

HOLLAND INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL AND
COMPLIANCE REPORT
FOR THE YEAR ENDED
AUGUST 31, 2025



SINGLETON, CLARK
& COMPANY, PC CERTIFIED PUBLIC ACCOUNTANTS

**HOLLAND INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL AND COMPLIANCE REPORT
FOR THE YEAR ENDED AUGUST 31, 2025**

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CERTIFICATE OF BOARD

Holland Independent School District
Name of School District

Bell
County

014-905
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) approved _____ disapproved for the year ended August 31, 2025, at a meeting of the Board of Trustees of such school district on the 10th day of December, 2025.


Signature of Board Secretary


Signature of Board President

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

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Holland Independent School District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Holland 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, the business-type 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 and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

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The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis section which precedes the basic financial statements and the pension and other post-employment benefits liabilities related schedules following the notes to the financial statements be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements and the 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 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 Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2025 on our consideration of Holland Independent School 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.

Singleton, Clark & Company, PC

Singleton, Clark & Company, PC
Cedar Park, Texas

October 31, 2025

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**HOLLAND INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2025**

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of Holland Independent School District (the “District”) discuss and analyze the financial performance of the District for the fiscal year ended August 31, 2025. Please read this information in conjunction with the District’s basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District’s net position for governmental activities decreased by \$530,059 as a result of this year’s current operations, to end at \$19,797.
- Total governmental funds of the District (the General Fund plus all Special Revenue Funds and the Debt Service Fund) reported an overall fund balance decrease of \$496,023, to end at \$1,701,709.
- The General Fund of the District reported a fund balance decrease of \$429,027 for the year, to end at \$1,049,350.

OVERVIEW OF THE FINANCIAL SECTION

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

Independent Auditor’s Report

State law requires the District’s financial statements to be audited by an independent certified public accountant each year. The primary purpose of the annual audit is for the auditor to express an opinion as to whether the financial statements of the District appear to be free from material misstatement. The audit is required to be conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The District received an *Unmodified* opinion on its financial statements this year.

Management’s Discussion and Analysis

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

Basic Financial Statements

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

**HOLLAND INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2025**

Required Supplementary Information

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

Combining and Individual Fund Statements and Schedules

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

OVERVIEW OF THE FEDERAL AWARDS SECTION

Report on Internal Controls and Compliance

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

Report on Compliance and Internal Control for Each Major Program

Because the District expended more than \$750,000 in federal grant awards, an additional independent auditor's report on compliance and internal control over the District's major federal grant programs was required. This report provides an opinion by the independent audit firm that the District complied, in all material respects, with the requirements applicable to the federal grants received and expended.

Schedule of Expenditures of Federal Awards

The Schedule of Expenditures of Federal Awards (SEFA) provides a detailed listing of the federal grant awards received by the District during the year. This listing includes federal grant names, identification numbers, and amounts expended.

Schedule of Findings and Questioned Costs

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

**HOLLAND INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2025**

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

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

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

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

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

**HOLLAND INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2025**

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

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

The District as Trustee

Reporting the District's Fiduciary Responsibilities

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

**HOLLAND INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2025**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net position of the District's governmental activities decreased from \$549,856 to \$19,797. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was (\$4,153,650) at August 31, 2025.

**Table I
HOLLAND INDEPENDENT SCHOOL DISTRICT
NET POSITION**

	(Restated)			Business-		Business-	
	Governmental Activities	Governmental Activities	Change	Type Activities	2024	Type Activities	2024
2025	2024		2025		2024		Change
Current & Other Assets	\$ 2,740,475	\$ 3,388,795	\$ (648,320)	\$ 21,593	\$ 18,110	\$ 3,483	
Capital Assets	10,518,825	10,960,594	(441,769)	-	-	-	-
Total Assets	13,259,300	14,349,389	(1,090,089)	21,593	18,110	3,483	
Def. Outflows of Resources	3,346,907	3,546,639	(199,732)	-	-	-	-
Current Liabilities	876,528	1,058,518	(181,990)	13,009	12,765	244	
Long-Term Liabilities	12,900,682	13,008,653	(107,971)	-	-	-	-
Total Liabilities	13,777,210	14,067,171	(289,961)	13,009	12,765	244	
Def. Inflows of Resources	2,809,200	3,279,001	(469,801)	-	-	-	-
Net Position:							
Net Inv. in Capital Assets	3,575,864	3,320,891	254,973	-	-	-	-
Restricted	597,583	646,250	(48,667)	-	-	-	-
Unrestricted	(4,153,650)	(3,417,285)	(736,365)	8,584	5,345	3,239	
Total Net Position	\$ 19,797	\$ 549,856	\$ (530,059)	\$ 8,584	\$ 5,345	\$ 3,239	

**HOLLAND INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2025**

**Table II
HOLLAND INDEPENDENT SCHOOL DISTRICT
CHANGES IN NET POSITION**

	(Restated)			Business-	Business-	
	Governmental	Governmental		Type	Type	
	Activities	Activities	Change	Activities	Activities	Change
2025	2024		2025	2024		2025
Revenues:						
Program Revenues:						
Charges for Services	\$ 961,576	\$ 466,810	\$ 494,766	\$ 52,986	\$ 58,748	\$ (5,762)
Operating Grants & Cont.	1,713,269	2,192,498	(479,229)	-	-	-
General Revenues:						
Maintenance & Oper. Taxes	1,494,312	1,337,804	156,508	-	-	-
Debt Service Taxes	738,617	587,139	151,478	-	-	-
State Aid - Formula Grants	6,024,079	6,026,651	(2,572)	-	-	-
Grants & Cont. not Restricted	82,797	(30,264)	113,061	9,001	8,465	536
Investment Earnings	140,965	197,467	(56,502)	-	-	-
Miscellaneous	827,646	591,878	235,768	-	-	-
Total Revenue	11,983,261	11,369,983	613,278	61,987	67,213	(5,226)
Expenses:						
Instruction	5,514,108	5,998,089	(483,981)	-	-	-
Instr. Res. & Media Services	2,019	2,099	(80)	-	-	-
Curriculum & Inst. Staff Dev.	26,899	37,841	(10,942)	-	-	-
Instructional Leadership	237,877	175,869	62,008	-	-	-
School Leadership	810,261	777,946	32,315	-	-	-
Guidance, Couns., & Eval. Serv.	1,419,389	1,152,017	267,372	-	-	-
Health Services	207,487	213,995	(6,508)	-	-	-
Student Transportation	198,507	220,938	(22,431)	-	-	-
Food Services	402,366	439,423	(37,057)	-	-	-
Extracurricular Activities	714,076	748,944	(34,868)	-	-	-
General Administration	641,985	626,965	15,020	-	-	-
Facilities Maint. and Oper.	1,072,402	1,214,386	(141,984)	-	-	-
Security and Monitoring Serv.	159,585	122,657	36,928	-	-	-
Data Processing Services	230,531	243,500	(12,969)	-	-	-
Community Services	20,755	25,833	(5,078)	-	-	-
Debt Service	313,753	267,554	46,199	-	-	-
Pmts to Member Dist. of SSA	476,320	450,991	25,329	-	-	-
Business-Type Activities	-	-	-	123,748	130,899	(7,151)
Total Expenses	12,448,320	12,719,047	(270,727)	123,748	130,899	(7,151)
Transfers In/(Out)	(65,000)	(64,500)	(500)	65,000	64,500	500
Change in Net Position	(530,059)	(1,413,564)	883,505	3,239	814	2,425
Net Position at 9/1/24 and 9/1/23	549,856	1,963,420	(1,413,564)	5,345	4,531	814
Net Position at 8/31/25 and 8/31/24	\$ 19,797	\$ 549,856	\$ (530,059)	\$ 8,584	\$ 5,345	\$ 3,239

**HOLLAND INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2025**

THE DISTRICT'S FUNDS

As the District completed this annual period, the General Fund reported an ending fund balance of \$1,049,350, which is \$429,027 less than last year's total of \$1,478,377. This decrease in fund balance primarily relates to greater than originally anticipated expenditures related to Facilities Maintenance & Operations and Facilities Acquisition & Construction.

The District's Shared Services Arrangements-Special Education Fund, a major fund for the year ended August 31, 2025, reported an ending fund balance of \$170,919 which is \$11,277 less than last year's total of \$182,196.

The District's Debt Service Fund reported an ending fund balance of \$358,590 which is \$12,750 less than last year's total of \$371,340. The purpose of the Debt Service Fund is to provide for the payment of bond principal and interest payments as it becomes due.

The District's other governmental funds reported combined ending fund balances of \$122,850. This combined balance is \$42,969 less than the previous year and primarily relates to a fund balance decrease in the District's Child Nutrition Fund.

Over the course of the year, the Board of Trustees generally revises the District's budget based on financial updates provided by management of the District. These amendments involve moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs, or to react to originally unforeseen circumstances, such as unanticipated new revenues or unavoidable new costs. Budget amendments made during the year to General Administration, Facilities Maintenance & Operations, Facilities Acquisition & Construction and Payments to Members Dist. Of SSA were considered significant.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of August 31, 2025, the District had \$10,518,825 (net of accumulated depreciation) invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance.

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

	Governmental Activities		Governmental Activities	Change
	2025	2024		
Land	\$ 1,058,888	\$ 816,357	\$ 242,531	
Buildings	16,349,493	16,349,493		-
Furniture and Equipment	1,248,346	1,236,637	11,709	
Right to Use Lease Assets	606,132	606,132		-
Total	19,262,859	19,008,619	254,240	
Less Accumulated Depreciation	(8,744,034)	(8,048,025)	(696,009)	
Capital Assets, Net of Depreciation	<u>\$ 10,518,825</u>	<u>\$ 10,960,594</u>	<u>\$ (441,769)</u>	

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**HOLLAND INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2025**

Debt

At year-end, the District had \$7,191,742 in bonds and other long-term debt outstanding versus \$7,639,703 last year. The decrease is attributable to the District making scheduled payments on its long-term debt during the year.

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

	Governmental Activities	Governmental Activities	Change
	2025	2024	
Bonds Payable	\$ 6,642,880	\$ 7,270,592	\$ (627,712)
Time Warrants	249,186	-	249,186
Right to Use Lease Assets Payable	299,676	369,111	(69,435)
Total	\$ 7,191,742	\$ 7,639,703	\$ (447,961)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the fiscal year 2025- 2026 budget and tax rates. Those factors include property values, changes in enrollment, the economy, projections of future budget years, and legislative mandates. The District has adopted a General Fund budget of \$9.38 million for the 2025-2026 fiscal year. This reflects an approximate increase of \$950,000 in budgeted expenditures from the fiscal year 2024-2025 adopted budget to fiscal year 2025-2026.

For the 2025-2026 budget year, the District has held constant its maintenance and operations tax rate at \$0.6669 per hundred of taxable value. The District adopted a debt service tax rate of \$0.3300 for the 2025-2026 budget year in order to fund required debt payments in the coming year. The combined tax rate of the District for the 2025-2026 budget year is \$0.9969 per hundred of taxable value.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Office, at Holland Independent School District, P.O. Box 217, Holland, Texas 76534, or by calling (254) 657-0175.

