. Deficit Net Position

At August 31, 2025, the District reported a deficit balance of \$69,147,169 on the statement of net position caused by the implementation of GASB statement No. 68, *Accounting and Financial Reporting for Pensions* and No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*.

G. Subsequent Events

In November 2025, District voters approved a Voter-Approval Tax Rate Election (VATRE), authorizing the District to adopt a total tax rate of \$1.142 per \$100 of taxable assessed valuation, including a \$0.722 maintenance and operations (M&O) tax rate. The approved tax rate is expected to generate approximately \$7.3 million in additional annual revenue to support District operations. The financial impact of the approved VATRE will be reflected in the District’s future financial statements.

In preparing the financial statements, the District has evaluated subsequent events through February 9, 2026 the date the financials were available to be issued. The District is not aware of any subsequent events that have occurred after the statement of financial position date that would require adjustment to, or disclosure in, the financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

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DICKINSON INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 53,419,046	\$ 53,419,046	\$ 54,150,151	\$ 731,105
5800 State Program Revenues	80,862,436	80,862,436	83,768,367	2,905,931
5900 Federal Program Revenues	1,697,000	1,697,000	2,024,433	327,433
5020 Total Revenues	135,978,482	135,978,482	139,942,951	3,964,469
EXPENDITURES:				
Current:				
0011 Instruction	83,858,862	83,435,012	81,906,939	1,528,073
0012 Instructional Resources and Media Services	1,273,441	1,322,765	1,221,394	101,371
0013 Curriculum and Instructional Staff Development	685,793	686,005	628,460	57,545
0021 Instructional Leadership	1,746,474	1,886,328	1,834,000	52,328
0023 School Leadership	8,037,511	8,077,417	7,847,856	229,561
0031 Guidance, Counseling, and Evaluation Services	4,276,278	4,407,879	4,315,596	92,283
0032 Social Work Services	113,341	135,267	74,679	60,588
0033 Health Services	1,503,476	1,508,047	1,368,694	139,353
0034 Student (Pupil) Transportation	8,534,735	8,534,737	8,276,379	258,358
0036 Extracurricular Activities	2,915,616	2,936,818	2,706,799	230,019
0041 General Administration	3,667,994	3,630,143	3,402,675	227,468
0051 Facilities Maintenance and Operations	17,943,934	24,492,033	21,985,319	2,506,714
0052 Security and Monitoring Services	1,749,706	1,929,184	1,742,280	186,904
0053 Data Processing Services	2,479,001	2,681,059	2,429,189	251,870
0061 Community Services	689,187	767,188	635,151	132,037
Debt Service:				
0071 Principal on Long-Term Liabilities	390,000	-	-	-
0072 Interest on Long-Term Liabilities	10,000	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	5,769	5,769	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	117,127	336,187	77,235	258,952
0095 Payments to Juvenile Justice Alternative Ed. Prg.	220,000	220,000	194,234	25,766
0099 Other Intergovernmental Charges	688,000	738,000	685,897	52,103
6030 Total Expenditures	140,900,476	147,729,838	141,338,545	6,391,293
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,921,994)	(11,751,356)	(1,395,594)	10,355,762
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	5,000	5,000	-	(5,000)
7914 Non-Current Loans	-	-	2,552,112	2,552,112
7080 Total Other Financing Sources (Uses)	5,000	5,000	2,552,112	2,547,112
1200 Net Change in Fund Balances	(4,916,994)	(11,746,356)	1,156,518	12,902,874
0100 Fund Balance - September 1 (Beginning)	23,519,175	23,519,175	23,519,175	-
3000 Fund Balance - August 31 (Ending)	\$ 18,602,181	\$ 11,772,819	\$ 24,675,693	\$ 12,902,874

