

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDING JUNE 30, 2025

KLEIN INDEPENDENT SCHOOL DISTRICT • 7200 SPRING CYPRESS ROAD • KLEIN, TEXAS 77379 • HARRIS COUNTY • WWW.KLEINISD.NET

KLEIN INDEPENDENT SCHOOL DISTRICT
Independent School District

Annual Comprehensive Financial Report

For the Year Ended June 30, 2025

Prepared by the Finance Department
Klein Independent School District
7200 Spring Cypress Road
Klein, Texas 77379

KLEIN INDEPENDENT SCHOOL DISTRICT
TABLE OF CONTENTS

	Page	Exhibit/ Table
Introductory Section		
Letter of Transmittal	i	
ASBO Certificate of Excellence in Financial Reporting	vi	
GFOA Certificate of Achievement for Excellence in Financial Reporting	vii	
Principal Officials and Advisors	viii	
Organizational Chart	ix	
Certificate of Board	x	
Financial Section		
Independent Auditor's Report	3	
Management's Discussion and Analysis	7	
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	20	A-1
Statement of Activities	22	B-1
Governmental Fund Financial Statements:		
Balance Sheet	23	C-1
Reconciliation of Balance Sheet for Governmental Funds to Statement of Net Position	24	C-1R
Statement of Revenues, Expenditures, and Changes in Fund Balance	25	C-2
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	26	C-2R
Proprietary Fund Financial Statements:		
Statement of Net Position – Proprietary Fund	27	D-1
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund	28	D-2
Statement of Cash Flows – Proprietary Fund	29	D-3
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Net Position – Fiduciary Fund	30	E-1
Statement of Changes in Fiduciary Net Position – Fiduciary Fund	31	E-2
Notes to the Financial Statements	33	F-1
Required Supplementary Information:		
Schedule of Revenues, Expenditures, and Changes In Fund Balance – Budget and Actual – Budgetary Comparison Schedule General Fund	71	G-1
Schedule of the District's Proportionate Share of the Net Pension Liability of a Cost-Sharing Multiple-Employer Pension Plan – Teacher Retirement System of Texas	72	G-2
Schedule of District's Pension Contributions to the Teacher Retirement System of Texas Pension Plan (TRS)	73	G-3
Schedule of District's Proportionate Share of the Net OPEB Liability of a Cost-Sharing Multiple-Employer OPEB Plan – Teacher Retirement System of Texas (TRS Care)	74	G-4
Schedule of District's Contributions of the Teacher Retirement System of Texas OPEB Plan (TRS-Care)	75	G-5
Notes to Required Supplementary Information	76	

KLEIN INDEPENDENT SCHOOL DISTRICT
TABLE OF CONTENTS (continued)

	Page	Exhibit/ Table
Financial Section (continued)		
Supplementary Information:		
Combining and Individual Fund Financial Statements and Schedules:		
Major Governmental Funds:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund	82	G-6
Nonmajor Governmental Funds:		
Fund Descriptions – Nonmajor Governmental Funds – Special Revenue Funds		
Combining Balance Sheet – All Nonmajor Governmental Funds – Special Revenue Funds	87	H-1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – All Nonmajor Governmental Funds – Special Revenue Funds	92	H-2
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – National School Breakfast and Lunch Program	97	H-3
Compliance Schedules Required by the Texas Education Agency (TEA):		
Schedule of Delinquent Taxes Receivable	101	J-1
Compensatory Education Program and Bilingual Education Program Compliance Responses	102	J-4
Statistical Section (Unaudited)		
Financial Trends:		
Net Position by Component – Last Ten Fiscal Years	106	1
Changes in Net Position – Last Ten Fiscal Years	108	2
Fund Balances of Governmental Funds – Last Ten Fiscal Years	112	3
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years	114	4
Revenue Capacity:		
Assessed Value and Actual Value of Taxable Property – Last Ten Fiscal Years	117	5
Property Tax Rates – Direct and Overlapping Governments – Last Ten Fiscal Years	118	6
Principal Property Taxpayers – Current Year and Nine Years Ago	122	7
Property Tax Levies and Collections – Last Ten Fiscal Years	123	8
Debt Capacity:		
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	124	9
Ratios of net General Obligation Bonded Debt Outstanding – Last Ten Fiscal Years	125	10
Direct and Overlapping Governmental Activities Debt	126	11
Demographic and Economic Information:		
Demographic and Economic Statistics – Last Ten Fiscal Years	128	12
Principal Employers – Current Year and Nine Years Ago	129	13
Operating Information:		
Full-Time Equivalent District Employees by Position – Last Ten Fiscal Years	130	14
Operating Statistics – Last Ten Fiscal Years	132	15
Teacher Base Salaries – Last Ten Fiscal Years	135	16
School Building Information – Last Ten Fiscal Years	136	17
District Map	138	18
Required Responses to Selected School FIRST Indicators	139	L-1
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*	140	
Schedule of Findings and Responses	142	

INTRODUCTORY SECTION



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November 10, 2025

Board of Trustees and Citizens of
Klein Independent School District
7200 Spring Cypress Rd.
Klein, TX 77379-3299

Dear Board of Trustees and Citizens:

State law requires that each school district must have its fiscal accounts audited annually. A copy of the annual financial report, approved by the Board of Trustees, must be filed with the Texas Education Agency (TEA) by the 150th day after the end of the fiscal year. The Annual Comprehensive Financial Report (ACFR) of the Klein Independent School District (the District) is published to fulfill that requirement for the year ended June 30, 2025.

The independent audit of the financial statements is part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the District's separately issued Single Audit Report.

The ACFR consists of management's representations concerning the finances of the District. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the District's administration. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework. The framework is designed to protect the District's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls is designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

Whitley Penn, a firm of licensed certified public accountants, has issued an unmodified opinion based upon the audit of the District's financial statements for the year ended June 30, 2025. The independent auditors' report is presented as the first component of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the report of the independent auditors and provides a narrative introduction, overview, and analysis to accompany the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction.

PROFILE OF THE DISTRICT

The area was settled in 1845 by German immigrants and later named after immigrant Adam Klein. In July 1928, the present boundary lines of the school district were established with the consolidation of five common school districts, and the official name became Rural High School District Number One. The total enrollment was 582. In March 1938, the school district was incorporated and renamed the Klein Independent School District. The District is not included in any other governmental reporting entity and there are no component units.

A seven-member Board of Trustees (the Board) governs the District and has governance responsibilities over all activities related to public elementary and secondary education. Each member is elected to an at-large position for three years in a nonpartisan election. An election is held each November for either two or three positions. Based on legislative authority codified in the Texas Education Code, the Board (1) has exclusive power to manage and govern the District; (2) can acquire and hold real and personal property; (3) shall have power to levy and collect taxes and to issue bonds; (4) can contract for appointed officers, teachers, and other personnel as well as for goods and services; and (5) has the right of eminent domain to acquire real property.