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BASIC FINANCIAL STATEMENTS

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

Data Control Codes		Primary Government			
		1 Governmental Activities	2 Business-Type Activities	3 Total	
ASSETS					
1110	Cash and Cash Equivalents	\$ 1,902,899	\$ 21,593	\$ 1,924,492	
1225	Property Taxes Receivable, net	161,834	-	161,834	
1240	Due from Other Governments	674,994	-	674,994	
1290	Other Receivables, net	748	-	748	
Capital Assets:					
1510	Land Purchases and Improvements	1,058,888	-	1,058,888	
1520	Buildings and Improvements, net	9,043,970	-	9,043,970	
1530	Furniture and Equipment, net	187,265	-	187,265	
1550	Right to Use Assets, net	228,702	-	228,702	
1000	Total Assets	13,259,300	21,593	13,280,893	
DEFERRED OUTFLOWS OF RESOURCES					
1700	Deferred Outflows-Bond Refundings	248,781	-	248,781	
1705	Deferred Outflows-Pension	1,576,784	-	1,576,784	
1706	Deferred Outflows-OPEB	1,521,342	-	1,521,342	
	Total Deferred Outflows of Resources	3,346,907	-	3,346,907	
LIABILITIES					
2110	Accounts Payable	29,232	-	29,232	
2140	Interest Payable	20,720	-	20,720	
2150	Payroll Deductions and Withholdings	8,130	-	8,130	
2160	Accrued Wages Payable	657,197	12,630	669,827	
2177	Due to Trust and Custodial Funds	3,467	104	3,571	
2200	Accrued Expenses	28,167	275	28,442	
2300	Unavailable Revenue	129,615	-	129,615	
Noncurrent Liabilities:					
2501	Due Within One Year	568,655	-	568,655	
2502	Due in More Than One Year	7,092,392	-	7,092,392	
2540	Net Pension Liability	2,960,433	-	2,960,433	
2545	Other Post-Employment Benefits Liability	2,279,202	-	2,279,202	
2000	Total Liabilities	13,777,210	13,009	13,790,219	
DEFERRED INFLOWS OF RESOURCES					
2605	Deferred Inflows-Pension	758,712	-	758,712	
2606	Deferred Inflows-OPEB	2,050,488	-	2,050,488	
	Total Deferred Inflows of Resources	2,809,200	-	2,809,200	
NET POSITION					
3200	Net Investment in Capital Assets	3,575,864	-	3,575,864	
Restricted for:					
3820	Federal & State Programs	190,919	-	190,919	
3850	Debt Service	406,664	-	406,664	
3900	Unrestricted	(4,153,650)	8,584	(4,145,066)	
3000	Total Net Position	\$ 19,797	\$ 8,584	\$ 28,381	

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

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

Data Control Codes			Program Revenues		
			1	3	4
			Charges for Services	Operating Grants and Contributions	
Primary Government:					
GOVERNMENTAL ACTIVITIES:					
11	Instruction		\$ 5,514,108	\$ 800,000	\$ 480,813
12	Instructional Resources & Media Services		2,019	-	-
13	Curriculum & Instructional Staff Development		26,899	-	3,399
21	Instructional Leadership		237,877	-	105,102
23	School Leadership		810,261	-	14,893
31	Guidance, Counseling, & Evaluation Services		1,419,389	-	589,095
33	Health Services		207,487	-	31,494
34	Student Transportation		198,507	-	3,291
35	Food Services		402,366	99,041	204,617
36	Extracurricular Activities		714,076	47,739	5,480
41	General Administration		641,985	14,796	29,238
51	Facilities Maintenance and Operations		1,072,402	-	30,701
52	Security and Monitoring Services		159,585	-	11,082
53	Data Processing Services		230,531	-	11,713
61	Community Services		20,755	-	400
72	Interest on Long-Term Debt		293,417	-	114,435
73	Bond Issuance Cost & Fees		20,336	-	-
93	Payments to Member Districts of SSA		476,320	-	77,516
TG	Total Governmental Activities:		<u>12,448,320</u>	<u>961,576</u>	<u>1,713,269</u>
BUSINESS-TYPE ACTIVITIES:					
01	Enterprise Fund - Daycare Program		123,748	52,986	-
TB	Total Business-Type Activities:		<u>123,748</u>	<u>52,986</u>	<u>-</u>
TP	TOTAL PRIMARY GOVERNMENT:		\$ 12,572,068	\$ 1,014,562	\$ 1,713,269

General Revenues:

Taxes:

MT	Property Taxes, Levied for General Purposes
DT	Property Taxes, Levied for Debt Service
SF	State Aid - Formula Grants
GC	Grants and Contributions, not Restricted
IE	Investment Earnings
MI	Miscellaneous
	Total General Revenues
FR	Transfers In/Out)
TR	Total General Revenues and Transfers
CN	Change in Net Position
NB	Net Position -- Beginning (Restated)
NE	Net Position -- Ending

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

Net (Expense) Rev. & Changes in Net Position	6	7	8
Primary Gov.			
Governmental Activities	Business-Type Activities		Total
\$ (4,233,295)	\$ -	\$ (4,233,295)	
(2,019)	-	(2,019)	
(23,500)	-	(23,500)	
(132,775)	-	(132,775)	
(795,368)	-	(795,368)	
(830,294)	-	(830,294)	
(175,993)	-	(175,993)	
(195,216)	-	(195,216)	
(98,708)	-	(98,708)	
(660,857)	-	(660,857)	
(597,951)	-	(597,951)	
(1,041,701)	-	(1,041,701)	
(148,503)	-	(148,503)	
(218,818)	-	(218,818)	
(20,355)	-	(20,355)	
(178,982)	-	(178,982)	
(20,336)	-	(20,336)	
(398,804)	-	(398,804)	
<u>(9,773,475)</u>	<u>-</u>	<u>(9,773,475)</u>	
	-	(70,762)	(70,762)
	-	(70,762)	(70,762)
<u>(9,773,475)</u>	<u>(70,762)</u>	<u>(9,844,237)</u>	

1,494,312	-	1,494,312
738,617	-	738,617
6,024,079	-	6,024,079
82,797	9,001	91,798
140,965	-	140,965
827,646	-	827,646
<u>9,308,416</u>	<u>9,001</u>	<u>9,317,417</u>
<u>(65,000)</u>	<u>65,000</u>	<u>-</u>
<u>9,243,416</u>	<u>74,001</u>	<u>9,317,417</u>
<u>(530,059)</u>	<u>3,239</u>	<u>(526,820)</u>
<u>549,856</u>	<u>5,345</u>	<u>555,201</u>
<u>\$ 19,797</u>	<u>\$ 8,584</u>	<u>\$ 28,381</u>

**HOLLAND INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2025**

Data Control Codes	10 General Fund	50 SSA, Special Education	Debt Service Fund
ASSETS			
1110 Cash and Cash Equivalents	\$ 1,219,502	\$ 183,737	\$ 351,469
1220 Property Taxes - Delinquent	162,516	-	68,678
1230 Allowance for Uncollectible Taxes (Credit)	(48,756)	-	(20,604)
1240 Due from Other Governments	535,478	-	-
1260 Due from Other Funds	131,251	97,290	7,121
1290 Other Receivables	748	-	-
1000 Total Assets	\$ 2,000,739	\$ 281,027	\$ 406,664
LIABILITIES			
2110 Accounts Payable	\$ 27,689	\$ 814	\$ -
2150 Payroll Deductions and Withholdings	6,006	-	-
2160 Accrued Wages Payable	513,387	99,139	-
2170 Due to Other Funds	156,467	8,073	-
2177 Due to Trust and Custodial Funds	3,467	-	-
2200 Accrued Expenditures	10,877	2,082	-
2300 Unavailable Revenue	119,736	-	-
2000 Total Liabilities	837,629	110,108	-
DEFERRED INFLOWS OF RESOURCES			
2600 Deferred Inflows-Unavailable Revenues	113,760	-	48,074
Total Deferred Inflows of Resources	113,760	-	48,074
FUND BALANCES			
Restricted for:			
3450 Federal or State Funds Restricted	-	170,919	-
3480 Retirement of Long-Term Debt	-	-	358,590
Committed for:			
3545 Other Committed Fund Balance	-	-	-
3600 Unassigned Fund Balance	1,049,350	-	-
3000 Total Fund Balances	1,049,350	170,919	358,590
4000 Total Liabilities, Deferred Inflows, and Fund Balances	\$ 2,000,739	\$ 281,027	\$ 406,664

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

		98
		Total
Other Funds	Governmental Funds	
\$ 148,191	\$ 1,902,899	
-	231,194	
-	(69,360)	
139,516	674,994	
-	235,662	
-	748	
\$ 287,707	\$ 2,976,137	

\$ 729	\$ 29,232	
2,124	8,130	
44,671	657,197	
103,868	268,408	
-	3,467	
3,586	16,545	
9,879	129,615	
164,857	1,112,594	
 - 161,834	 - 161,834	

20,000	190,919	
-	358,590	
102,850	102,850	
-	1,049,350	
122,850	1,701,709	
 \$ 287,707	 \$ 2,976,137	

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

		1
3000C1	Total Fund Balances - Governmental Funds	\$ 1,701,709
1	Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	
	Governmental capital assets	\$ 19,262,859
	Less accumulated depreciation	<u>(8,744,034)</u> 10,518,825
2	Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
	Bonds payable, including unamortized premiums	(6,642,880)
	Compensated Absences	(469,305)
	Time Warrants	(249,186)
	Right to use lease assets payable	(299,676)
	Deferred charges on refunding	248,781
	Net pension liability	(2,960,433)
	Net OPEB liability	<u>(2,279,202)</u> (12,651,901)
3	Accrued interest on long-term debt related to governmental fund activities is not due and payable in the current period and, therefore, not reported in the governmental funds.	(20,720)
4	Deferred outflows and inflows of resources related to pensions and other post-employment benefits are applicable to future periods and, therefore, are not reported in the funds.	
	Deferred outflows of resources related to pensions	1,576,784
	Deferred inflows of resources related to pensions	(758,712)
	Deferred outflows of resources related to OPEB	1,521,342
	Deferred inflows of resources related to OPEB	<u>(2,050,488)</u> 288,926
5	Property taxes are recognized as revenue in the governmental funds when collected, but recognized on the Statement of Activities in the year levied. Therefore, property taxes receivable, net of allowance for uncollectible accounts, is added to the Statement of Net Position for governmental activities.	161,834
6	The District uses an Internal Service Fund to charge the costs of certain activities, such as the provision of workers compensation insurance, to other individual funds. Even though the Internal Service Fund is a proprietary fund, the assets and liabilities of this fund are added to the Statement of Net Position for governmental activities.	21,124
3000A1	Net Position of Governmental Activities	<u>\$ 19,797</u>