DICKINSON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2025

	FY 2025 Plan Year 2024	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022
District's Proportion of the Net Pension Liability (Asset)	0.077673019%	0.080097157%	0.074625748%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 47,445,924	\$ 55,019,018	\$ 44,303,387
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	61,465,655	71,795,513	62,975,497
Total	<u>\$ 108,911,579</u>	<u>\$ 126,814,531</u>	<u>\$ 107,278,884</u>
District's Covered Payroll	\$ 105,475,565	\$ 102,946,001	\$ 94,540,289
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	44.98%	53.44%	46.86%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.51%	73.15%	75.62%

Note: GASB Codification, Vol. 2, P20.183 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2024 for year 2025, August 31, 2023 for year 2024, August 31, 2022 for year 2023, August 31, 2021 for year 2022, August 31, 2020 for year 2021, August 31, 2019 for year 2020, August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, and August 31, 2015 for year 2016.

FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015
0.069192481%	0.068388932%	0.068974911%	0.066902026%	0.066275191%	0.059139763%	0.0584185%
\$ 17,620,876	\$ 36,627,717	\$ 35,855,315	\$ 36,824,499	\$ 21,191,236	\$ 22,348,037	\$ 20,650,162
28,349,135	57,393,518	53,118,503	56,971,997	33,242,675	36,555,766	33,736,578
<u>\$ 45,970,011</u>	<u>\$ 94,021,235</u>	<u>\$ 88,973,818</u>	<u>\$ 93,796,496</u>	<u>\$ 54,433,911</u>	<u>\$ 58,903,803</u>	<u>\$ 54,386,740</u>
\$ 88,276,495	\$ 83,996,758	\$ 76,669,077	\$ 72,887,825	\$ 69,770,919	\$ 61,334,317	\$ 56,717,701
19.96%	43.61%	46.77%	50.52%	30.37%	36.44%	36.41%
88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%

DICKINSON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2025

	2025	2024	2023
Contractually Required Contribution	\$ 4,138,052	\$ 4,379,254	\$ 4,117,712
Contribution in Relation to the Contractually Required Contribution	(4,138,052)	(4,379,254)	(4,117,712)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 103,897,158	\$ 105,475,565	\$ 102,946,001
Contributions as a Percentage of Covered Payroll	3.98%	4.15%	4.00%

Note: GASB Codification, Vol. 2, P20.183 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

	2022	2021	2020	2019	2018	2017	2016
\$	3,488,070	\$ 2,952,552	\$ 2,820,650	\$ 2,416,127	\$ 2,259,989	\$ 2,172,114	\$ 1,879,020
	(3,488,070)	(2,952,552)	(2,820,650)	(2,416,127)	(2,259,989)	(2,172,114)	(1,879,020)
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$	94,540,289	\$ 88,273,495	\$ 83,996,758	\$ 76,669,077	\$ 72,887,825	\$ 69,770,919	\$ 61,334,317
	3.69%	3.34%	3.36%	3.15%	3.10%	3.11%	3.06%

DICKINSON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2025

	FY 2025 Plan Year 2024	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.100919283%	0.102755499%	0.095044587%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 30,630,549	\$ 22,748,326	\$ 22,757,481
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	38,379,662	27,449,352	27,760,551
Total	<u>\$ 69,010,211</u>	<u>\$ 50,197,678</u>	<u>\$ 50,518,032</u>
District's Covered Payroll	\$ 105,475,656	\$ 102,946,001	\$ 94,540,289
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	29.04%	22.10%	24.07%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	13.70%	14.94%	11.52%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. For example, the amounts for FY 2025 are for the measurement date of August 31, 2024, etc.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
0.091262065%	0.089817795%	0.088769538%	0.086590401%	0.082654371%
\$ 35,203,857	\$ 34,143,800	\$ 41,980,199	\$ 43,235,380	\$ 35,943,285
47,165,323	45,881,083	55,782,298	62,783,385	54,775,000
<u>\$ 82,369,180</u>	<u>\$ 80,024,883</u>	<u>\$ 97,762,497</u>	<u>\$ 106,018,765</u>	<u>\$ 90,718,285</u>
\$ 88,273,495	\$ 83,996,758	\$ 76,669,077	\$ 72,887,825	\$ 69,770,919
39.88%	40.65%	54.76%	59.32%	51.52%
6.18%	4.99%	2.66%	1.57%	0.91%

DICKINSON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2025

	2025	2024	2023
Contractually Required Contribution	\$ 848,131	\$ 917,015	\$ 890,864
Contribution in Relation to the Contractually Required Contribution	(848,131)	(917,015)	(890,864)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 103,897,158	\$ 105,475,765	\$ 102,946,001
Contributions as a Percentage of Covered Payroll	0.82%	0.87%	0.87%

Note: GASB Codification, Vol. 2, P50.238 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

Information in this schedule should be provided only for the years where data is available. Eventually 10 years of data should be presented.