Klein Independent School District, encompassing approximately 87.5 square miles, is located in northwestern Harris County, Texas. Most of the District is located between Interstate Highway 45 (IH 45) on the east and State Highway 249 (SH 249) on the west. The southern boundary follows Cypress Creek for a considerable distance and a portion of the northern boundary of the District is coterminous with the northern boundary of Harris County. The District is comprised of five high schools, ten intermediate schools, 33 elementary schools, and four alternative program campuses. The ages of the school buildings range from four to 50 or more years.

The District provides a full range of educational services appropriate to grade levels Pre-Kindergarten (PK) through 12. These include on-level and advanced academic education, special education, career and technical education, linguistic training for emergent bilingual learners, a disciplinary alternative education program, and an alternative high school program offering an accelerated and individualized curriculum. These academic programs are supplemented by a wide variety of offerings in the fine arts and athletics.

The annual budget serves as the foundation for the District's financial planning and control. The Board adopts an appropriated budget for the general fund, debt service fund, and the National School Breakfast and Lunch Program special revenue fund on a basis consistent with GAAP. Prior to June 20 each year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them. A meeting of the Board is called for the purpose of adopting the proposed budget after a ten-day public notice of the meeting has been given. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board. The appropriated budget is prepared by fund, function, and campus/department. Transfers of appropriations between campuses/departments require the approval of the District's management. However, transfers of appropriations between functions require the approval of the Board as recommended by the Superintendent.

LOCAL ECONOMY

Klein's housing market is holding steady, with prices flat despite broader downward pressure. Meanwhile, the Houston region is seeing greater inventory, easing affordability strains, and modest signs of stabilization in sales activity.

The office sector remains under pressure, but there's renewed momentum in Class A space, especially in top submarkets like CBD and The Woodlands. Vacancy signals slight improvement, but tenant demand remains cautious, especially for lower-tier spaces. Retail remains one of the stronger sectors, buoyed by strong occupancy and supply from anchor retailers. Emerging mixed-use projects suggest confidence in long-term demand, despite near-term absorption softening.

Houston's job market is gradually improving, with strong performance in core sectors such as energy, services, healthcare, and hospitality. A few sectors—including construction and professional/business services—continue to struggle.

Energy, services, and healthcare are bright spots, even as overall unemployment remains slightly elevated. Overall, while the Houston economy continues to face challenges in certain sectors, particularly office real estate, the broader picture shows resilience, especially in energy and retail sectors.

LONG-TERM FINANCIAL PLANNING

The District remains one of the largest school districts in Texas; however, the disruption due to Hurricane Harvey and COVID-19 along with limited land availability and slower state-wide birthrates have led to a slower growth rate. Enrollment was projected to return to pre-pandemic levels of approximately 53,600 students during the 2022-23 school year. The level of student enrollment is expected to be stable to a slight decline over the next several years. The square footage of the District's schools ranges from 65,500 to 679,289 square feet. Based on the District's current total of forty-eight schools and four alternative program campuses, the District has reached approximately 90% of its permanent classroom facility requirements. The students per square mile are based on an enrollment that would stabilize after a peak in excess of 55,000 students.

In May 2015, the District passed a $498.1 million bond issue as part of a five-year plan that will address growth and facility needs for our students in five general areas: growth, technology, renovations, school buses, and safety and security. The District has sold all of the 2015 bond authorization and is currently closing out a few remaining projects.

In May 2022, the District passed an $895.35 million bond election that represents the approval of two propositions. The bond projects that were ratified by the voters represent $843.8 million for improved safety and security at all schools, build a new school, address growth and capacity challenges, modernize and restore aging schools (50+ years old), renovate all schools, upgrade academic, arts, and athletic/PE spaces, and purchase additional buses. Funds would also be used for additional safety and security measures at every school. In addition, $51.5 million has been used for technology devices for classroom instruction, including student, teacher, and staff devices. This proposition allowed for students and teachers on every campus – from elementary to high school – to learn on the technology used for preparation for college and career. The District sold $152.69 million in bonds in 2022-23 to begin bond programs prioritizing initial funding toward safety and security projects. The District sold $340 million in 2023-24 for the next round of projects which should cover the planned construction costs for two years. In July 2025, the District issued Bonds Series 2025 and Series 2025A in the amount of $205 million in new project funds along with a refunding of $171.8 million for existing debt.

The District approach to managing increased academic standards in a fluctuating funding environment is to ensure the budget process is instructionally driven and guided by the Strategic Plan. The major budget priorities in 2024-25 are to create and offer a competitive compensation package for District employees, align budget requests to build on strong academic performance in the state accountability system, and to support campus and program requests.

The Board and administration review the Strategic Plan at least annually, focusing on aligning the allocation of resources, both personnel and financial, with the accomplishment of the goals and objectives. This facilitates identification of target areas for both operating cost reductions and increases.

RELEVANT FINANCIAL POLICIES

Budget planning is an integral part of overall program planning so that the budget effectively reflects the District's programs and activities and provides the resources to implement them. In the budget planning process, general educational goals, specific program goals, and alternatives for achieving program goals are considered, as well as input from the District and campus-level planning and decision-making committees. Budget planning and evaluation are continuous processes and are a part of monthly activities.

MAJOR INITIATIVES

Klein Independent School District shares a vision that every student enters with a promise and exits with a purpose. During the 2024-25 school year, the District continued aligning workstreams and resources to three strategic priorities: Reimagine Learning, Cultivate Talent, and Build Community.

Students engaging in rigorous and advanced coursework is paramount to every student exiting with a purpose; to that end, the District offers high school advanced placement courses, an international baccalaureate program, and classes with dual high school and college credit through the Lone Star College System. The District continues to offer a pre-advanced placement program in intermediate and high schools in all core subject areas to support student preparation for academic success. In 2024-25, advanced offerings and pathways were expanded and increased, as more students expressed a desire to participate. Additionally, Klein ISD currently offers 50 industry-level certifications and nearly 200 pathway courses. Klein ISD educators are continually provided personalized professional learning and development focusing on research-based instructional strategies and leadership and technical competencies necessary to fulfill the District's promise to its students.