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

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

Data Control Codes	10	50		
	General Fund	SSA, Special Education	Debt Service Fund	
REVENUES				
5700 Local and Intermediate Sources	\$ 1,729,783	\$ 1,387,835	\$ 739,973	
5800 State Program Revenues	6,527,345	82,856	114,435	
5900 Federal Program Revenues	-	-	-	
5020 Total Revenues	<u>8,257,128</u>	<u>1,470,691</u>	<u>854,408</u>	
EXPENDITURES				
0011 Instruction	4,498,164	168,837	-	
0012 Instructional Resources & Media Services	1,893	-	-	
0013 Curriculum & Instructional Staff Development	17,023	747	-	
0021 Instructional Leadership	7,380	215,241	-	
0023 School Leadership	791,672	-	-	
0031 Guidance, Counseling & Evaluation Services	113,922	955,710	-	
0032 Social Work Services	-	-	-	
0033 Health Services	142,227	61,115	-	
0034 Student Transportation	191,526	715	-	
0035 Food Services	4,536	-	-	
0036 Extracurricular Activities	510,974	-	-	
0041 General Administration	575,941	45,171	-	
0051 Facilities Maintenance and Operations	992,656	34,432	-	
0052 Security and Monitoring Services	125,261	-	-	
0053 Data Processing Services	204,054	-	-	
0061 Community Services	20,443	-	-	
0071 Debt Service - Principal	69,435	-	580,000	
0072 Debt Service - Interest	20,345	-	271,108	
0073 Debt Service - Bond Issuance Costs	4,286	-	16,050	
0081 Facilities Acquisition and Construction	242,531	-	-	
0093 Payments to Member Districts of SSA	304,701	-	-	
6030 Total Expenditures	<u>8,838,970</u>	<u>1,481,968</u>	<u>867,158</u>	
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(581,842)</u>	<u>(11,277)</u>	<u>(12,750)</u>	
OTHER FINANCING SOURCES (USES)				
7914 Non-Current Loan Proceeds	249,186	-	-	
7915 Transfers In	-	-	-	
8911 Transfers Out	(96,371)	-	-	
7080 Total Other Financing Sources (Uses)	<u>152,815</u>	<u>-</u>	<u>-</u>	
1200 Net Change in Fund Balance	<u>(429,027)</u>	<u>(11,277)</u>	<u>(12,750)</u>	
0100 Fund Balance - Beginning, as Previously Reported Change within Financial Reporting Entity (Nonmajor to Major Fund)	1,478,377	-	371,340	
Fund Balance - Beginning, as Adjusted	-	182,196	-	
3000 Fund Balance - Ending	<u>\$ 1,049,350</u>	<u>\$ 170,919</u>	<u>\$ 358,590</u>	

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

	98
	Total
Other Funds	Governmental Funds
\$ 267,081	\$ 4,124,672
110,674	6,835,310
1,359,409	1,359,409
<u>1,737,164</u>	<u>12,319,391</u>
 701,254	 5,368,255
-	1,893
7,508	25,278
9,745	232,366
-	791,672
309,905	1,379,537
-	-
-	203,342
-	192,241
385,722	390,258
171,530	682,504
-	621,112
10,854	1,037,942
24,536	149,797
18,831	222,885
-	20,443
-	649,435
-	291,453
-	20,336
-	242,531
<u>171,619</u>	<u>476,320</u>
<u>1,811,504</u>	<u>12,999,600</u>
 (74,340)	 (680,209)
 -	 249,186
31,371	31,371
-	(96,371)
<u>31,371</u>	<u>184,186</u>
(42,969)	(496,023)
348,015	2,197,732
 (182,196)	 -
<u>165,819</u>	<u>2,197,732</u>
<u>\$ 122,850</u>	<u>\$ 1,701,709</u>

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HOLLAND 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

	Total Net Change in Fund Balances – Governmental Funds	\$ (496,023)
1	Governmental funds report the portion of capital outlay for capitalized assets as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense.	
	Expenditures for capitalized assets	\$ 254,240
	Less current year depreciation	<u>(696,009)</u> (441,769)
2	Repayment of principal on bonds, notes, leases and SBITA is an expenditure in the governmental funds, but this expenditure is removed from the Statement of Activities and these repayments instead reduce long-term liabilities on the Statement of Net Position.	649,435
3	Issuance of long-term debt increases current financial resources to governmental funds, but this increase is not shown on the Statement of Activities and instead increases long-term liabilities on the Statement of Net Position.	(249,186)
4	Since long-term debt is not recorded in governmental funds, amortization of related issuance premiums and discounts is also not recorded.	47,712
5	The change in accrued interest due on long-term debt issued for governmental activities does not affect current financial resources and therefore is not reported in the governmental funds.	(8,751)
6	Property taxes are recognized as revenue in the governmental funds when collected but recognized on the Statement of Activities in the year levied. Therefore the uncollected amount of the current year levy is added to current year property tax revenue on the Statement of Activities.	38,444
7	Governmental funds report pension contributions as expenditures. However, pension contributions are reported as deferred outflows of resources on the Statement of Net Position if made after the net pension liability measurement date. In addition, the change in the net pension liability, adjusted for changes in deferred pension items, is reported as pension expense in the Statement of Activities.	(201,861)
8	Governmental funds report OPEB contributions as expenditures. However, OPEB contributions are reported as deferred outflows of resources on the Statement of Net Position if made after the net OPEB liability measurement date. In addition, the change in the net OPEB liability, adjusted for changes in deferred OPEB items, is reported as OPEB expense in the Statement of Activities.	234,792
9	The decrease in compensated absences does not affect current financial resources and therefore is not reported in the governmental funds.	(61,927)
10	Amortization of deferred charges on the refunding of bonds does not affect current financial resources and therefore is not reported in the governmental	(40,925)
CNB1 Change in Net Position of Governmental Activities		<u><u>\$ (530,059)</u></u>

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

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HOLLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT 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	
	Original	Final	Amounts (GAAP BASIS)	Variance With Final Budget
REVENUES				
5700 Local & Intermediate Sources	\$ 1,839,329	\$ 1,823,329	\$ 1,729,783	\$ (93,546)
5800 State Program Revenues	6,496,955	6,496,955	6,527,345	30,390
5900 Federal Program Revenues	-	16,000	-	(16,000)
5020 Total Revenues	<u>8,336,284</u>	<u>8,336,284</u>	<u>8,257,128</u>	<u>(79,156)</u>
EXPENDITURES				
Current:				
0011 Instruction	4,557,369	4,506,067	4,498,164	7,903
0012 Instructional Resources & Media Services	3,100	2,100	1,893	207
0013 Curriculum & Instructional Staff Development	13,669	17,559	17,023	536
0021 Instructional Leadership	7,928	7,527	7,380	147
0023 School Leadership	785,887	792,387	791,672	715
0031 Guidance, Counseling & Evaluation Services	116,493	114,493	113,922	571
0033 Health Services	155,659	142,659	142,227	432
0034 Student Transportation	184,683	194,283	191,526	2,757
0035 Food Services	4,028	4,539	4,536	3
0036 Extracurricular Activities	510,039	511,039	510,974	65
0041 General Administration	511,519	576,700	575,941	759
0051 Facilities Maintenance & Operations	871,823	995,023	992,656	2,367
0052 Security and Monitoring Services	95,608	125,808	125,261	547
0053 Data Processing Services	199,108	204,608	204,054	554
0061 Community Services	26,115	20,915	20,443	472
Debt Service:				
0071 Principal on Long Term Debt	92,721	69,435	69,435	-
0072 Interest on Long Term Debt	-	20,345	20,345	-
0073 Bond Issuance Cost and Fees	-	4,941	4,286	655
Capital Outlay:				
0081 Facilities Acquisition & Construction	-	244,900	242,531	2,369
Intergovernmental:				
0093 Payments to Member Districts of SSA	163,000	304,702	304,701	1
6030 Total Expenditures	<u>8,298,749</u>	<u>8,860,030</u>	<u>8,838,970</u>	<u>21,060</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>37,535</u>	<u>(523,746)</u>	<u>(581,842)</u>	<u>(58,096)</u>
OTHER FINANCING SOURCES (USES)				
7914 Non-Current Loan Proceeds	-	244,900	249,186	4,286
8911 Transfers Out	(135,929)	(135,929)	(96,371)	(39,558)
7080 Total Other Financing Sources (Uses)	<u>(135,929)</u>	<u>108,971</u>	<u>152,815</u>	<u>(35,272)</u>
1200 Net Change in Fund Balances	(98,394)	(414,775)	(429,027)	(14,252)
0100 Fund Balance-September 1 (Beginning)	1,478,377	1,478,377	1,478,377	-
3000 Fund Balance-August 31 (Ending)	<u>\$ 1,379,983</u>	<u>\$ 1,063,602</u>	<u>\$ 1,049,350</u>	<u>\$ (14,252)</u>

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

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

Data Control Codes	Business-Type Activities		Governmental Activities		Total Proprietary Funds
	Daycare	Internal	Program Fund	Service Fund	
ASSETS					
1110 Cash and Cash Equivalents	\$ 21,593	\$ -	\$ 21,593		
1260 Due from Other Funds		- 32,746		32,746	
1000 Total Assets	<u>21,593</u>	<u>32,746</u>		<u>54,339</u>	
LIABILITIES					
Current Liabilities:					
2160 Accrued Wages Payable	12,630		-		12,630
2177 Due to Trust and Custodial Funds	104		-		104
2200 Accrued Expenditures	275		11,622		11,897
2000 Total Liabilities	<u>13,009</u>	<u>11,622</u>		<u>24,631</u>	
NET POSITION					
3900 Unrestricted Net Position	8,584		21,124		29,708
3000 Total Net Position	<u>\$ 8,584</u>	<u>\$ 21,124</u>		<u>\$ 29,708</u>	

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

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

Data Control Codes	Business-Type Activities		Governmental Activities		Total Proprietary Funds
	Daycare	Program Fund	Internal	Service Fund	
OPERATING REVENUES					
5700 Local and Intermediate Sources	\$ 52,986		\$ -	\$ 52,986	
5800 State Program Revenues		9,001		-	9,001
5020 Total Revenues		61,987		-	61,987
OPERATING EXPENSES					
6100 Payroll Costs		117,207		-	117,207
6300 Supplies and Materials		6,052		-	6,052
6400 Other Operating Costs		489		-	489
6030 Total Expenses		123,748		-	123,748
Income (Loss) before Contributions and Transfers		(61,761)		-	(61,761)
7915 Transfers In		65,000		-	65,000
1300 Change in Net Position		3,239		-	3,239
0100 Total Net Position - Beginning		5,345		21,124	26,469
3300 Total Net Position - Ending	\$ 8,584		\$ 21,124	\$ 29,708	

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

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

Data Control Codes	Business-Type Activities		Governmental Activities		Total Proprietary Funds
	Daycare Program Fund	Internal Service Fund	Daycare Internal Service Fund	Internal Service Fund	
<u>Cash Flows from Operating Activities</u>					
Cash Received from User Charges	\$ 62,091	\$ 4,444	\$ 66,535		
Cash Payments to Employees for Services	(117,083)	-	(117,083)		
Cash Payments to Suppliers	(6,052)	(4,444)	(10,496)		
Cash Payments for Other Operating Activities	(473)	-	(473)		
Net Cash Provided by (Used for) Operating Activities	<u>(61,517)</u>	<u>-</u>	<u>(61,517)</u>		
<u>Cash Flows from Non-Capital Financing Activities</u>					
Transfers from Other Funds	65,000	-	65,000		
Net Cash provided by (Used for) Non-Capital Financing Activities	<u>65,000</u>	<u>-</u>	<u>65,000</u>		
Net Increase (Decrease) in Cash and Cash Equivalents	3,483	-	3,483		
Cash and Cash Equivalents at the Beginning of the Year	18,110	-	18,110		
Cash and Cash Equivalents at the End of the Year:	<u>\$ 21,593</u>	<u>\$ -</u>	<u>\$ 21,593</u>		
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</u>					
Operating Income (Loss):	\$ (61,761)	\$ -	\$ (61,761)		
Effect of Increases and Decreases in Current Assets and Liabilities:					
(Increase) Decrease in Due From Other Funds	-	4,444	4,444		
Increase (Decrease) in Due to Other Funds	104	-	104		
Increase (Decrease) in Wages Payable	124	-	124		
Increase (Decrease) in Accrued Expenses	16	(4,444)	(4,428)		
Net Cash Provided by (Used for) Operating Activities	<u>\$ (61,517)</u>	<u>\$ -</u>	<u>\$ (61,517)</u>		

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

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

Data Control Codes	865		
	Private Purpose		Custodial
	Trust Fund	Scholarship	Student
	Fund	Activity Fund	
ASSETS			
1110 Cash and Cash Equivalents	\$ 186,407	\$ 61,772	
1260 Due from Other Funds	-	3,571	
1000 Total Assets	<u>186,407</u>	<u>65,343</u>	
NET POSITION			
Restricted for:			
3800 Individuals and Organizations	186,407	65,343	
3000 Total Net Position	<u>\$ 186,407</u>	<u>\$ 65,343</u>	

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

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

Data Control Codes	865		
	Private Purpose Trust Fund		Custodial Fund
	Scholarship Fund	Student Activity Fund	
ADDITIONS			
Contributions:			
5744 Foundations, Gifts, and Bequests	\$ 29,167	\$ -	
5750 Fundraising Activities	- -	144,074	
5700 Other Contributions	26,247	-	
5020 Total Contributions	<u>55,414</u>	<u>144,074</u>	
Investment Earnings:			
5742 Interest, Dividends, and Other	9,011	-	
Total Additions	<u>64,425</u>	<u>144,074</u>	
DEDUCTIONS			
6400 Other Operating Costs	60,545	149,184	
6030 Total Deductions	<u>60,545</u>	<u>149,184</u>	
1200 Net Increase/(Decrease) in Fiduciary Net Position	3,880	(5,110)	
0100 Net Position - Beginning	182,527	70,453	
3000 Net Position - Ending	<u>\$ 186,407</u>	<u>\$ 65,343</u>	

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

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**HOLLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Reporting Entity

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

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

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

**HOLLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025**

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

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

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

Major Funds and Fund Types

The District reports the following major governmental funds:

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

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

For the year ended August 31, 2025, the District reported one additional major fund, the Shared Services Arrangements-Special Education Fund. This fund was not reported as a major fund for the year ended August 31, 2024 as it did not meet the quantitative threshold.