	2022	2021	2020	2019	2018
\$	780,357	\$ 712,927	\$ 682,735	\$ 630,470	\$ 598,207
	(780,357)	(712,927)	(682,735)	(630,470)	(598,207)
\$	-	\$ -	\$ -	\$ -	\$ -
\$	94,540,289	\$ 88,273,495	\$ 83,996,758	\$ 76,669,077	\$ 72,887,825
	0.83%	0.81%	0.81%	0.82%	0.82%

**DICKINSON INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

Notes to Schedule of Revenue, Expenditures, and Changes in Fund Balance

Budgetary Information

The District adopts an “appropriated budget” for the General Fund, Debt Service Fund, and the Child Nutrition Fund using the same method of accounting as for financial reporting, as required by law. The remaining Special Revenue Funds (primarily federal grant programs) utilize a managerial type budget approved at the fund level by the Board of Trustees upon acceptance of the grants. These grants are subject to Federal, State and locally imposed length budgets and monitoring through submission of reimbursement reports.

Expenditures may not legally exceed budgeted appropriations at the function or activity level. Expenditure requests which would require an increase in total budgeted appropriations, must be approved by the Trustees through formal budget amendment. State law prohibits trustees from making budget appropriations in excess of funds available or estimated revenues. State law also prohibits amendment of the budget after fiscal year end. Supplemental appropriations were made to the General Fund during the year ended August 31, 2025.

The administrative level at which responsibility for control of budgeted appropriations begins is at the organizational level within each function of operations. The finance department reviews closely the expenditure requests submitted by the various organizational heads (principals and department heads) throughout the year to ensure proper spending compliance. No public funds of the District shall be expended in any manner other than as provided for in the budget adopted by the Board of Trustees.

The official school budget for fiscal year 2025 was prepared for adoption for budgeted governmental fund types by August 31, 2025. The budget was adopted by the Board of Trustees at a duly advertised public meeting prior to the expenditure of funds. The final amended budget is filed with the Texas Education Agency (TEA) through inclusion in the annual financial and compliance report.

Encumbrance accounting is utilized in all government fund types. Encumbrances for goods and purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at year-end and encumbrances outstanding at that time are appropriately provided for in the subsequent year’s budget.

The TEA requires the budgets for the General Fund, Debt Service Fund, and Child Nutrition Program to be filed with the TEA. The budget should not be exceeded in any functional category under TEA requirements. For the year ended August 31, 2025, the District’s expenditures did not exceed appropriations.

**DICKINSON INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

Notes to the Schedule of the District's Proportionate Share of the Net Pension Liability

Changes in Benefits

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

Changes of Assumptions

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

- There were no changes in the actuarial assumptions and methods used in the determination of the prior year's 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.

Notes to Schedule of the District's Proportionate Share of the Net OPEB Liability

Changes in Benefits

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

Changes of Assumptions

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

- The single discount rate changed from 4.13% as of August 31, 2023 to 3.87% as of August 31, 2024, accompanied by revised demographic and economic assumptions based on the TRS experience study.