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AWARDS AND ACKNOWLEDGEMENTS

Klein Independent School District received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada (GFOA) for its ACFR for the fiscal year ended June 30, 2024. To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized ACFR, whose contents conform to program standards. Such an ACFR must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report will conform to the Certificate of Achievement Program requirements and is being submitted to the GFOA for review. The District received the Association of School Business Officials' (ASBO) Certificate of Excellence in Financial Reporting for the prior year. This award certifies that the ACFR for the fiscal year ended June 30, 2024 substantially conforms to the principles and standards of financial reporting as recommended and adopted by the ASBO. We believe our current report will conform to the Certificate of Excellence Program requirements and is being submitted to the ASBO for review. In addition, the District was awarded the ASBO Meritorious Budget Award for its 2024-25 adopted budget document. To receive this award, a school district must publish a budget document that substantially conforms to the principles and standards of this organization. Likewise, the District has received the Award of Merit for Purchasing Operations from the Texas Association of School Business Officials for the fourth consecutive year.

We would like to express our appreciation to the Board of Trustees for their attention in providing fiscal accountability to the patrons of our District and for their expertise in financial decisions. Special appreciation goes to the District's Finance Department and the independent auditors' staff. The preparation of this report could not have been accomplished without their efficient and dedicated service.

Respectfully submitted,

Dr. Jenny McGown
Superintendent

Daniel A. Schaefer, CPA
Chief Financial Officer

Jason Gossett, RTSBA
Executive Director – Business Services

Cassandra Thomason-Beaty
Director - Accounting

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Klein Independent School District

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

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

CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING

Ryan S. Stechschulte
President

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

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Klein Independent School District
Texas

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrill

Executive Director/CEO

KLEIN INDEPENDENT SCHOOL DISTRICT
Principal Officials and Advisors

Elected Officials - Board of Trustees

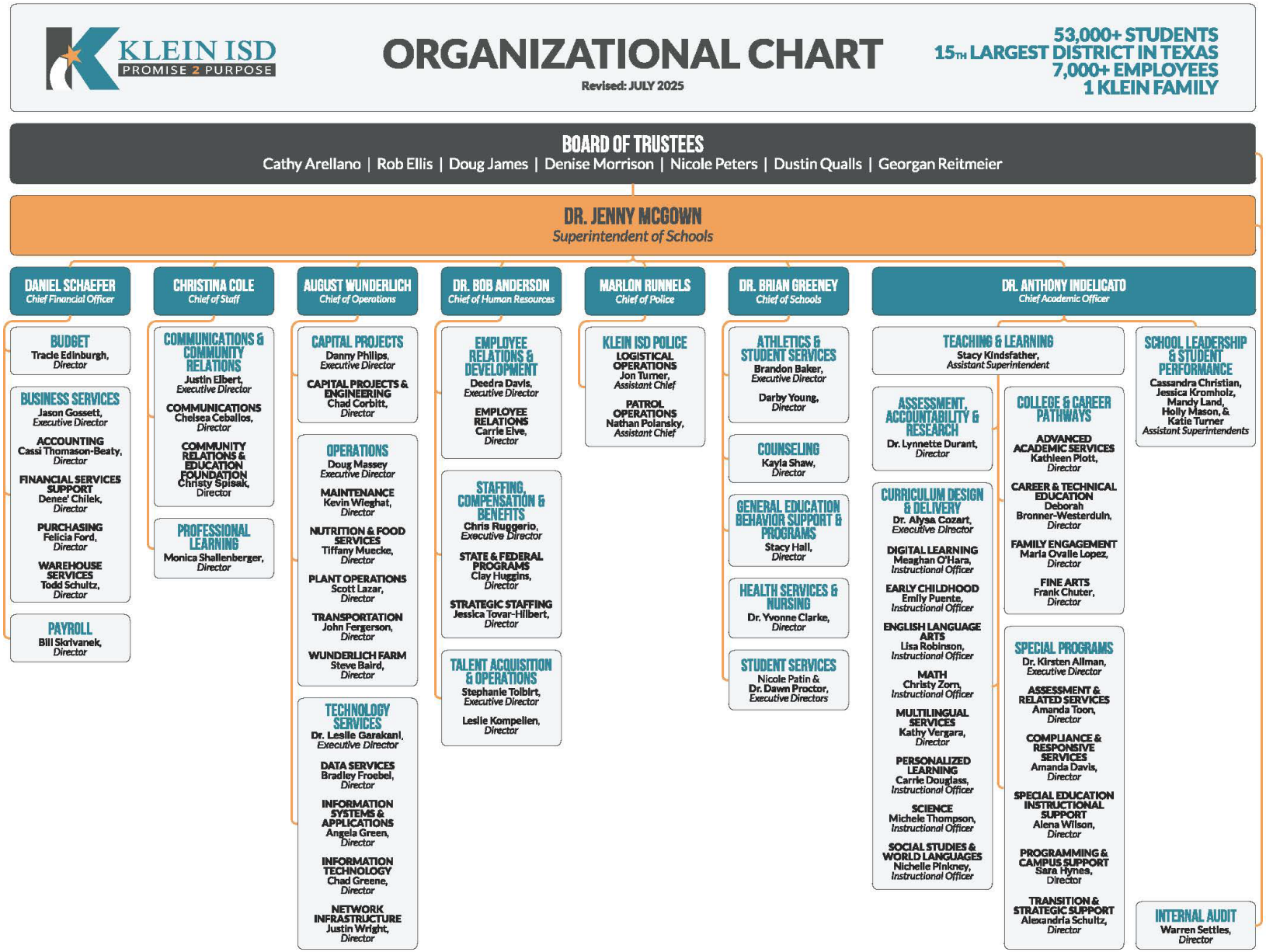
Rob Ellis	President
Doug James	Vice President
Dustin Qualls	Secretary
Cathy Arellano	Trustee
Denise Morrison	Trustee
Nicole Peters	Trustee
Georgan Reitmeier	Trustee

Appointed Administrators

Dr. Jenny McGown	Superintendent of Schools
Daniel A. Schaefer, CPA	Chief Financial Officer
Dr. Bob Anderson	Chief of Human Resource Services
Dr. Brian Greeney	Chief of Schools
Christina Cole	Chief of Staff
Dr. Anthony Indelicato	Chief Academic Officer
Marlon Runnels	Chief of Police
August Wunderlich	Chief of Operations

Consultants and Advisors

Whitley Penn, LLP	Houston, Texas - Independent Auditors
Rogers, Morris, & Grover, LLP	Houston, Texas - General Counsel
Spalding Nichols Lamp Langlois	Houston, Texas - General Counsel
Bracewell LLP	Houston, Texas - Bond Counsel
RBC Capital Markets	Houston, Texas - Financial Advisor