Additionally, the District reports the following fund types:

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

Enterprise Funds are proprietary funds used to account for operations of the District whereby individuals or others are charged a fee for a specific benefit or service and there is a desire to measure a specific gain or loss on the activity.

Internal Service Funds are proprietary funds used to account for activities such as workers' compensation self-insurance, self-funded health insurance, and employee health savings accounts. The District utilizes an Internal Service Fund to account for its participation in a workers' compensation shared risk pool.

Private Purpose Trust Funds are fiduciary funds used to account for donations for which the donors have stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District utilizes this fund type to account for money collected and held for the purpose of awarding scholarships to selected students.

**HOLLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025**

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

Budgetary Information

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

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

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

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

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

Prepaid Items - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are charged to expenditures when consumed. When prepaid items are recorded, they are charged to expenditures when the value represented by the prepaid item has been used. Amounts recorded are offset by a fund balance classification titled "nonspendable" which indicates that the prepaid item amount does not represent "available expendable resources."

**HOLLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025**

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

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

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

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

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

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

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

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

**HOLLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025**

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

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

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

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

Data Control Codes

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

2. DEPOSITS AND INVESTMENTS

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

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

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

**HOLLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025**

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

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

At August 31, 2025, the carrying amount of the District's deposits was \$966,262 and the bank balance was \$1,044,620. The District's deposits with financial institutions at August 31, 2025 and during the year ended August 31, 2025 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name. The deposits were collateralized in accordance with Texas law and the District maintains copies of all safekeeping receipts in the name of the District.

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

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

- a) Name of depository bank: Horizon Bank, Texas
- b) The amount of bond and/or security pledged as of the date of the highest combined balance on deposit was \$2,911,015.
- c) The largest cash, savings and time deposit combined account balance amounted to \$1,954,315 and occurred during the month of February 2025.
- d) Total amount of FDIC coverage at the time of highest combined balance was \$250,000.

Investments held at August 31, 2025 consisted of the following:

Investment Type	Fair Value	Weighted Average Maturity (Days)	Standard & Poor's Rating
Local Government Investment Pools:			
TexPool	\$ 673,779	1	AAAm
Lone Star Investment Pool	140,251	1	AAA
Certificates of Deposit - Texell Bank	392,379	180	N/A
Total Investments	\$ 1,206,409		

The District had investments in two external local governmental investment pool at August 31, 2025, consisting of the Texas Local Governmental Investment Pool ("TexPool") and Lonestar Investment Pool. Due to their liquidity, these investments have been reported as Cash & Cash Equivalents within the financial statements.

**HOLLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025**

TEXPOOL

TEXPOOL is a local government investment pool. It offers a safe, efficient, and liquid investment alternative to local governments in the State of Texas. The primary objectives of the pool are to preserve capital and protect principal, maintain sufficient liquidity, provide safety of funds and investments, diversify to avoid unreasonable or avoidable risks, and maximize the return on the pool. Cities, counties, school districts, institutions of higher education, special districts, and other public entities of Texas make up the investor base.

TEXPOOL was originally rated in March 1995, but effective April 2002, the Texas Comptroller of Public Accounts contracted with Federated Investors, Inc. for the day-to-day operations of TEXPOOL. Federated Investors, Inc. performs the pool's investment management and custodial functions. It also provides the marketing function, working closely with participants. Federated Securities Corp. acts as the distributor for the portfolio. Oversight of TEXPOOL continues to be provided by the Texas Comptroller, as well as the TEXPOOL advisory board. In January 1995, the advisory board adopted and implemented long-term policy changes to provide for a stable net asset value (NAV) pool, which, in effect, operates like an SEC regulated Rule 2a-7 money-market fund. These changes were made to ensure a more conservative investment strategy and to provide a much higher level of investment safety for local government funds.

Lone Star (First Public)

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

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

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. At August 31, 2025, investments were included in local governmental investment pools with ratings from Standard & Poor's in compliance with the District's investment policy.

Custodial Credit Risk - Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the District, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At August 31, 2025, the District was not exposed to custodial credit risk.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. Information regarding investments in any one issuer that represents five percent or more of the District's total investments must be disclosed under GASB Statement No. 40, excluding investments issued or explicitly guaranteed by the U.S. government. At August 31, 2025, the District had 100% of its investments in Certificates of Deposit and local governmental investment pools.

**HOLLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025**

Interest Rate Risk - As a means of minimizing risk of loss due to interest rate fluctuations, the District's investment policy requires that maturities will not exceed the weighted average maturity of 180 days for any internally created pool fund group and one year from the time of purchase for any other individual investment. The Board may specifically authorize a longer maturity for a given investment, within legal limits. The District considers the holdings in the local governmental investment pools to have a one day weighted average maturity due to the fact that the share position can usually be redeemed each day at the discretion of the shareholders, unless there has been a significant change in value. At August 31, 2025, investments were included in local government investment pools which have a weighted average maturity of one day. Lone Star Investment Pool are not registered mutual funds under the Investment Company Act of 1940, and are not available to individual investors.

3. PROPERTY TAXES

The Texas Legislature in 1979 adopted a comprehensive Property Tax Code (the "Code") which established a county-wide appraisal district and an appraisal review board in each county in the State. The Tax Appraisal District of Bell County (the "Appraisal District") is responsible for the recording and appraisal of all property in the District. Under the Code, the school board sets the tax rates on property and the Bell County Tax Assessor/Collector provides tax collection services. The Appraisal District is required under the Code to assess property at 100% of its appraised value.

Further, real property must be reappraised at least every three years. Under certain circumstances, taxpayers and taxing units, including the District, may challenge orders of the Appraisal Review Board through various appeals and, if necessary, legal action.

Property taxes are levied as of October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes and penalties and interest that are ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period, including those property taxes expected to be collected during a 60 day period after the end of the District's fiscal year. The assessed value at January 1, 2024, upon which the October 2024 levy was based was \$230,729,160. The District levied taxes based on a combined tax rate of \$0.9969 per \$100 of assessed valuation for local maintenance (general governmental services) and debt service.

4. DUE FROM/TO OTHER GOVERNMENTS

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

A summary of amounts recorded as Due From/Due To Other Governments in the basic financial statements as of August 31, 2025 are summarized below:

Due From Other Governments:	Non-Major		
	General	Governmental	
	Fund	Funds	Total
Governmental Activities:			
Foundation & Per Capita Entitlements	\$ 535,478	\$ -	\$ 535,478
Federal Grants	-	139,516	139,516
Total - Governmental Activities	\$ 535,478	\$ 139,516	\$ 674,994

**HOLLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025**

5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

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

During the year, the General Fund transferred \$31,371 to the Child Nutrition Fund and \$65,000 to the Daycare Program to provide for supplemental financing needs.

The composition of interfund balances as of August 31, 2025 was as follows:

Receivable Fund	Payable Fund	Amount
General Fund	General Fund	\$ 53,117
	Special Revenue Funds	78,134
Total General Fund		131,251
Special Revenue Funds	General Fund	63,483
	Special Revenue Funds	33,807
Total Special Revenue Funds		97,290
Debt Service Fund	General Fund	7,121
Total Debt Service Fund		7,121
Internal Service Fund	General Fund	32,746
Total Internal Service Fund		32,746
Trust and Custodial Funds	General Fund	3,467
	Enterprise Fund	104
Total Trust and Custodial Funds		3,571
Grand Total		\$ 271,979

**HOLLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025**

6. CAPITAL ASSETS

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

	Beginning Balance 9/1/24	Additions	Retirements	Ending Balance 8/31/25
Governmental Activities:				
Capital Assets, not Being Depreciated:				
Land	\$ 816,357	\$ 242,531	\$ -	\$ 1,058,888
Total Capital Assets, not Being Depreciated	<u>816,357</u>	<u>242,531</u>	<u>-</u>	<u>1,058,888</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	16,349,493	-	-	16,349,493
Furniture and Equipment	1,236,637	11,709	-	1,248,346
Right to Use Lease Assets	606,132	-	-	606,132
Total Capital Assets, Being Depreciated	<u>18,192,262</u>	<u>11,709</u>	<u>-</u>	<u>18,203,971</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(6,755,368)	(550,155)	-	(7,305,523)
Furniture and Equipment	(1,002,627)	(58,454)	-	(1,061,081)
Right to Use Lease Assets	(290,030)	(87,400)	-	(377,430)
Total Accumulated Depreciation	<u>(8,048,025)</u>	<u>(696,009)</u>	<u>-</u>	<u>(8,744,034)</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 10,960,594</u></u>	<u><u>\$ (441,769)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 10,518,825</u></u>

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

Function	Depreciation Allocation
Instruction	\$ 344,857
Instructional Resources & Media Services	112
Curriculum & Instructional Staff Development	1,492
Instructional Leadership	13,711
School Leadership	46,712
Guidance, Counseling & Evaluation Services	81,399
Health Services	11,998
Student Transportation	11,343
Food Services	23,027
Extracurricular Activities	40,271
General Administration	36,648
Facilities Maintenance and Operations	61,243
Security and Monitoring Services	8,839
Data Processing Services	13,151
Community Services	1,206
Totals	<u>\$ 696,009</u>

**HOLLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025**

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

Governmental activities long-term debt obligations at August 31, 2025 consisted of the following:

<u>General Long-Term Debt Description</u>	<u>Outstanding at August 31, 2025</u>
\$5,095,000 Series 2017 Unlimited Tax School Building & Refunding Bonds due in remaining annual installments of \$210,000 to \$310,000 through February 15, 2036; interest at 2.00% to 4.00%.	\$ 2,845,000
\$3,840,000 Series 2017A Unlimited Tax School Building & Refunding Bonds due in remaining annual installments of \$140,000 to \$330,000 through February 15, 2042; interest at 2.00% to 4.00%.	3,175,000
\$249,186 Series 2024 Time Warrants due in remaining annual installments of \$19,487 to \$31,158 through 2035, interest at 5.353%.	249,186
\$12,525 Right-to-Use Lease Asset Payable for Xerox Copiers due in remaining monthly installments of \$228 through 2028, interest at 3.573%.	6,958
\$141,760 Right to Use Lease Asset Payable for a 2024 Bus due in remaining annual installments of \$33,860 through 2029; interest at 6.226%.	116,726
\$141,760 Right to Use Lease Asset Payable for a 2024 Bus due in remaining annual installments of \$33,860 through 2029; interest at 6.226%.	116,725
\$88,500 Right-to-Use Lease Asset Payable for Xerox Copiers due in remaining monthly installments of \$1,610 through 2029, interest at 3.500%.	59,267
Total General Long-Term Debt	\$ 6,568,862

The following is a summary of changes in long-term liabilities for the year ended August 31, 2025:

Type	(Restated)				Due in	
	Outstanding 9/1/24	Additions	Deletions	Adjustments	Outstanding 8/31/25	One Year
Bonds Payable:						
General Obligation & Refunding Bonds	\$ 6,600,000	\$ -	\$ (580,000)	\$ -	\$ 6,020,000	\$ 435,000
Premium on Issuance of Bonds	670,592	-	(47,712)	-	622,880	-
Total Bonds Payable	7,270,592	-	(627,712)	-	6,642,880	435,000
Other Long-Term Liabilities:						
Time Warrants	-	249,186	-	-	249,186	19,487
Right to Use Lease Assets Payable	369,111	-	(69,435)	-	299,676	73,243
Compensated Absences*	407,378	61,927	-	-	469,305	40,925
Total Other Long-Term Liabilities	776,489	311,113	(69,435)	-	1,018,167	133,655
Total Governmental Activities	\$8,047,081	\$ 311,113	\$ (697,147)	\$ -	\$ 7,661,047	\$ 568,655

* The change in compensated absences liability is presented as a net change.

HOLLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

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

During the year, the District defeased a portion of its 2017A Unlimited Tax School Building and Refunding Bonds prior to its scheduled maturities. The partial defeasance resulted in a decrease in total future debt service payments related to the bonds of \$280,500 and a net present value savings of \$95,392.

Annual principal installments for outstanding bonds vary each year. The debt service requirements to maturity for general obligation bonds as of August 31, 2025 are as follows:

Year Ended August 31,	Bonds Payable			Total Requirements
	Principal	Interest		
2026	\$ 435,000	\$ 246,100		\$ 681,100
2027	445,000	228,700		673,700
2028	470,000	210,900		680,900
2029	370,000	192,100		562,100
2030	380,000	177,300		557,300
2031-2035	2,115,000	643,500		2,758,500
2036-2040	1,530,000	219,200		1,749,200
2041-2045	275,000	13,400		288,400
Total	\$ 6,020,000	\$ 1,931,200		\$ 7,951,200

The debt service requirements for time warrants as of August 31, 2025 are as follows:

Year Ended August 31,	Time Warrants			Total Requirements
	Principal	Interest		
2026	\$ 19,487	\$ 13,339		\$ 32,826
2027	20,531	12,295		32,826
2028	21,630	11,196		32,826
2029	22,787	10,039		32,826
2030	24,007	8,819		32,826
2031-2035	140,744	23,386		164,130
Total	\$ 249,186	\$ 79,074		\$ 328,260

The debt service requirements for right to use lease assets payable as of August 31, 2025 are as follows:

Year Ended August 31,	Right to Use Lease Assets Payable			Total Requirements
	Principal	Interest		
2026	\$ 73,243	\$ 16,537		\$ 89,780
2027	77,270	12,510		89,780
2028	80,610	8,257		88,867
2029	68,553	3,997		72,550
Total	\$ 299,676	\$ 41,301		\$ 340,977

**HOLLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025**

8. COMPENSATED ABSENCES

A. General Information

The District has a compensated absences policy that awards 5 state days and 3 local days to each applicable full-time employee annually at the beginning of each fiscal year. Only state days are accrued beyond the fiscal year in which they are awarded and can be used by employees in future years. There is no limit to the amount of state days that an employee can accrue. The District's policy states that upon retirement, and retirement only, eligible employees can receive cash payouts for unused state days. The District defines eligible retirees as employees with 20 years of professional full-time total service. Upon retirement, eligible retirees can be compensated in cash, up to 100 state days at a rate of \$50 per day.

B. Accrued Compensated Absences

The District's Compensated Absences Liability represents only days that accumulate beyond one fiscal year, are for services already rendered, and are considered more likely than not to be utilized or paid in cash. The District has recorded a restatement for the year ended August 31, 2024 to recognize a beginning balance of \$407,378 related to compensated absences and reported an ending liability balance of \$469,305 for the year ended August 31, 2025. Of this ending balance, the District considers \$40,925 to be due within 1 year. For more information regarding the District's restatement, see Note 20 to the financial statements of this report. For more information regarding the District's Compensated Absences Liability balances for the years ending August 31, 2024 and August 31, 2025 and the changes therein, see Note 7 to the financial statements of this report.

C. Changes in Liabilities

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

D. Methods and Assumptions

The District determines the Compensated Absences Liability by first identifying employees eligible for TRS retirement and calculating those employees' potential cash-related liability balances based on District policy. Secondarily, the District then calculates each employees' remaining accrued days as of the balance sheet date and multiplies those days by the employee's daily rate. Extended costs not eligible for cash payment as of the balance sheet date are then analyzed for long-term usage rates based on the best available historical data. The District applies a First-in, First-Out (FIFO) flow assumption as it relates to compensated absences. Once a usage rate is calculated, a percentage of days that are awarded and subsequently go entirely unused is estimated and applied against the gross Compensated Absences Liability to calculate a net Compensated Absences Liability. The District then analyzes the best available historical data to estimate near-term usage rates in order to determine the estimated current portion of the liability.

E. Expense Recognition

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

**HOLLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025**

9. TEACHER RETIREMENT SYSTEM OF TEXAS PENSION PLAN

A. Pension Plan Description

The Teacher Retirement System of Texas (TRS or System or Plan) is a public employee retirement system (PERS) that is a multiple-employer, cost-sharing, defined benefit pension plan with a special funding situation. The Plan is administered by the Board of Trustees of TRS. Information regarding the Board of TRS and its composition can be found within the separately issued TRS Annual Comprehensive Financial Report. That report may be obtained online at www.trs.texas.gov; by writing to TRS at 1000 Red River Street, Austin, Texas, 78701-2698; or by calling (512) 542-6592.

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

B. Benefits Provided

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

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

One-Time Stipends

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

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

Cost-of-Living Adjustment

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

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

C. Contributors to the Plan

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

**HOLLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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The number of participating employers during fiscal year 2024 are disclosed in the following table.

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

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

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

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

D. Contributions

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

- Article 16, Section 67 of the Texas Constitution requires the legislature to establish a member contribution rate of not less than 6 percent of the member's annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent of the aggregate annual compensation paid to members of the System during the fiscal year.
- Government Code section 821.006 prohibits benefit improvements if it increases the amortization period of TRS' unfunded actuarial liability to greater than 31 years or, if the amortization period already exceeds 31 years, the period would be increased by such action. Actuarial implications of the funding provided in this manner are determined by the System's actuary.

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

**HOLLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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All participating employers and the State of Texas, as the employer for senior colleges, universities, and medical schools, are required to pay the employer contribution rate in the following situations:

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

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

<u>Contribution Rates</u>	<u>2024</u>	<u>2025</u>
Members	8.25%	8.25%
Employer	8.25%	8.25%
State of Texas (NECE)	8.25%	8.25%
<u>Contribution Amounts</u>		
Members	\$ 590,464	\$ 621,123
Employer	270,813	275,234
State of Texas (NECE)	501,363	469,872

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

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

E. Net Pension Liability

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

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

F. Actuarial Methods and Assumptions

Roll Forward

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

HOLLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

The total pension liability is determined by an annual actuarial valuation. The actuarial methods and assumptions were selected by the Board of Trustees based upon analysis and recommendations by the System's actuary. The Board of Trustees has sole authority to determine the actuarial assumptions used for the Plan.

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

The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioners Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published projection scale ("U-MP"). The active mortality rates were based on the published PUB(2010) Mortality Tables for Teachers, below median, also with full generational mortality.

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

Asset Class	Target Allocation %**	Long-Term Expected Geometric Real Rate of Return*	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.0%	4.4%	1.0%
Non-U.S. Developed	13.0%	4.2%	0.8%
Emerging Markets	9.0%	5.2%	0.7%
Private Equity*	14.0%	6.7%	1.2%
Stable Value			
Government Bonds	16.0%	1.9%	0.4%
Stable Value Hedge Funds	5.0%	3.0%	0.2%
Absolute Return*	0.0%	4.0%	0.0%
Real Return			
Real Estate	15.0%	6.6%	1.2%
Energy, Natural Resources and Infrastructure	6.0%	5.6%	0.4%
Commodities	0.0%	2.5%	0.0%
Risk Parity	8.0%	4.0%	0.4%
Asset Allocation Leverage			
Cash	2.0%	1.0%	0.0%
Asset Allocation Leverage	-6.0%	1.3%	-0.1%
Inflation Expectation			2.4%
Volatility Drag****			-0.7%
Expected Return	<u><u>100.0%</u></u>		<u><u>7.9%</u></u>

* Absolute Return includes Credit Sensitive Investments.

** Target allocations are based on the FY2024 policy model.

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

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

**HOLLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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The following table discloses the assumptions that were applied to this measurement period.

Actuarial Methods and Assumptions

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

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

Discount Rate

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

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

G. Change of Assumptions Since the Prior Measurement Date

The actuarial assumptions and methods are the same as used in the determination of the prior year's Net Pension Liability.

H. Changes in Benefit Provisions Since Prior Measurement Date

The 2023 Texas Legislature passed Senate Bill 10 (SB 10), which provided a stipend payment to certain retirees and variable ad hoc cost-of-living adjustments (COLA) to certain retirees in early fiscal year 2024. Due to its timing, the legislation and payments were not reflected in the August 31, 2023 actuarial valuation. Under the roll forward method, an adjustment was made to reflect the legislation in the rolled forward liabilities for the current measurement year, August 31, 2024. SB 10 and House Joint Resolution 2 (HJR 2) of the 88th Regular Legislative Session appropriated payments of \$1.645 billion for one-time stipends and \$3.355 billion for COLAs.

HOLLAND INDEPENDENT SCHOOL DISTRICT
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This appropriation is treated as a supplemental contribution and included in other additions. Since the Legislature appropriated funds for this one-time stipend and COLA, there was no impact on the Net Pension Liability of TRS.

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

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

Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption			
	1% Decrease 6.00%	Current Single Discount Rate 7.00%	1% Increase 8.00%
District's Proportionate Share of the Net Pension Liability:	\$ 4,728,561	\$ 2,960,433	\$ 1,495,413

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

The Net Pension Liability of the Plan as a whole was last measured as of August 31, 2024 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The District was assigned a proportion of the Plan's Net Pension Liability based on the District's contributions to the Plan relative to the contributions of all employers for the period September 1, 2023 through August 31, 2024.