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COMBINING SCHEDULES

DICKINSON INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2025

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	226 IDEA - Part B Discretionary
ASSETS				
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1240 Due from Other Governments	256,543	162,578	750	-
1260 Due from Other Funds	-	-	-	-
1290 Other Receivables	-	-	-	-
1300 Inventories	-	-	-	-
1410 Prepayments	-	-	-	-
1000 Total Assets	<u>\$ 256,543</u>	<u>\$ 162,578</u>	<u>\$ 750</u>	<u>\$ -</u>
LIABILITIES				
2110 Accounts Payable	\$ 16,837	\$ 9,046	\$ -	\$ -
2160 Accrued Wages Payable	-	3,150	-	-
2170 Due to Other Funds	239,706	150,382	750	-
2300 Unearned Revenue	-	-	-	-
2000 Total Liabilities	<u>256,543</u>	<u>162,578</u>	<u>750</u>	<u>-</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3410 Inventories	-	-	-	-
3430 Prepaid Items	-	-	-	-
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	-	-
Committed Fund Balance:				
3545 Other Committed Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 256,543</u>	<u>\$ 162,578</u>	<u>\$ 750</u>	<u>\$ -</u>

240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	289 Other Federal Special Revenue Funds	397 Advanced Placement Incentives	410 State Instructional Materials	429 Other State Special Revenue Funds
\$ 7,590,240	\$ -	\$ -	\$ -	\$ -	\$ 4,789	\$ 175,609	\$ 2,365
442,688	452	35,935	19,487	20,426	1,657	-	318,734
50,309	-	-	-	-	-	-	-
71,283	-	-	-	-	-	-	-
157,418	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 8,311,938</u>	<u>\$ 452</u>	<u>\$ 35,935</u>	<u>\$ 19,487</u>	<u>\$ 20,426</u>	<u>\$ 6,446</u>	<u>\$ 175,609</u>	<u>\$ 321,099</u>
\$ 318,730	\$ -	\$ -	\$ -	\$ -	\$ 865	\$ 90,104	\$ 113,288
235,841	-	-	-	-	-	-	-
150,314	452	35,935	19,487	20,426	-	-	205,711
69,895	-	-	-	-	5,581	85,505	2,100
<u>774,780</u>	<u>452</u>	<u>35,935</u>	<u>19,487</u>	<u>20,426</u>	<u>6,446</u>	<u>175,609</u>	<u>321,099</u>
87,523	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
7,449,635	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>7,537,158</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 8,311,938</u>	<u>\$ 452</u>	<u>\$ 35,935</u>	<u>\$ 19,487</u>	<u>\$ 20,426</u>	<u>\$ 6,446</u>	<u>\$ 175,609</u>	<u>\$ 321,099</u>

DICKINSON INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2025

Data Control Codes	459 Other SSA Special Revenue Funds	461 Campus Activity Funds	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds	
ASSETS					
1110	Cash and Cash Equivalents	\$ 4,184	\$ 1,228,586	\$ 72,788	\$ 9,078,561
1240	Due from Other Governments	272,485	14,444	-	1,546,179
1260	Due from Other Funds	-	-	-	50,309
1290	Other Receivables	-	87,824	550	159,657
1300	Inventories	-	-	-	157,418
1410	Prepayments	-	45	-	45
1000	Total Assets	<u>\$ 276,669</u>	<u>\$ 1,330,899</u>	<u>\$ 73,338</u>	<u>\$ 10,992,169</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ 94,070	\$ 11,324	\$ 654,264
2160	Accrued Wages Payable	-	1,305	-	240,296
2170	Due to Other Funds	269,189	-	550	1,092,902
2300	Unearned Revenue	7,480	-	61,464	232,025
2000	Total Liabilities	<u>276,669</u>	<u>95,375</u>	<u>73,338</u>	<u>2,219,487</u>
FUND BALANCES					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	87,523
3430	Prepaid Items	-	45	-	45
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	7,449,635
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	1,235,479	-	1,235,479
3000	Total Fund Balances	<u>-</u>	<u>1,235,524</u>	<u>-</u>	<u>8,772,682</u>
4000	Total Liabilities and Fund Balances	<u>\$ 276,669</u>	<u>\$ 1,330,899</u>	<u>\$ 73,338</u>	<u>\$ 10,992,169</u>