KLEIN ISD
PROMISE 2 PURPOSE
ORGANIZATIONAL CHART
Revised: JULY 2025
53,000+ STUDENTS
15TH LARGEST DISTRICT IN TEXAS
7,000+ EMPLOYEES
1 KLEIN FAMILY
BOARD OF TRUSTEES
Cathy Arellano | Rob Ellis | Doug James | Denise Morrison | Nicole Peters | Dustin Qualls | Georgan Reitmeier
DR. JENNY MCCOWN
Superintendent of Schools
DANIEL SCHAEFER
Chief Financial Officer
BUDGET
Tracie Edinburgh, Director
BUSINESS SERVICES
Jason Gossett, Executive Director
ACCOUNTING
Cassi Thomason-Beaty, Director
FINANCIAL SERVICES SUPPORT
Denee' Chilek, Director
PURCHASING
Felicia Ford, Director
WAREHOUSE SERVICES
Todd Schultz, Director
PAYROLL
Bill Skrivanek, Director
CHRISTINA COLE
Chief of Staff
COMMUNICATIONS & COMMUNITY RELATIONS
Justin Elbert, Executive Director
COMMUNICATIONS
Chelsea Ceballos, Director
COMMUNITY RELATIONS & EDUCATION FOUNDATION
Christy Spisak, Director
PROFESSIONAL LEARNING
Monica Shallenberger, Director
AUGUST WUNDERLICH
Chief of Operations
CAPITAL PROJECTS
Danny Phillips, Executive Director
CAPITAL PROJECTS & ENGINEERING
Chad Corbitt, Director
OPERATIONS
Doug Massey Executive Director
MAINTENANCE
Kevin Wieghat, Director
NUTRITION & FOOD SERVICES
Tiffany Muecke, Director
PLANT OPERATIONS
Scott Lazar, Director
TRANSPORTATION
John Fergerson, Director
WUNDERLICH FARM
Steve Baird, Director
TECHNOLOGY SERVICES
Dr. Leslie Garakani, Executive Director
DATA SERVICES
Bradley Froebel, Director
INFORMATION SYSTEMS & APPLICATIONS
Angela Green, Director
INFORMATION TECHNOLOGY
Chad Greene, Director
NETWORK INFRASTRUCTURE
Justin Wright, Director
DR. BOB ANDERSON
Chief of Human Resources
EMPLOYEE RELATIONS & DEVELOPMENT
Deedra Davis, Executive Director
EMPLOYEE RELATIONS
Carrie Elve, Director
STAFFING, COMPENSATION & BENEFITS
Chris Ruggerio, Executive Director
STATE & FEDERAL PROGRAMS
Clay Huggins, Director
STRATEGIC STAFFING
Jessica Tovar-Hilbert, Director
TALENT ACQUISITION & OPERATIONS
Stephanie Tolbirt, Executive Director
Leslie Kompellen, Director
MARLON RUNNELS
Chief of Police
KLEIN ISD POLICE
LOGISTICAL OPERATIONS
Jon Turner, Assistant Chief
PATROL OPERATIONS
Nathan Polansky, Assistant Chief
DR. BRIAN GREENEY
Chief of Schools
ATHLETICS & STUDENT SERVICES
Brandon Baker, Executive Director
Darby Young, Director
COUNSELING
Kayla Shaw, Director
GENERAL EDUCATION BEHAVIOR SUPPORT & PROGRAMS
Stacy Hall, Director
HEALTH SERVICES & NURSING
Dr. Yvonne Clarke, Director
STUDENT SERVICES
Nicole Patin & Dr. Dawn Proctor, Executive Directors
DR. ANTHONY INDELICATO
Chief Academic Officer
TEACHING & LEARNING
Stacy Kindsfather, Assistant Superintendent
ASSESSMENT, ACCOUNTABILITY & RESEARCH
Dr. Lynnette Durant, Director
CURRICULUM DESIGN & DELIVERY
Dr. Alysa Cozart, Executive Director
DIGITAL LEARNING
Meaghan O'Hara, Instructional Officer
EARLY CHILDHOOD
Emily Puente, Instructional Officer
ENGLISH LANGUAGE ARTS
Lisa Robinson, Instructional Officer
MATH
Christy Zorn, Instructional Officer
MULTILINGUAL SERVICES
Kathy Vergara, Director
PERSONALIZED LEARNING
Carrie Douglass, Instructional Officer
SCIENCE
Michele Thompson, Instructional Officer
SOCIAL STUDIES & WORLD LANGUAGES
Nichelle Pinkney, Instructional Officer
COLLEGE & CAREER PATHWAYS
ADVANCED ACADEMIC SERVICES
Kathleen Plott, Director
CAREER & TECHNICAL EDUCATION
Deborah Bronner-Westerduin, Director
FAMILY ENGAGEMENT
Maria Ovalle Lopez, Director
FINE ARTS
Frank Chuter, Director
SPECIAL PROGRAMS
Dr. Kirsten Allman, Executive Director
ASSESSMENT & RELATED SERVICES
Amanda Toon, Director
COMPLIANCE & RESPONSIVE SERVICES
Amanda Davis, Director
SPECIAL EDUCATION INSTRUCTIONAL SUPPORT
Alena Wilson, Director
PROGRAMMING & CAMPUS SUPPORT
Sara Hynes, Director
TRANSITION & STRATEGIC SUPPORT
Alexandria Schultz, Director
SCHOOL LEADERSHIP & STUDENT PERFORMANCE
Cassandra Christian, Jessica Kromholz, Mandy Land, Holly Mason, & Katie Turner
Assistant Superintendents
INTERNAL AUDIT
Warren Settles, Director

CERTIFICATE OF BOARD

Klein Independent School District	**Harris**	**101-915**
Name of School District	County	Co. - Dist. No.

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and approved for the year ended June 30, 2025, at a meeting of the Board of Trustees of such school district on November 10, 2025.

President of the Board

Secretary of the Board

FINANCIAL SECTION



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whitleypenn

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713.621.1515 Main

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Klein Independent School District

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements 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 June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, pension information, and other-post employment benefit information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 fund financial statements and schedules and the compliance schedules required by the Texas Education Agency 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 GAAS. In our opinion, the combining and individual fund financial statements and compliance schedules required by the Texas Education Agency 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 in the annual report. The other information comprises the introductory section, statistical section, and Required Responses to Selected School FIRST Indicators (Schedule L-1) but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the 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 November 10, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Whitley Penn LLP

Houston, Texas
November 10, 2025


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As management of the Klein Independent School District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2025.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the current fiscal year by $155,967,390 (net position).
- The District's total net position increased by $28,972,369.
- At the close of the current fiscal year, the District's governmental funds reported combined fund balances of $513,832,853, a decrease of $131,672,089 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance in the general fund was $154,560,476, or 28.1% of total general fund expenditures.
- The District's bonded debt, at par, decreased by $52,950,000, or 3.8%, during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements.