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

	Measurement Date		
	8/31/23	8/31/24	Change
District's Proportion of the Collective Net Pension Liability	0.000048694676	0.000048464806	(0.000000229870)
District's Proportionate Share of the Net Pension Liability	\$ 3,344,854	\$ 2,960,433	\$ (384,421)
State's Proportionate Share of the Net Pension Liability Associated with the District			
	4,983,266	4,597,012	(386,254)
Total Pension Liability	\$ 8,328,120	\$ 7,557,445	\$ (770,675)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 163,175	\$ 23,114
Changes in actuarial assumptions	152,853	20,492
Difference between projected and actual investment earnings	710,821	692,826
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	274,701	22,280
Contributions paid to TRS subsequent to the measurement date	275,234	-
Total	\$ 1,576,784	\$ 758,712

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

Measurement Year Ended August 31,	Pension Expense Amount
2025	\$ 84,511
2026	395,328
2027	101,661
2028	(47,262)
2029	8,600
Thereafter	-

For the year ended August 31, 2025, Holland Independent School District recognized pension expense of \$201,861 and revenue of \$549,420 for support provided by the State.

10. EMPLOYEE HEALTH CARE COVERAGE

During the year ended August 31, 2025, employees of the District were covered by the state-wide health insurance plan, TRS Active Care. The District contributed \$275 per month per employee to the Plan, the State provided an additional \$75 per month per employee, and employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. TRS manages TRS Active Care. The Plan is administered by Blue Cross Blue Shield of Texas while Express Scripts was assigned the prescription drug plan.

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

A. Plan Description

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

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

B. Benefits Provided

TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional service centers, and other educational districts who are members of the TRS pension system. Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. TRS-Care Standard includes medical and prescription drug benefits. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system.

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

C. Contributors to TRS-Care

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

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

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

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

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

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

D. Contributions

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

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

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

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

<u>Contribution Rates</u>	<u>2024</u>	<u>2025</u>
Members	0.65%	0.65%
Employer	0.75%	0.75%
State of Texas	1.25%	1.25%
Federal/Private Funding*	1.25%	1.25%

<u>Contribution Amounts</u>	<u>2024</u>	<u>2025</u>
Members	\$ 46,522	\$ 48,937
Employer	67,515	63,228
State of Texas (NECE)	88,476	82,919

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

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

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

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

E. Net OPEB Liability

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

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

**HOLLAND INDEPENDENT SCHOOL DISTRICT
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FOR THE YEAR ENDED AUGUST 31, 2025**

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

F. Actuarial Methods and Assumptions

Roll Forward

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

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

Demographic Assumptions

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

Mortality Assumptions

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

Election Rates

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

Health Care Trend Rates

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

Actuarial Methods and Assumptions

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

**HOLLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025**

Discount Rate

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

G. Change of Assumptions Since the Prior Measurement Date

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

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

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

Sensitivity of the Net OPEB Liability to the Single Discount Rate Assumption			
	1% Decrease 2.87%	Current Single Discount Rate 3.87%	1% Increase 4.87%
District's Proportionate Share of the Net OPEB Liability	\$ 2,707,799	\$ 2,279,202	\$ 1,932,890

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

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

Sensitivity of the Net OPEB Liability to the Healthcare Cost Trend Rate Assumption			
	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's Proportionate Share of the Net OPEB Liability	\$ 1,856,072	\$ 2,279,202	\$ 2,830,584

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

The Net OPEB Liability of the TRS-Care program as a whole was last measured as of August 31, 2024 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District was assigned a proportion of TRS Care's Net OPEB Liability based on the District's contributions to the program relative to the contributions of all employers for the period September 1, 2023 through August 31, 2024.

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

	Measurement Date		
	8/31/23	8/31/24	Change
District's Proportion of the Collective Net OPEB Liability	0.000073028063	0.000075093490	0.000002065427
District's Proportionate Share of the Net OPEB Liability	\$ 1,616,718	\$ 2,279,202	\$ 662,484
State's Proportionate Share of the Net OPEB Liability Associated with the District	1,950,818	2,855,810	904,992
Total OPEB Liability	\$ 3,567,536	\$ 5,135,012	\$ 1,567,476

At August 31, 2025, Holland Independent School District reported its proportionate share of TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 436,847	\$ 1,137,446
Changes in actuarial assumptions	291,711	743,677
Difference between projected and actual investment earnings	2,186	8,569
Change in proportion and difference between the employer's contributions and the proportionate share of contributions	727,370	160,796
Contributions paid to TRS subsequent to the measurement date	63,228	-
Total	\$ 1,521,342	\$ 2,050,488

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

Measurement Year Ended August 31,	OPEB Expense Amount
2025	\$ (230,191)
2026	(126,963)
2027	(202,170)
2028	(108,718)
2029	(49,741)
Thereafter	125,409

For the year ended August 31, 2025, Holland Independent School District recognized OPEB expense of (\$234,792) and revenue of (\$371,203) for support provided by the State.

12. FRINGE BENEFITS PAID BY OTHER GOVERNMENTS

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. Under Medicare Part D, TRS-Care receives retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the years ended August 31, 2025 and August 31, 2024, the subsidy payments received by TRS-Care on behalf of the District were \$54,424 and \$40,184, respectively.

HOLLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

13. FUND BALANCES

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

Nonspendable - Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

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

Committed - Amounts that can only be used for specific purposes pursuant to approval by formal action by the Board.

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

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

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

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

14. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

Type	General Fund	SSA,		Non-Major			Trust Funds	Custodial Funds	Total
		Special Education	Debt Service Fund	Governmental Funds	Proprietary Funds				
Property Taxes	\$1,470,164	\$ -	\$ 724,320	\$ -	\$ -	\$ -	\$ -	\$ -	\$2,194,484
Investment Income	112,098	-	15,653	-	-	-	9,011	-	136,762
Rent	14,796	-	-	-	-	-	-	-	14,796
Gifts	-	-	-	-	-	-	29,167	-	29,167
Food Sales	-	-	-	99,041	-	-	-	-	99,041
Athletics	17,784	-	-	-	-	-	-	-	17,784
Extrac. Activities	29,955	-	-	-	-	-	-	144,074	174,029
Misc. Local Revenue	84,986	1,387,835	-	168,040	52,986	26,247	-	-	1,720,094
Total	\$1,729,783	\$1,387,835	\$ 739,973	\$ 267,081	\$ 52,986	\$ 64,425	\$ 144,074	\$ 4,386,157	

**HOLLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025**

15. UNEARNED REVENUE

Unearned revenue at August 31, 2025 consisted of the following amounts:

Fund	State Grants	Federal Grants	Total
General Fund	\$ 119,736	\$ -	\$ 119,736
Non-Major Governmental Funds	-	9,879	9,879
Total	\$ 119,736	\$ 9,879	\$ 129,615

16. RISK MANAGEMENT

The District's risk management program includes coverages through third party insurance providers for property, automobile liability, school professional liability, crime, workers' compensation, and other miscellaneous bonds. During the year ended August 31, 2025, there were no significant reductions in insurance coverage from coverage in the prior year. Losses in excess of the various deductible levels are covered through traditional indemnity coverage for buildings and contents, and vehicle liability with various insurance firms. Settled claims have not exceeded insurance limits for the past three years.

17. COMMITMENTS AND CONTINGENCIES

The District participates in a number of federal financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of *Government Auditing Standards* and when applicable, the Uniform Guidance, for the year ended August 31, 2025, these programs are subject to financial and compliance audits performed by the specific grantors. These audits, if performed, could result in amounts of expenditures being disallowed by the granting agencies and subject to repayment. The District however expects that such amounts, if any, would be immaterial.

18. SHARED SERVICES ARRANGEMENT – FISCAL AGENT

Shared Services Arrangement - Fiscal Agent

The District is the fiscal agent for a Shared Services Arrangement (SSA) which provides special education and Medicaid reimbursement services to the member districts listed below. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. According to guidance provided in the FASRG, the District has accounted for the fiscal agent's activities using Model 1 and Model 3 for the Special Education Program and Medicaid reimbursement services.

Model #1 SSAs

IDEA - Part B, Formula (Fund 313)	5 Member Districts
IDEA - Part B, Preschool (Fund 314)	5 Member Districts

Model #3 SSAs

Special Education (Fund 437)	5 Member Districts
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**HOLLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025**

Expenditures of the SSA are summarized below:

Member Districts	SSA, IDEA-Part B, Formula	SSA, IDEA-Part B, Preschool	SSA, Special Education
Bartlett ISD	\$ 124,154	\$ 1,804	\$ 385,312
Granger ISD	124,154	1,110	311,213
Rogers ISD	210,106	2,498	326,033
Troy ISD	363,360	2,775	177,836
Retained by Fiscal Agent	143,254	5,690	281,574
Totals	\$ 965,028	\$ 13,877	\$ 1,481,968

19. DISCLOSURE OF ACCOUNTING CHANGES AND ERROR CORRECTIONS

For the year ended August 31, 2025, the District's Shared Services Arrangements-Special Education Fund met the major fund quantitative threshold to be considered a major fund. The corresponding effect on beginning non-major governmental fund balance is summarized below:

	Reporting Units Affected by Adjustments to Beginning Balances	
	Governmental Funds	Non-Major Arrangements- Special Education
Fund Balance - 8/31/24, as Previously Reported	\$ -	\$ 348,015
Change within Financial Reporting Entity (Nonmajor to Major Fund)	182,196	(182,196)
Fund Balance - 8/31/24, as Adjusted	<u>\$ 182,196</u>	<u>\$ 165,819</u>

HOLLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

20. IMPLEMENTATION OF NEW GOVERNMENTAL ACCOUNTING STANDARDS

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

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

	Governmental Activities
Net position as previously stated at August 31, 2024	\$ 957,234
Effect of implementation of GASB 101 - Compensated Absences	<u>(407,378)</u>
Net Position as restated at August 31, 2024	<u><u>\$ 549,856</u></u>

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

For the year ended August 31, 2025, no concentration or constraints were required to be disclosed by the District.

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REQUIRED SUPPLEMENTARY INFORMATION

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

	Measurement Year			
	2024	2023	2022	2021
District's Proportion of the Net Pension Liability	0.0048464806%	0.0048694676%	0.0042982298%	0.0037853282%
District's Proportionate Share of the Net Pension Liability	\$ 2,960,433	\$ 3,344,854	\$ 2,551,748	\$ 963,989
State's Proportionate Share of the District Net Pension Liability	<u>4,597,012</u>	<u>4,983,266</u>	<u>4,514,802</u>	<u>2,239,482</u>
Total Pension Liability	<u><u>\$ 7,557,445</u></u>	<u><u>\$ 8,328,120</u></u>	<u><u>\$ 7,066,550</u></u>	<u><u>\$ 3,203,471</u></u>
District's Covered-Employee Payroll	\$ 7,157,140	\$ 6,006,661	\$ 6,074,259	\$ 6,011,058
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	41.36%	55.69%	42.01%	16.04%
Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability	77.51%	73.15%	75.62%	88.79%

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

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

Measurement Year					
2020	2019	2018	2017	2016	2015
0.0038081667%	0.0038140401%	0.0041873136%	0.0040093170%	0.0036856050%	0.0038887000%
\$ 2,039,576	\$ 1,982,657	\$ 2,304,799	\$ 1,281,963	\$ 1,392,765	\$ 1,374,604
<u>4,558,385</u>	<u>3,989,866</u>	<u>4,035,267</u>	<u>2,542,941</u>	<u>2,977,540</u>	<u>2,795,801</u>
<u>\$ 6,597,961</u>	<u>\$ 5,972,523</u>	<u>\$ 6,340,066</u>	<u>\$ 3,824,904</u>	<u>\$ 4,370,305</u>	<u>\$ 4,170,405</u>
\$ 5,769,006	\$ 5,064,333	\$ 4,870,462	\$ 4,811,143	\$ 4,451,577	\$ 4,263,577
35.35%	39.15%	47.32%	26.65%	31.29%	32.24%
75.54%	75.24%	73.74%	82.17%	78.00%	78.43%

HOLLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS –
TEACHER RETIREMENT SYSTEM
FOR THE YEAR ENDED AUGUST 31, 2025

	Fiscal Year			
	2025	2024	2023	2022
Contractually Required Contribution	\$ 275,234	\$ 270,813	\$ 211,103	\$ 191,702
Contribution in Relation to the Contractually Required Contribution	<u>(275,234)</u>	<u>(270,813)</u>	<u>(211,103)</u>	<u>(191,702)</u>
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
District's Covered-Employee Payroll	\$ 7,528,756	\$ 7,157,140	\$ 6,006,661	\$ 6,074,259
Contributions as a Percentage of Covered-Employee Payroll	3.66%	3.78%	3.51%	3.16%

The amounts presented are as of the District's fiscal year end of August 31.