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DICKINSON INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	226 IDEA - Part B Discretionary
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	2,999,030	2,039,865	29,730	179,120
5020 Total Revenues	2,999,030	2,039,865	29,730	179,120
EXPENDITURES:				
Current:				
0011 Instruction	2,430,710	1,500,136	29,730	-
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	24,674	43,927	-	-
0021 Instructional Leadership	188,475	34,868	-	-
0023 School Leadership	110,000	-	-	-
0031 Guidance, Counseling, and Evaluation Services	198,050	460,934	-	-
0032 Social Work Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	125	-	-	-
0061 Community Services	46,996	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-	179,120
6030 Total Expenditures	2,999,030	2,039,865	29,730	179,120
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	289 Other Federal Special Revenue Funds	397 Advanced Placement Incentives	410 State Instructional Materials	429 Other State Special Revenue Funds
\$ 1,804,938	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
268,522	-	-	-	-	4,905	1,568,229	1,100,767
6,805,341	165,543	524,530	261,342	201,204	-	-	-
8,878,801	165,543	524,530	261,342	201,204	4,905	1,568,229	1,100,767
-	135,161	403,033	261,205	42,415	-	1,567,629	123,160
-	-	-	-	-	-	-	-
-	14,850	108,388	15	17,655	4,905	-	96,610
-	3,822	-	-	-	-	600	-
-	-	13,109	-	-	-	-	-
-	-	-	-	53,227	-	-	-
-	-	-	-	87,907	-	-	-
-	-	-	-	-	-	-	-
8,452,764	-	-	-	-	-	-	-
-	11,710	-	-	-	-	-	-
-	-	-	-	-	-	-	-
700	-	-	-	-	-	-	49,364
-	-	-	-	-	-	-	830,593
-	-	-	-	-	-	-	-
-	-	-	122	-	-	-	1,040
417,869	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
8,871,333	165,543	524,530	261,342	201,204	4,905	1,568,229	1,100,767
7,468	-	-	-	-	-	-	-
7,529,690	-	-	-	-	-	-	-
\$ 7,537,158	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

DICKINSON INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes	459 Other SSA Special Revenue Funds	461 Campus Activity Funds	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 994,266	\$ 1,337,888	\$ 211,774	\$ 4,348,866
5800 State Program Revenues	147,014	-	-	3,089,437
5900 Federal Program Revenues	-	-	-	13,205,705
5020 Total Revenues	1,141,280	1,337,888	211,774	20,644,008
EXPENDITURES:				
Current:				
0011 Instruction	797,149	288,280	149,482	7,728,090
0012 Instructional Resources and Media Services	-	40,106	28,232	68,338
0013 Curriculum and Instructional Staff Development	-	20,000	-	331,024
0021 Instructional Leadership	54,213	450	-	282,428
0023 School Leadership	289,649	63,165	-	475,923
0031 Guidance, Counseling, and Evaluation Services	-	1,734	9,881	723,826
0032 Social Work Services	-	-	-	87,907
0034 Student (Pupil) Transportation	-	1,599	-	1,599
0035 Food Services	-	-	-	8,452,764
0036 Extracurricular Activities	-	713,741	24,179	749,630
0041 General Administration	-	4,154	-	4,154
0051 Facilities Maintenance and Operations	-	3,145	-	53,209
0052 Security and Monitoring Services	269	11,550	-	842,412
0053 Data Processing Services	-	-	-	125
0061 Community Services	-	-	-	48,158
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	40,000	-	457,869
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-	179,120
6030 Total Expenditures	1,141,280	1,187,924	211,774	20,486,576
1200 Net Change in Fund Balance	-	149,964	-	157,432
0100 Fund Balance - September 1 (Beginning)	-	1,085,560	-	8,615,250
3000 Fund Balance - August 31 (Ending)	\$ -	\$ 1,235,524	\$ -	\$ 8,772,682

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DICKINSON INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 AUGUST 31, 2024