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

The *Statement of Net Position* presents financial information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused sick leave).

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

The government-wide financial statements are referenced as Exhibits A-1 and B-1 in this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains 22 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, and the capital projects fund, which are considered to be major funds. Data from the other 19 governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The District adopts annual appropriated budgets for its general fund, debt service fund, and the *National School Breakfast and Lunch Program* special revenue fund. Budgetary comparison statements have been provided in this report to demonstrate compliance with those appropriated budgets.

The basic governmental fund financial statements are referenced as Exhibits C-1, C-1R, C-2, and C-2R in this report.

Proprietary Fund. The District maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The District uses an enterprise fund to account for early childhood programs and employee child care programs. The proprietary fund financial statements provide separate information for the District's enterprise activities.

The basic proprietary fund financial statements are referenced as Exhibits D-1, D-2, and D-3 in this report.

Fiduciary Fund. The District's fiduciary fund is used to account for resources held for the benefit of students. The fiduciary fund is not reported in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements are referenced as Exhibits E-1 and E-2 in this report.

*Notes to the Basic Financial Statements***.** The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements immediately follow the basic financial statements in this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial statements. The required supplementary information relates to comparison of the original adopted budget, the final amended budget, and the actual amounts for the fiscal year. This is required supplementary information for the general fund and any major special revenue funds. The District did not have any major special revenue funds during the current fiscal year; therefore, only the general fund is presented as required supplementary information. The required supplementary information also provides information on the District's cost-sharing multiple employer pension and OPEB plans of which the District is a participant. The required supplementary information is referenced as Exhibits G-1 through G-5 and the associated notes immediately following the exhibits in this report.

The combining and individual fund statements, schedules, and compliance schedules required by the Texas Education Agency (TEA) comprise additional *supplementary information*. The additional supplementary information is presented immediately following the required supplementary information in this report. The additional supplementary information is referenced as Exhibits G-6, H-1, H-2, H-3, J-1, and J-4 in this report.

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $155,967,390 at the close of the most recent fiscal year.

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets						
Current and other assets	$ 641,361,573	$ 774,882,196	$ 240,303	$ 156,908	$ 641,601,876	$ 775,039,104
Capital assets	1,431,651,069	1,339,192,791	37,826	39,956	1,431,688,895	1,339,232,747
Total Assets	2,073,012,642	2,114,074,987	278,129	196,864	2,073,290,771	2,114,271,851
Total Deferred Outflows of Resources	112,766,193	133,028,004	-	-	112,766,193	133,028,004
Liabilities						
Long-term liabilities	1,777,097,793	1,826,879,611	-	-	1,777,097,793	1,826,879,611
Other liabilities	132,951,513	136,947,772	8,628	1,220	132,960,141	136,948,992
Total Liabilities	1,910,049,306	1,963,827,383	8,628	1,220	1,910,057,934	1,963,828,603
Total Deferred Inflows of Resources	120,031,640	158,826,323	-	-	120,031,640	158,826,323
Net Position						
Net investment in capital assets	130,435,185	95,919,397	37,826	39,956	130,473,011	95,959,353
Restricted	110,297,739	110,030,155	-	-	110,297,739	110,030,155
Unrestricted	(85,035,035)	(81,500,267)	231,675	155,688	(84,803,360)	(81,344,579)
Total Net Position	$ 155,697,889	$ 124,449,285	$ 269,501	$ 195,644	$ 155,967,390	$ 124,644,929

Net investment in capital assets of $130,473,011 reflects the District's investment in capital assets (e.g., land, buildings, furniture and equipment, construction in progress, subscription assets, and lease assets) less any related debt used to acquire those assets and unspent bond proceeds. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. An additional portion of the District's net position, $110,297,739, represents resources that are subject to external restrictions on how they may be used.

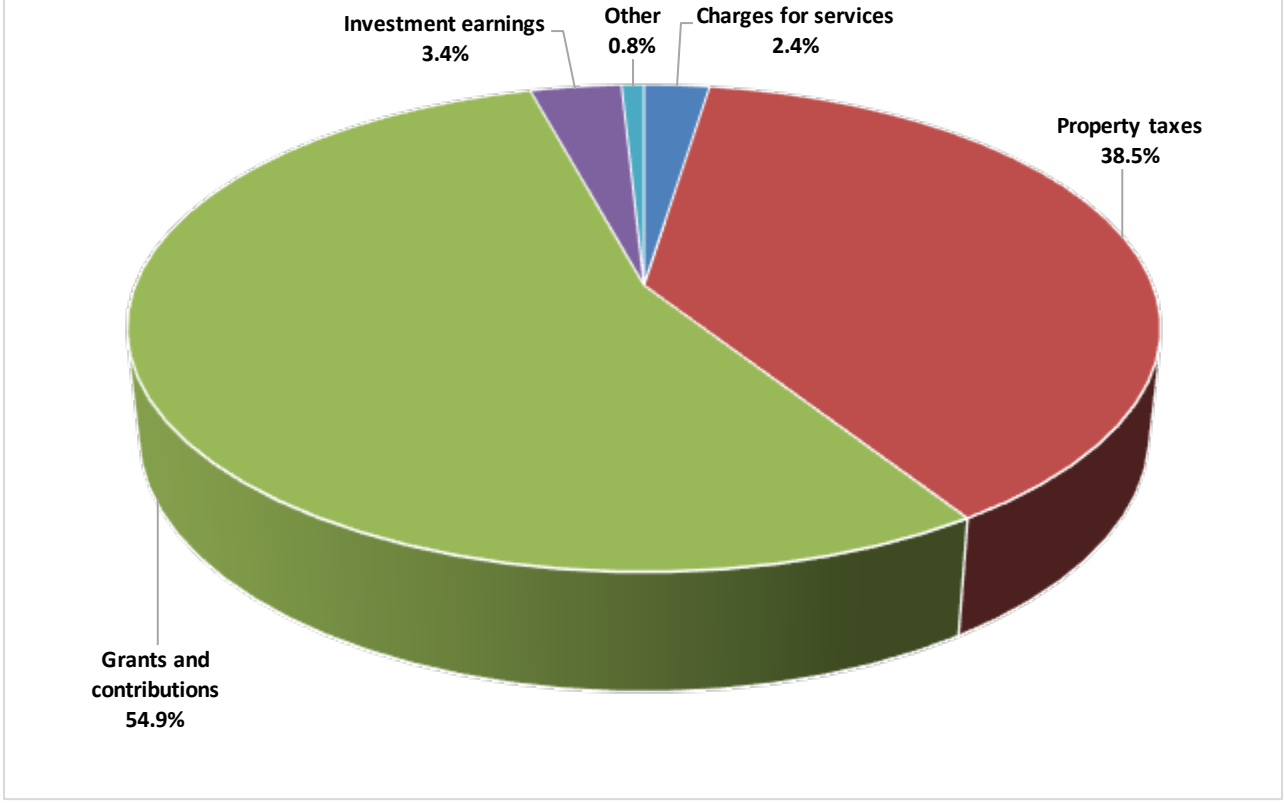
As of the end of the current year, the District's unrestricted net position was a deficit balance of $84.8 million. The deficit is caused primarily by the approximately $198.9 million in net pension liability and $126.9 million in net OPEB Liability. Although the District reports a deficit, the deficit is primarily due to reporting the District's proportionate share of the net pension and OPEB liabilities. The total District liability is reported in the governmental activities; however, the actual liability does not require the use of current resources at the fund level, which results in a timing difference since TRS pension and TRS-Care OPEB is funded on a pay-as-you-go basis. The District has made all contractually required contributions as noted in the required supplementary information and has sufficient fund balance to meet ongoing obligations to students and creditors.