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

Fiscal Year						
2021	2020	2019	2018	2017	2016	
\$ 153,605	\$ 152,767	\$ 134,707	\$ 141,702	\$ 131,402	\$ 57,004	
<u>(153,605)</u>	<u>(152,767)</u>	<u>(134,707)</u>	<u>(141,702)</u>	<u>(131,402)</u>	<u>(57,004)</u>	
<u><u>\$ -</u></u>						
\$ 6,011,058	\$ 5,769,006	\$ 5,064,333	\$ 4,870,462	\$ 4,811,143	\$ 4,451,577	
2.56%	2.65%	2.66%	2.91%	2.73%	1.28%	

HOLLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY –
TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES GROUP INSURANCE PLAN
FOR THE YEAR ENDED AUGUST 31, 2025

	Measurement Year				
	2024	2023	2022	2021	
District's Proportion of the Net Liability for Other Post Employment Benefits		0.0075093490%	0.0073028063%	0.0067776979%	0.0063780428%
District's Proportionate Share of the Net Post Employment Benefit Liability	\$ 2,279,202	\$ 1,616,718	\$ 1,622,852	\$ 2,460,296	
State's Proportionate Share of the Net Post Employment Benefit Liability Associated with the District	<u>2,855,810</u>	<u>1,950,818</u>	<u>1,979,625</u>	<u>3,296,249</u>	
Total Other Post Employment Benefits Liability	<u><u>\$ 5,135,012</u></u>	<u><u>\$ 3,567,536</u></u>	<u><u>\$ 3,602,477</u></u>	<u><u>\$ 5,756,545</u></u>	
District's Covered Payroll	\$ 7,157,140	\$ 6,006,661	\$ 6,074,259	\$ 6,011,058	
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	31.85%	26.92%	26.72%	40.93%	
Plan Fiduciary Net Position as a Percentage of the Total Net OPEB Liability	13.70%	14.94%	11.52%	6.18%	

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

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

Measurement Year				
2020	2019	2018	2017	
0.0063978239%	0.0058511544%	0.0065875965%	0.0059293968%	
\$ 2,432,105	\$ 2,767,083	\$ 3,289,247	\$ 2,578,472	
<hr/> <u>3,268,166</u>	<hr/> <u>3,676,834</u>	<hr/> <u>4,008,673</u>	<hr/> <u>3,632,805</u>	
<hr/> <u>\$ 5,700,271</u>	<hr/> <u>\$ 6,443,917</u>	<hr/> <u>\$ 7,297,920</u>	<hr/> <u>\$ 6,211,277</u>	
\$ 5,769,006	\$ 5,064,333	\$ 4,870,462	\$ 4,811,143	
42.16%	54.64%	67.53%	53.59%	
4.99%	2.66%	1.57%	0.91%	

**HOLLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS –
TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES GROUP INSURANCE PLAN
FOR THE YEAR ENDED AUGUST 31, 2025**

	Fiscal Year			
	2025	2024	2023	2022
Contractually Required Contribution	\$ 63,228	\$ 67,515	\$ 54,501	\$ 54,249
Contribution in Relation to the Contractually Required Contribution	<u>(63,228)</u>	<u>(67,515)</u>	<u>(54,501)</u>	<u>(54,249)</u>
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
District's Covered Payroll	\$ 7,528,756	\$ 7,157,140	\$ 6,006,661	\$ 6,074,259
Contributions as a Percentage of Covered Payroll	0.84%	0.94%	0.91%	0.89%

The amounts presented are as of the District's fiscal year end of August 31.

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

Fiscal Year					
2021	2020	2019	2018	2017	
\$ 48,575	\$ 47,877	\$ 40,665	\$ 45,697	\$ 30,130	
<u>(48,575)</u>	<u>(47,877)</u>	<u>(40,665)</u>	<u>(45,697)</u>	<u>(30,130)</u>	
<u><u>\$ -</u></u>					
\$ 6,011,058	\$ 5,769,006	\$ 5,064,333	\$ 4,870,462	\$ 4,811,143	
0.81%	0.83%	0.80%	0.94%	0.63%	

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**HOLLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2025**

Teacher Retirement System

Actuarial Assumptions

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

Changes of Benefit Provisions Since Prior Measurement Date

The 2023 Texas Legislature passed Senate Bill 10 (SB 10), which provided a stipend payment to certain retirees and variable ad hoc cost-of-living adjustments (COLA) to certain retirees in early fiscal year 2024.

Due to its timing, the legislation and payments were not reflected in the August 31, 2023 actuarial valuation. Under the roll forward method, an adjustment was made to reflect the legislation in the rolled forward liabilities for the current measurement year, August 31, 2024. SB 10 and House Joint Resolution 2 (HJR 2) of the 88th Regular Legislative Session appropriated payments of \$1.645 billion for one-time stipends and \$3.355 billion for COLAs.

This appropriation is treated as a supplemental contribution and included in other additions. Since the Legislature appropriated funds for this one-time stipend and COLA, there was no impact on the Net Pension Liability of TRS.

Changes of Assumptions Since the Prior Measurement Date

- The actuarial assumptions and methods are the same as used in the determination of the prior year's Net Pension Liability.

Texas Public School Retired Employees Group Insurance Plan

Actuarial Assumptions

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

Changes of Assumptions Since the Prior Measurement Date

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

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

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**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

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

	211	240	242	255
Data Control Codes		National Breakfast and Lunch Program	Summer Feeding Program, TDA	ESEA, Title II, Part A
ASSETS				
1110 Cash and Cash Equivalents	\$ 8,435	\$ 24,157	\$ -	\$ 2,420
1240 Due from Other Governments	169	13,297	-	-
1000 Total Assets	<u><u>\$ 8,604</u></u>	<u><u>\$ 37,454</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,420</u></u>
LIABILITIES				
2110 Accounts Payable	\$ -	\$ 127	\$ -	\$ -
2150 Payroll Deductions and Withholdings	-	-	-	-
2160 Accrued Wages Payable	7,706	16,963	-	2,176
2170 Due to Other Funds	-	-	-	-
2200 Accrued Expenditures	898	364	-	244
2300 Unearned Revenues	-	-	-	-
2000 Total Liabilities	<u><u>8,604</u></u>	<u><u>17,454</u></u>	<u><u>-</u></u>	<u><u>2,420</u></u>
FUND BALANCES				
Restricted for:				
3450 Federal or State Funds Restricted	-	20,000	-	-
Committed for:				
3545 Other Committed Fund Balance	-	-	-	-
3000 Total Fund Balances	<u><u>-</u></u>	<u><u>20,000</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
4000 Total Liab., Def. Inflows & Fund Balances	<u><u>\$ 8,604</u></u>	<u><u>\$ 37,454</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,420</u></u>

269	289	313	314	410	429	461	
ESEA, Title V, Part B, Subpart 1	Federally Funded Special Revenue Funds	Shared Services Arrangement s-IDEA-Part B, Formula B, Preschool	Shared Services Arrangement s-IDEA-Part B, Preschool	State Instructional Materials Fund	State Funded Special Revenue Funds	Campus Activity Funds	Total Non-Major Governmental Funds
\$ -	\$ 9,879	\$ -	\$ -	\$ -	\$ -	\$ 103,300	\$ 148,191
-	-	119,398	6,652	-	-	-	139,516
\$ -	\$ 9,879	\$ 119,398	\$ 6,652	\$ -	\$ -	\$ 103,300	\$ 287,707
\$ -	\$ -	\$ 602	\$ -	\$ -	\$ -	\$ -	\$ 729
-	-	2,124	-	-	-	-	2,124
-	-	17,826	-	-	-	-	44,671
-	-	96,766	6,652	-	-	450	103,868
-	-	2,080	-	-	-	-	3,586
-	9,879	-	-	-	-	-	9,879
-	9,879	119,398	6,652	-	-	450	164,857
							20,000
-	-	-	-	-	-	102,850	102,850
-	-	-	-	-	-	102,850	122,850
\$ -	\$ 9,879	\$ 119,398	\$ 6,652	\$ -	\$ -	\$ 103,300	\$ 287,707

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

	211	240	242	255
Data Control Codes		National Breakfast and Lunch Program	Summer Feeding Program, TDA	ESEA, Title II, Part A
REVENUES				
5700 Local and Intermediate Sources	\$ -	\$ 99,583	\$ -	\$ -
5800 State Program Revenues	- -	17,848	- -	- -
5900 Federal Program Revenues	118,709	197,983	- -	20,318
5020 Total Revenues	<u>118,709</u>	<u>315,414</u>	<u>- -</u>	<u>20,318</u>
EXPENDITURES				
0011 Instruction	109,592	- -	- -	19,909
0013 Curriculum & Instructional Staff Development	6,779	- -	- -	- -
0021 Instructional Leadership	2,338	- -	- -	409
0031 Guidance, Counseling & Evaluation Services	- -	- -	- -	- -
0035 Food Services	- -	378,252	7,470	- -
0036 Extracurricular Activities	- -	- -	- -	- -
0051 Facilities Maintenance and Operations	- -	- -	- -	- -
0052 Security and Monitoring Services	- -	- -	- -	- -
0053 Data Processing Services	- -	- -	- -	- -
0093 Payments to Member Districts of SSA	- -	- -	- -	- -
6030 Total Expenditures	<u>118,709</u>	<u>378,252</u>	<u>7,470</u>	<u>20,318</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	- -	(62,838)	(7,470)	- -
OTHER FINANCING SOURCES (USES)				
7915 Transfers In	- -	31,371	- -	- -
7080 Total Other Financing Sources (Uses)	<u>- -</u>	<u>31,371</u>	<u>- -</u>	<u>- -</u>
1200 Net Change in Fund Balance	- -	(31,467)	(7,470)	- -
0100 Fund Balance - Beginning, Previously Reported Change within Financial Reporting Entity (Nonmajor to Major Fund)	- -	51,467	7,470	- -
Fund Balance - Beginning, as Adjusted	- -	51,467	7,470	- -
3000 Fund Balance - Ending	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ -</u>