	865 Custodial Fund Student Activity Acct	876 Hospitality Fund	Total Custodial Funds
ASSETS			
Cash and Cash Equivalents	\$ 499,454	\$ 2,748	\$ 502,202
Due from Other Funds	228	-	228
Other Receivables	4,405	-	4,405
Total Assets	<u>504,087</u>	<u>2,748</u>	<u>506,835</u>
LIABILITIES			
Accounts Payable	92,094	-	92,094
Due to Other Funds	648	-	648
Total Liabilities	<u>92,742</u>	<u>-</u>	<u>92,742</u>
NET POSITION			
Restricted for Campus Activities	-	2,748	2,748
Restricted for Student Groups	411,345	-	411,345
Total Net Position	<u>\$ 411,345</u>	<u>\$ 2,748</u>	<u>\$ 414,093</u>

DICKINSON INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2025

	865 Custodial Fund Student Activity Acct	876 Hospitality Fund	Total Custodial Funds
ADDITIONS:			
Miscellaneous Revenue - Student Activities	\$ 1,461,788	\$ -	\$ 1,461,788
Earnings from Temporary Deposits	12,942	-	12,942
Total Additions	<u>1,474,730</u>	<u>-</u>	<u>1,474,730</u>
DEDUCTIONS:			
Other Deductions	1,509,965	-	1,509,965
Total Deductions	<u>1,509,965</u>	<u>-</u>	<u>1,509,965</u>
 Change in Net Position	 (35,235)	 -	 (35,235)
 Net Position - September 1 (Beginning)	 <u>446,580</u>	 <u>2,748</u>	 <u>449,328</u>
 Net Position - August 31 (Ending)	 <u>\$ 411,345</u>	 <u>\$ 2,748</u>	 <u>\$ 414,093</u>

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COMPLIANCE SCHEDULES

DICKINSON INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FOR THE YEAR ENDED AUGUST 31, 2025

Last 10 Years Ended August 31	Tax Rates		(3) Assessed/Appraised Value for School Tax Purposes
	(1) Maintenance	(2) Debt Service	
2016 and prior years	Various	Various	\$ Various
2017	1.040000	0.500000	3,208,383,961
2018	1.040000	0.480000	3,432,055,592
2019	1.060000	0.460000	3,735,655,855
2020	0.970000	0.480000	4,178,050,483
2021	0.874000	0.470000	4,850,771,652
2022	0.872000	0.440000	5,693,345,655
2023	0.854000	0.440000	6,393,602,396
2024	0.738000	0.440000	6,204,150,424
2025 (School year under audit)	0.736000	0.400000	6,717,563,996
1000	TOTALS		
8000	Total Taxes Refunded Under Section 26.1115, Tax Code		

(10) Beginning Balance 9/1/2024	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2025	(99) Taxes Refunded Under Section 26.1115c
\$ 783,587	\$	\$ 17,017	\$ 7,550	\$ (43,154)	\$ 715,866	
115,282		5,067	2,437	-	107,778	
128,271		8,769	4,047	-	115,455	
151,423		13,107	5,688	-	132,628	
159,061		10,283	5,089	-	143,689	
188,481		17,480	9,400	(1,757)	159,844	
309,777		86,049	43,420	44,038	224,346	
618,274		123,093	63,420	(24,762)	406,999	
1,594,225		348,495	207,775	(482,496)	555,459	
-	76,311,527	48,493,152	26,354,974	-	1,463,401	
<u>\$ 4,048,381</u>	<u>\$ 76,311,527</u>	<u>\$ 49,122,512</u>	<u>\$ 26,703,800</u>	<u>\$ (508,131)</u>	<u>\$ 4,025,465</u>	

\$ -

Reconciliation of Ending Balance per Exhibit J-1 to Balance per Exhibits A-1 and C-1:

Ending Balance per Exhibit J-1	\$ 4,025,465
Accrued Penalties and Interest on Delinquent Property Taxes Receivable	2,723,915
Property Taxes - Delinquent per Exhibits A-1 and C-1	<u>\$ 6,749,380</u>