The District's overall net position increased by $28,972,369 from the prior year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Program Revenues						
Charges for services	$ 17,649,211	$ 19,877,682	$ 608,830	$ 757,184	$ 18,258,041	$ 20,634,866
Operating grants and contributions	100,057,694	132,949,559	4,000	-	100,061,694	132,949,559
General Revenues						
Property taxes	280,036,604	271,389,029	-	-	280,036,604	271,389,029
Grants and contributions not restricted	299,494,218	286,543,224	-	-	299,494,218	286,543,224
Investment earnings	24,638,040	31,286,177	-	-	24,638,040	31,286,177
Other	6,048,160	5,522,645	-	-	6,048,160	5,522,645
Total Revenues	727,923,927	747,568,316	612,830	757,184	728,536,757	748,325,500
Expenses						
Instruction	377,853,885	429,938,308	-	-	377,853,885	429,938,308
Instructional resources and media services	4,762,288	5,278,467	-	-	4,762,288	5,278,467
Curriculum and staff development	17,405,643	17,214,291	-	-	17,405,643	17,214,291
Instructional leadership	6,668,065	6,696,571	-	-	6,668,065	6,696,571
School leadership	39,183,482	41,123,862	-	-	39,183,482	41,123,862
Guidance, counseling, and evaluation services	41,398,977	40,988,825	-	-	41,398,977	40,988,825
Social work services	495,249	515,811	-	-	495,249	515,811
Health services	7,348,929	7,453,289	-	-	7,348,929	7,453,289
Student transportation	20,471,001	20,358,149	-	-	20,471,001	20,358,149
Food service	30,261,240	31,027,698	-	-	30,261,240	31,027,698
Extracurricular activities	16,114,052	17,356,881	-	-	16,114,052	17,356,881
General administration	12,309,713	12,436,391	-	-	12,309,713	12,436,391
Facilities maintenance and operations	41,686,874	43,298,622	-	-	41,686,874	43,298,622
Security and monitoring services	10,293,902	9,582,247	-	-	10,293,902	9,582,247
Data processing services	14,147,735	18,425,682	-	-	14,147,735	18,425,682
Community services	1,673,385	1,859,347	-	-	1,673,385	1,859,347
Interest on long-term debt	51,333,502	53,116,978	-	-	51,333,502	53,116,978
Debt issuance costs and fees	36,776	1,799,951	-	-	36,776	1,799,951
Facilities acquisition and construction	1,735,469	1,137,374	-	-	1,735,469	1,137,374
Payments related to shared services arrangements	1,246,827	868,155	-	-	1,246,827	868,155
Payments to Juvenile Justice Alternative Education Programs	328,309	222,544	-	-	328,309	222,544
Other intergovernmental charges	2,270,112	2,443,327	-	-	2,270,112	2,443,327
Early Learning	-	-	538,973	550,461	538,973	550,461
Total Expenses	699,025,415	763,142,770	538,973	550,461	699,564,388	763,693,231
Increase (Decrease) in Net Position	28,898,512	(15,574,454)	73,857	206,723	28,972,369	(15,367,731)
Net Position - Beginning (2025 restated)	126,799,377	140,023,739	195,644	(11,079)	126,995,021	140,012,660
Net Position - Ending	$ 155,697,889	$ 124,449,285	$ 269,501	$ 195,644	$ 155,967,390	$ 124,644,929

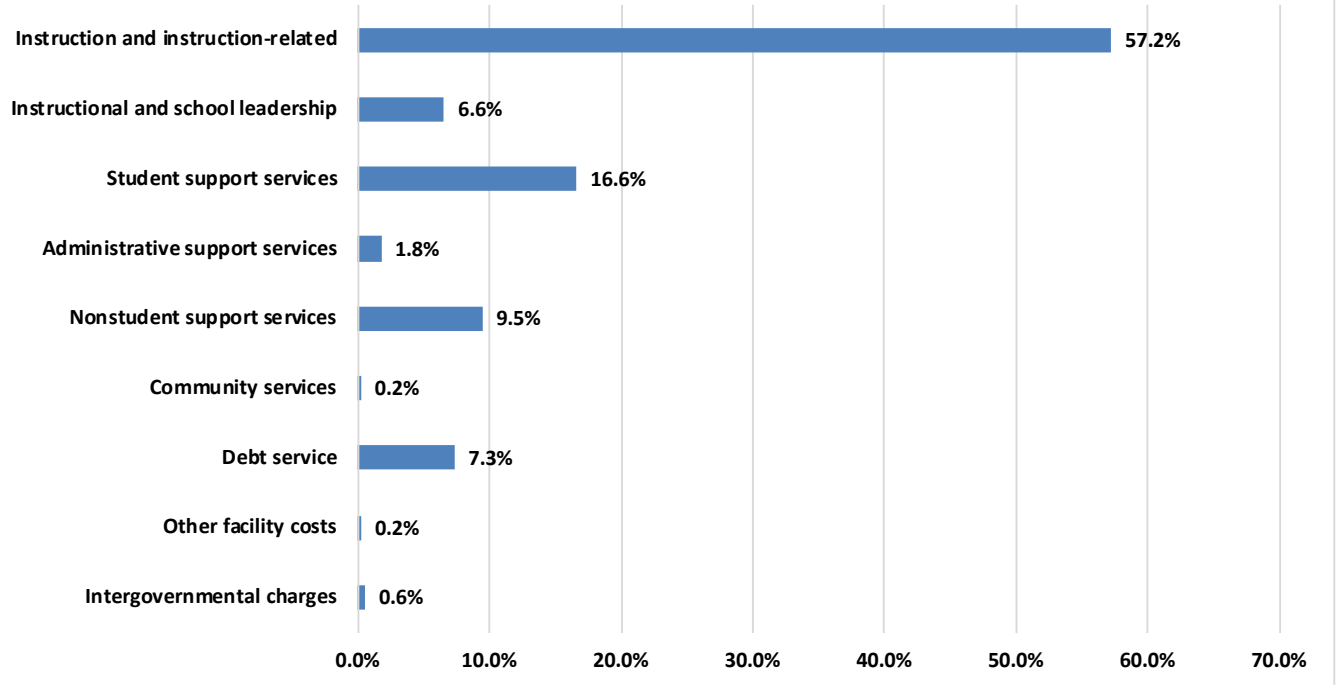
Governmental Activities. Revenues are generated primarily from two sources (see Figure 1). Property taxes ($280,036,604) represent 38.5% of total revenues and grants and contributions (program and general) totaling $399,551,912 represent 54.9% of total revenues. The remaining 6.6% is generated from charges for services, investment earnings, and miscellaneous revenues. The increase in grants and contributions is primarily attributable to higher allocations received through the Foundation School Program Entitlements and the Available School Fund.