269	289	313	314	410	429	437	461	
ESEA, Title V, Part B, Subpart 1	Federally Funded Special Revenue Funds	Shared Services Arrangements- IDEA-Part B, Formula	Shared Services Arrangements- IDEA-Part B, Preschool	State Instructional Materials Fund	State Funded Special Revenue Funds	SSA, Special Education	Campus Activity Funds	Total Non- Major Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 167,498	\$ 267,081
				35,778	57,048		-	110,674
33,494	10,000	965,028	13,877	-	-	-	-	1,359,409
33,494	10,000	965,028	13,877	35,778	57,048	-	167,498	1,737,164
32,765	9,800	479,533	13,877	35,778	-	-	-	701,254
729	-	-	-	-	-	-	-	7,508
-	200	6,798	-	-	-	-	-	9,745
-	-	288,247	-	-	21,658	-	-	309,905
-	-	-	-	-	-	-	-	385,722
-	-	-	-	-	-	-	171,530	171,530
-	-	-	-	-	10,854	-	-	10,854
-	-	-	-	-	24,536	-	-	24,536
-	-	18,831	-	-	-	-	-	18,831
-	-	171,619	-	-	-	-	-	171,619
33,494	10,000	965,028	13,877	35,778	57,048	-	171,530	1,811,504
-	-	-	-	-	-	-	(4,032)	(74,340)
-	-	-	-	-	-	-	-	31,371
-	-	-	-	-	-	-	-	31,371
-	-	-	-	-	-	-	(4,032)	(42,969)
-	-	-	-	-	-	182,196	106,882	348,015
-	-	-	-	-	-	(182,196)	-	(182,196)
-	-	-	-	-	-	-	106,882	165,819
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 102,850	\$ 122,850

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

Last 10 Years Ended August 31,		1	2	3
		Maintenance	Tax Rates	Assessed/Appraised Value for School Tax Purposes
2016	and prior years		Various	Various
2017			1.04000	0.20850 \$ 106,565,318
2018			1.04000	0.39500 122,886,523
2019			1.04000	0.35500 121,044,516
2020			0.97000	0.37990 132,225,128
2021			0.88410	0.32000 150,003,239
2022			0.87200	0.32000 161,982,215
2023			0.85460	0.29740 191,495,139
2024			0.66920	0.29350 207,399,294
2025	(School year under audit)		0.66690	0.33000 230,729,160
1000	TOTALS			
8000	Taxes Refunded			

10	20	31	32	40	50	99
Beginning Balance 9/1/24	Current Year's Total Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance 8/31/25	Total Taxes Refunded Under Section 26.1115c
\$ 17,782	\$ -	\$ 1,184	\$ 237	\$ 2	\$ 16,363	
2,823	-	628	126	-	2,069	
4,065	-	893	339	-	2,833	
5,599	-	1,795	613	-	3,191	
8,628	-	2,156	844	1	5,629	
12,285	-	2,736	990	(1,164)	7,395	
12,416	-	1,710	628	(1,418)	8,660	
26,603	-	1,703	593	(4,133)	20,174	
86,074	-	2,981	1,308	(18,520)	63,265	
-	2,300,139	1,433,946	709,555	(55,023)	101,615	
\$ 176,275	\$ 2,300,139	\$ 1,449,732	\$ 715,233	\$ (80,255)	\$ 231,194	\$ 2,555

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

Data Control Codes		Budgeted Amounts		Actual	
		Original	Final	Amounts (GAAP BASIS)	Variance With Final Budget
REVENUES					
5700	Local & Intermediate Sources	\$ 88,600	\$ 87,600	\$ 99,583	\$ 11,983
5800	State Program Revenues	17,957	17,957	17,848	(109)
5900	Federal Program Revenues	209,200	210,200	197,983	(12,217)
5020	Total Revenues	<u>315,757</u>	<u>315,757</u>	<u>315,414</u>	<u>(343)</u>
EXPENDITURES					
0035	Food Services	385,479	385,479	378,252	7,227
6030	Total Expenditures	<u>385,479</u>	<u>385,479</u>	<u>378,252</u>	<u>7,227</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(69,722)	(69,722)	(62,838)	6,884
OTHER FINANCING SOURCES (USES)					
7915	Transfers In	69,722	69,722	31,371	(38,351)
7080	Total Other Finance Sources (Uses)	<u>69,722</u>	<u>69,722</u>	<u>31,371</u>	<u>(38,351)</u>
1200	Net Change in Fund Balances	-	-	(31,467)	(31,467)
0100	Fund Balance-September 1 (Beginning)	51,467	51,467	51,467	-
3000	Fund Balance-August 31 (Ending)	<u>\$ 51,467</u>	<u>\$ 51,467</u>	<u>\$ 20,000</u>	<u>\$ (31,467)</u>

HOLLAND 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		Variance With Final Budget
	Original	Final	Amounts (GAAP BASIS)	Final	
REVENUES					
5700 Local & Intermediate Sources	\$ 770,284	\$ 770,284	\$ 739,973	\$ (30,311)	
5800 State Program Revenues	122,046	122,046	114,435	(7,611)	
5020 Total Revenues	<u>892,330</u>	<u>892,330</u>	<u>854,408</u>	<u>(37,922)</u>	
EXPENDITURES					
Debt Service:					
0071 Principal on Long Term Debt	415,000	603,192	580,000	23,192	
0072 Interest on Long Term Debt	269,300	271,108	271,108	-	
0073 Bond Issuance Cost and Fees	208,030	18,030	16,050	1,980	
6030 Total Expenditures	<u>892,330</u>	<u>892,330</u>	<u>867,158</u>	<u>25,172</u>	
1200 Net Change in Fund Balances	-	-	(12,750)	(12,750)	
0100 Fund Balance-September 1 (Beginning)	371,340	371,340	371,340	-	
3000 Fund Balance-August 31 (Ending)	<u>\$ 371,340</u>	<u>\$ 371,340</u>	<u>\$ 358,590</u>	<u>\$ (12,750)</u>	

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HOLLAND INDEPENDENT SCHOOL DISTRICT
USE OF FUNDS REPORT – SELECT STATE ALLOTMENT PROGRAMS
FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes	Section A: Compensatory Education Programs	1 Responses
	Districts are required to use at least 55% of state compensatory education state allotment funds on direct program costs. Statutory Authority: Texas Education Code §48.104.	
AP1	Did your District expend any state compensatory education program state allotment funds during the District's fiscal year?	Yes
AP2	Does the District have written policies and procedures for its state compensatory education program?	Yes
AP3	Total state allotment funds received for state compensatory education programs during the District's fiscal year.	\$ 341,957
AP4	Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$ 519,263
Section B: Bilingual Education Programs		
	Districts are required to use at least 55% of bilingual education state allotment funds on direct program costs. Statutory Authority: Texas Education Code §48.105.	
AP5	Did your District expend any bilingual education program state allotment funds during the District's fiscal year?	Yes
AP6	Does the District have written policies and procedures for its bilingual education program?	Yes
AP7	Total state allotment funds received for bilingual education programs during the district's fiscal year.	\$ 16,132
AP8	Actual direct program expenditures for bilingual education programs during the District's fiscal year. (PICs 25, 35)	\$ 18,991

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HOLLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes	1 Responses
SF1 Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2 Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end?	No
SF3 Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments.) Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued. Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	Yes
SF4 Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5 Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds; or substantial doubt about the school district's ability to continue as a going concern?	No
SF6 Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7 Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules in effect at the school district's fiscal year end?	Yes
SF8 Did the school district's administration and school board members discuss any changes and/or impact to local, state, and federal funding at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9 Total accumulated accretion on CABs included in government-wide financial statements at fiscal year end.	\$ -

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FEDERAL AWARDS SECTION

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Trustees of
Holland Independent School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Holland 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 October 31, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

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Purpose of This Report

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

Singleton, Clark & Company, PC

Singleton, Clark & Company, PC
Cedar Park, Texas

October 31, 2025

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE AND
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

To the Board of Trustees of
Holland Independent School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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.

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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.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance.

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.

Report on Schedule of Expenditures of Federal Awards Required by *Uniform Guidance*

We have audited the financial statements of Holland Independent School District as of and for the year ended August 31, 2025, and have issued our report thereon dated October 31, 2025, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Singleton, Clark & Company, PC

Singleton, Clark & Company, PC
Cedar Park, Texas

October 31, 2025

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

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE</u>	<u>1 Federal ALN Number</u>	<u>2a Pass-Through Entity Identifying Number</u>	<u>3 Federal Expenditures</u>
U.S. DEPARTMENT OF EDUCATION			
<u>Direct Awards</u>			
Small, Rural School Achievement Program	84.358A		\$ 33,494
Total Direct Awards			<u>33,494</u>
<u>Passed through Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	25610101014905	118,709
Shared Services Arrangement - IDEA - Part-B, Formula ¹	84.027A	256600010149056000	965,028
Shared Services Arrangement - IDEA - Part-B, Preschool ¹	84.173A	256600010149056000	13,877
ESEA, Title II, Part A - Teacher and Principal Training	84.367A	25694501014905	20,318
Title IV, Part A, Subpart 1	84.424A	25680101014905	10,000
Total Passed through Texas Education Agency			<u>1,127,932</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed through Texas Education Agency</u>			
National School Breakfast Program ²	10.553	71402501	45,599
National School Lunch Program ²	10.555	71302501	125,100
Total Passed through Texas Education Agency			<u>170,699</u>
<u>Passed through Texas Department of Agriculture</u>			
Food Distribution Program - Non-Cash Assistance ²	10.555	NT4XL1YGLGC5	26,485
Commodity Delivery Fee Reimbursement ²	10.555	NT4XL1YGLGC5	799
Total Assistance Listing Number 10.555			<u>27,284</u>
Total Passed through Texas Department of Agriculture			<u>27,284</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			
TOTAL EXPENDITURES OF FEDERAL AWARDS			
TOTAL FEDERAL REVENUE PER STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE			
			<u>\$ 1,359,409</u>
			<u>\$ 1,359,409</u>

¹ Special Education (IDEA) Cluster as defined in OMB Compliance Supplement.

² Child Nutrition Cluster as defined in OMB Compliance Supplement.

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

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal awards expenditures of Holland Independent School District (the “District”) under programs of the federal government for the year ended August 31, 2025. The information in the accompanying Schedule 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 Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, change in net position, or cash flows of the District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The expenditures reported on the Schedule are presented using the modified-accrual basis of accounting, with the exception of the National School Lunch Program, School Breakfast Program and the Food Distribution Program. Under the modified-accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement.

Expenditures for the National School Lunch Program, School Breakfast Program and the Food Distribution Program are shown on the Schedule in an amount equal to the related revenue, but are not specifically attributable to this revenue source. Expenditures are reported in this manner due to the Child Nutrition Fund being a fund that combines local, state, and federal revenues, and spends those resources together to support the overall operations of the Child Nutrition Program.

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

Relationship to Basic Financial Statements - Expenditures of federal awards are reported in the District’s basic financial statements in the special revenue funds.

Relationship to Federal Financial Reports - Amounts reported in the accompanying Schedule agree with the amounts reported in the related federal financial reports in all significant respects.

Valuation of Non-Cash Programs – The District values revenues and expenditures for the Food Distribution Program based on the value of commodities received.

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HOLLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (PART 1)
SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED AUGUST 31, 2025

SECTION I – SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? Yes No

FEDERAL AWARDS

Internal control over major programs:

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

Type of auditor's report issued on compliance for major programs:

Special Education Cluster	Unmodified
---------------------------	------------

Any audit findings disclosed that are required to be reported in accordance with the federal Uniform Guidance? Yes No

Identification of major programs:

ALN Number(s)	Name of Federal Program or Cluster	Federal Expenditures
84.027A, 84.173A	Special Education Cluster	\$978,905

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

Auditee qualified as low-risk auditee? Yes No

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HOLLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (PART 2)
FINANCIAL STATEMENT FINDINGS AND FEDERAL AWARDS FINDINGS
AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2025

SECTION II – FINANCIAL STATEMENT FINDINGS

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

No findings or questioned costs required to be reported in accordance with *Government Auditing Standards* for the years ended August 31, 2025 and August 31, 2024.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

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

No findings or questioned costs required to be reported in accordance with *federal Uniform Guidance* for the years ended August 31, 2025 and August 31, 2024.