DICKINSON INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 1,830,200	\$ 1,830,200	\$ 1,804,938	\$ (25,262)
5800 State Program Revenues	325,533	325,533	268,522	(57,011)
5900 Federal Program Revenues	7,409,000	7,409,000	6,805,341	(603,659)
5020 Total Revenues	<u>9,564,733</u>	<u>9,564,733</u>	<u>8,878,801</u>	<u>(685,932)</u>
EXPENDITURES:				
Current:				
0035 Food Services	14,035,695	14,125,257	8,452,764	5,672,493
0051 Facilities Maintenance and Operations	3,500	3,500	700	2,800
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	417,869	417,869	-
6030 Total Expenditures	<u>14,039,195</u>	<u>14,546,626</u>	<u>8,871,333</u>	<u>5,675,293</u>
1200 Net Change in Fund Balances	(4,474,462)	(4,981,893)	7,468	4,989,361
0100 Fund Balance - September 1 (Beginning)	7,529,690	7,529,690	7,529,690	-
3000 Fund Balance - August 31 (Ending)	<u>\$ 3,055,228</u>	<u>\$ 2,547,797</u>	<u>\$ 7,537,158</u>	<u>\$ 4,989,361</u>

DICKINSON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 28,600,000	\$ 28,600,000	\$ 27,995,292	\$ (604,708)
5800 State Program Revenues	4,205,000	4,205,000	4,707,918	502,918
5020 Total Revenues	32,805,000	32,805,000	32,703,210	(101,790)
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Liabilities	12,705,000	12,686,320	12,495,000	191,320
0072 Interest on Long-Term Liabilities	19,600,000	19,618,680	19,618,680	-
0073 Bond Issuance Cost and Fees	500,000	500,000	8,600	491,400
6030 Total Expenditures	32,805,000	32,805,000	32,122,280	682,720
1100 Excess of Revenues Over Expenditures	-	-	580,930	580,930
OTHER FINANCING SOURCES (USES):				
7901 Refunding Bonds Issued	-	27,940,000	27,940,000	-
8940 Payment to Bond Refunding Escrow Agent (Use)	-	(27,940,000)	(27,940,000)	-
7080 Total Other Financing Sources (Uses)	-	-	-	-
1200 Net Change in Fund Balances	-	-	580,930	580,930
0100 Fund Balance - September 1 (Beginning)	16,256,305	16,256,305	16,256,305	-
3000 Fund Balance - August 31 (Ending)	\$ 16,256,305	\$ 16,256,305	\$ 16,837,235	\$ 580,930

DICKINSON INDEPENDENT SCHOOL DISTRICT
STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2025

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.	11749338
AP4	Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24,26,28,29,30)	9311335

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.	1566528
AP8	Actual direct program expenditures for bilingual education programs during the district's fiscal year. (PIC 25)	958827

FEDERAL AWARDS SECTION

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MAYS & ASSOCIATES PLLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' 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
DICKINSON INDEPENDENT SCHOOL DISTRICT
Dickinson, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dickinson 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, and have issued our report thereon dated February 9, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Mays & Associates
Mays & Associates, PLLC

Baytown, Texas
February 9, 2026



MAYS & ASSOCIATES PLLC
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Trustees
DICKINSON INDEPENDENT SCHOOL DISTRICT
Dickinson, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Dickinson 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 auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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.

Auditors' 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 generally accepted auditing standards, *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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

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

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

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

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


Mays & Associates, PLLC

Baytown, Texas
February 9, 2026

**DICKINSON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued: unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes ✓ no

Significant deficiencies identified? yes ✓ none reported

Noncompliance material to financial statements noted: yes ✓ no

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? yes ✓ no

Significant deficiencies identified? yes ✓ none reported

Type of auditors' report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.51(a)? yes ✓ no

Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027; 84.173	Special Education Cluster
84.367	Title II, Part A, Teacher Principal Training