Figure 1
Revenues by Source - Governmental Activities
For the Year Ended June 30, 2025



The primary functional expenses (see Figure 2) of the District are instruction and instructional-related ($400,021,816), which represent 57.2% of total expenses, student support services ($116,089,448) which represent 16.6% of total expenses, and non-student support services ($66,128,511), which represent 9.5% of total expenses. The remaining individual functional categories are each less than 7.3% of total expenses. The decrease in total expenses for the current year was primarily driven by the District's strategic cost-saving initiatives and efforts to reduce discretionary spending. Additionally, the decline was directly associated with a reduction in operating grants and contributions from program revenues.

Figure 2
Expenses by Major Functional Category - Governmental Activities
For the Year Ended June 30, 2025



Business-type Activities. For the District's business-type activities, the results for the current fiscal year were positive in that overall net position increased to reach an ending balance of $$269,501 . The total increase in net position for business-type activities (Early Learning Enterprise Fund) was $73,857 or 38% percent from the prior fiscal year. The increase was primarily driven by charges for services exceeding expenses due to a reduction in personnel costs. For the District's business-type activities, the District ended with a net position of $269,501 .

Financial Analysis of Governmental Funds

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

Governmental Funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the District itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the District's Board of Trustees.

At June 30, 2025, the District's governmental funds reported combined fund balances of $513,832,853, a decrease of $130,481,356 in comparison with the prior year which included a restatement of $1,190,733 . Of this amount, $154,560,476, or 30.1%, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable, restricted, committed, or assigned* to indicate that it is (1) not in spendable form, $4,561,042; (2) restricted for particular purposes, $269,176,783; (3) committed for particular purposes, $30,309,493; or (4) assigned for particular purposes, $55,225,059.

General Fund

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was $154,560,476 while total fund balance reached $235,414,424. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 28.1% of total general fund expenditures while total fund balance represents 42.9% of that same amount. The District's general fund balance decreased by $12,445,663 during the current fiscal year primarily driven by a reduction in federal funding and increased expenditures, largely attributable to salary adjustments.

Debt Service Fund

The debt service fund has a total fund balance of $111,364,063, all of which is restricted for the payment of debt service. The District makes semi-annual debt service payments in February and August of each year. Debt service payments including bond fees for the fiscal year ended June 30, 2025 were $110,185,673. The increase in fund balance of $937,963 was primarily due to increased interest income revenues along with budgeted tax collections to cover the August 2025 debt service payment.

Capital Projects Fund

The capital projects fund has a total fund balance of $141,366,028, which is restricted for authorized construction and technology projects. The decrease in fund balance during the current year of $117,754,828 was due to increase in construction projects.

General Fund Budgetary Highlights

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

Estimated Revenues and Other Operating Sources	
$ 9,473	Increase Law Enforcement Officer Standards and Education (LEOSE) funds received
4,889,314	Increase TRS On Behalf
2,096,296	Increase in property tax collections
6,345,474	Increase state revenue based on year end projections
3,497,255	Increase state revenue for estimated Teacher Incentive Allotment (TIA) designations
5,550,414	Increase state revenue related to a Property Value Study
46,841	Net increase in other financing sources due to auction proceeds
(1,359,666)	Net decrease in local revenues due to donations, insurance proceeds, and other miscellaneous local revenues
712,747	Increase indirect cost revenue based on year end projections
(500,000)	Decrease SHARS revenue due to decrease in estimated reimbursement
$ 21,288,148	**Total Estimated Revenues and Other Financing Sources Decrease**

Appropriations and Other Financing Uses	
$ 1,499,000	Increase budget for 10 day staffing positions
3,497,255	Increase budget for Teacher Incentive Allotment (TIA) costs for designation fees
274,745	Increase budget for audit fees related to a Property Value Study for tax year 2022
54,000	Increase summer school expenditures for cost of Summer STEM Enrichment Camp
4,889,314	Increase budget for TRS On Behalf
1,244,134	Increase budget for supplemental instructional materials
700,000	Increase budget for expenditures related to April 2021 Hail Storm
140,000	Increase budget for JJAEP anticipated expenditures
514,781	Increase due to increase in election costs, facility rental expenses, restitution for damages, increase in travel professional development for police officers, and miscellaneous supplies from donations
$ 12,813,229	**Total Appropriations and Other Financing Uses Increase**

The review of the final amended budget versus actual for the general fund reflected that revenues were greater than budgetary estimates and expenditures were less than budgetary estimates. At year end, revenues and other financing sources were $239,654 greater than final budgeted amounts primarily due to increased local revenues. Total expenditures and other financing uses were $12,639,249 less than final budgeted amounts primarily due to unfilled positions and unspent campus and departments budget.