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

Auditee qualified as low-risk auditee? ✓ yes no

**DICKINSON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

II. FINANCIAL STATEMENT FINDINGS

None noted

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None noted

**DICKINSON INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

None noted

**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2025**

None noted

DICKINSON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2025

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	25610101084901	\$ 3,088,139
*IDEA - Part B, Formula	84.027A	256600010849016600	2,039,865
*IDEA - Part B, Discretionary	84.027A	66002506	179,120
Total Assistance Listing Number 84.027			2,218,985
*IDEA - Part B, Preschool	84.173A	256610010849016610	29,730
Total Special Education Cluster (IDEA)			2,248,715
Career and Technical - Basic Grant	84.048A	25420006084901	165,543
Title III, Part A - English Language Acquisition	84.365A	25671001084901	261,342
ESEA, Title II, Part A, Teacher Principal Training	84.367A	25694501084901	524,530
COVID 19 - Supplemental ESSER Fund	84.425U	21528001084901	17,155
Title IV, Part A, Subpart 1	84.424A	25680101084901	175,868
LEP Summer School	84.369A	69552402	8,181
Total Passed Through Texas Education Agency			6,489,473
TOTAL U.S. DEPARTMENT OF EDUCATION			6,489,473
 U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Texas Health and Human Services Commission</u>			
Medicaid Administrative Claiming Program - MAC	93.778	HHS000537900241	85,410
Total Medicaid Cluster			85,410
Total Passed Through Texas Health and Human Services Commission			85,410
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			85,410
 U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the Texas Department of Agriculture</u>			
*School Breakfast Program	10.553	00402	1,757,211
*National School Lunch Program - Cash Assistance	10.555	00402	4,584,487
*National School Lunch Prog. - Non-Cash Assistance	10.555	00402	610,635
Total Assistance Listing Number 10.555			5,195,122
Total Child Nutrition Cluster			6,952,333
Total Passed Through the Texas Department of Agriculture			6,952,333
TOTAL U.S. DEPARTMENT OF AGRICULTURE			6,952,333
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 13,527,216
*Clustered Programs			

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**DICKINSON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

1. The District utilizes the fund types specified in Texas Education Agency’s (TEA) *Financial Accountability System Resource Guide*. Special Revenue Funds are used to account for resources restricted or committed to specific purposes by a grantor. Federal and state financial assistance is generally accounted for in a Special Revenue Fund.

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal award activity of the District under programs of the federal government for the year ended August 31, 2025. The information in the SEFA is presented in accordance with the 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).

Because the SEFA presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets or cash flows of the District.

2. The District has not elected to use the 10% de minimis indirect cost rate under the Uniform Guidance.
3. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund types and agency funds are accounted for using a current financial resources measurement focus. All federal grant funds are accounted for in the special revenue funds, a component of the governmental fund type. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for the governmental fund types. Under this basis of accounting, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due, and 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. Accordingly, when such funds are received prior to being earned, they are recorded as unearned revenues. Generally, unused balances are returned to the grantor at the close of specified project periods.

4. The District participates in numerous state and federal grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies. Accordingly, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required, and the collectability of any related receivable at August 31, 2025 may be impaired.

In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

5. Reconciliation of Federal Program Revenues:

Total Expenditures of Federal Awards (Exhibit K-1)	\$ 13,527,216
Plus: School Health and Related Services (SHARS)	515,193
Plus: Reserve Officers' Training Corps. (ROTC)	83,118
Plus: E-Rate reimbursements	114,996
Plus: Propane rebate	95,606
Plus: IRS interest subsidy	<u>894,009</u>
Total Federal Program Revenues (Exhibit C-3)	<u>\$ 15,230,138</u>

(Per TEA *Financial Accountability System Resource Guide* – SHARS reimbursements are not to be reported on Schedule of Expenditures of Federal Awards.)

SCHOOLS FIRST QUESTIONNAIRE

Exhibit L-1

DICKINSON INDEPENDENT SCHOOL DISTRICT

Fiscal Year 2025

SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end?	No
SF3	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If payments were not made or warrant hold not cleared within 30 days of when due, then payments are NOT timely.)	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, answer is still YES.)	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 and/or substantial doubt about the district's ability to continue as a going concern?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?	Yes
SF8	Did the school district's administration and school board members discuss any changes and/or impact to local, state, and federal funding at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year end.	0