Capital Assets and Long-Term Debt

Capital Assets. The District's investment in capital assets as of June 30, 2025 was $130,473,011 (net of accumulated depreciation/amortization). This investment in capital assets includes land, construction in progress, buildings and improvements, furniture and equipment, right-to-use lease equipment, and subscription assets. The total increase in the District's investment in capital assets was $92,456,148 . Major capital asset events during the current fiscal year included the following:

- Klein IS Renovation including Gym Addition and Clinic
- Strack IS complete Renovation and Modernization
- Haude ES complete Renovation and Modernization
- Greenwood ES complete Renovation and Modernization
- Wunderlich IS complete Renovation and Modernization
- Klein Forest HS Renovation including Auditorium and Third Gym Addition
- Schindewolf IS Renovation including Gym Addition
- Facility Renovation Projects at Several Elementary Campuses including Gym Modernization, Canopies and Marquees
- Upgraded Carpet, Roofing, HVAC and Generator Replacements at Several Campuses
- Enhancements to Safety and Security
- Upgraded Technology Video Surveillance and Network Cabling

CAPITAL ASSETS
(net of depreciation/amortization)

	2025	2024
Governmental Activities:		
Land	$ 116,109,689	$ 116,005,669
Construction in progress	11,651,049	11,583,964
Buildings and improvements	1,226,309,168	1,157,890,566
Furniture and equipment	70,636,088	44,670,967
Subscription assets	4,402,806	6,118,089
Right-to-use lease assets	2,163,387	2,784,292
Library books and media	378,882	139,244
Total Governmental Activities	1,431,651,069	1,339,192,791
Business-Type Activities:		
Furniture and equipment	37,826	39,956
Total Capital Assets	$ 1,431,688,895	$ 1,339,232,747

Construction Commitments. The District has active construction projects as of June 30, 2025. The projects include the construction, renovation, and equipment of school facilities. At year end, the District's remaining commitments with contractors totaled $5,828,768 for ongoing projects.

Additional information on the District's capital assets can be found in Note 3, C. of the notes to the basic financial statements.

Long-Term Liabilities. At June 30, 2025, the District reported long-term liabilities of $1,777,097,793. Of this amount, $1,328,185,000 (par value) is backed by the full faith and credit of the District.

LONG-TERM LIABILITIES

	2025	2024
Bonds payable	$ 1,446,164,143	$ 1,505,263,543
Compensated absences	1,125,590	1,982,370
Workers' compensation	1,146,174	1,194,574
Leases	1,858,056	2,451,453
Subscriptions	921,005	1,963,562
Net pension liability	198,938,287	221,292,560
Net OPEB liability	126,944,538	92,731,549
	$ 1,777,097,793	$ 1,826,879,611

The District's bonded debt, at par, decreased by $52,950,000, or 3.8%, during the current fiscal year.

On May 7, 2022, the authorized voters of the District approved the issuance of $895,350,000 in general obligation bonds. During fiscal year 2023, the District had issued $152,690,000 in general obligation bonds from the May 7, 2022 authorization, consisting of $142,675,000 par value and $11,161,963 in associated premium ($10,015,000 toward the bond program and $1,146,963 toward issuance costs). During fiscal year 2024, the District had issued $340,000,000 in general obligation bonds from the May 7, 2022 authorization, consisting of $315,320,000 par value and $26,380,163 in associated premium ($24,680,000 toward the bond program and $1,700,163 toward issuance costs). The District had $402,660,000 authorized, but unissued, remaining from its May 7, 2022 authorization as of June 30, 2025.

The District maintained its "Aaa" rating from Moody's Investors Service and its "AAA" rating from Standard & Poor's for general obligation debt.

The District's net pension liability decreased by $22,354,273 primarily as a result of changes in actuarial assumptions and improved investment returns compared to prior year.

The District's net OPEB liability increased by $34,212,989 primarily as a result of the changes in actuarial assumptions and lower-than-expected investment returns compared to prior year..

Additional information can be found in Note 3, E. and Note 4, C. and D. of the notes to the basic financial statements.

Economic Factors and Next Year's Budgets and Tax Rates

- Average daily attendance (ADA) is estimated at 47,978.528, which is a 1.06% decrease from the prior year.
- District staff totals 7,594 employees, which primarily consists of 3,672 teachers and 1,019 teachers' aides.
- The District maintains 49 campuses for instruction and four sites for alternative programs.
- The unemployment rate for the State is 4.0%, which continues to decrease since first being impacted by COVID-19 in March 2020.
- Taxable property values within the District are estimated to increase by 4.576% if the homestead exemption remains at $100,000. If the homestead exemption increase to $140,000 is approved, the District is estimated to experience a 5.81% decrease.
- The property tax rate will stay the same at $1.0119 per $100 of assessed value for 2025-26.

All these factors were considered in preparing the District's budget for the 2025-26 school year.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Superintendent of Schools, Klein Independent School District, 7200 Spring Cypress Road, Klein, Texas, 77379.


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BASIC FINANCIAL STATEMENTS

Data Control Codes		Governmental Activities	Business-type Activities	Total
	Assets			
1110	Cash and cash equivalents	$ 454,856,390	$ 152,423	$ 455,008,813
1120	Current investments	52,649,978	-	52,649,978
1225	Property taxes receivables, net	17,491,000	-	17,491,000
1240	Due from other governments	95,553,225	-	95,553,225
1260	Internal balances	(87,230)	87,230	-
1290	Other receivables, net	1,175,113	650	1,175,763
1300	Inventories	2,516,994	-	2,516,994
1410	Prepaid items	2,542,175	-	2,542,175
	Capital assets, not subject to depreciation and amortization:			
1510	Land	116,109,689	-	116,109,689
1580	Construction in progress	11,651,049	-	11,651,049
	Capital assets, net of depreciation/amortization:			
1520	Buildings and improvements	1,226,309,168	-	1,226,309,168
1530	Furniture and equipment	70,636,088	37,826	70,673,914
1553	Subscription assets	4,402,806	-	4,402,806
1559	Right-to-use lease assets	2,163,387	-	2,163,387
1569	Library books and media	378,882	-	378,882
1910	Long-term investments	14,663,928	-	14,663,928
1000	**Total Assets**	2,073,012,642	278,129	2,073,290,771
	Deferred Outflows of Resources			
	Deferred charge on refunding	10,417,947	-	10,417,947
	Deferred outflows - pension	46,220,170	-	46,220,170
	Deferred outflows - OPEB	56,128,076	-	56,128,076
1700	**Total Deferred Outflows of Resources**	112,766,193	-	112,766,193
	Liabilities			
2110	Accounts payable	25,608,136	418	25,608,554
2140	Interest payable	22,913,793	-	22,913,793
2150	Payroll deductions and withholdings	7,213,297	-	7,213,297
2160	Accrued wages payable	66,289,002	8,210	66,297,212
2180	Due to other governments	10,840,641	-	10,840,641
2300	Unearned revenue	86,644	-	86,644
	Noncurrent Liabilities:			
	Due within one year:			
2501	Bonds, leases, SBITAs, compensated absences	59,890,168	-	59,890,168
2502	Due in more than one year:			
	Bonds, leases, SBITAs, compensated absences	1,391,324,800	-	1,391,324,800
2540	Net pension liability	198,938,287	-	198,938,287
2545	Net OPEB liability	126,944,538	-	126,944,538
2000	**Total Liabilities**	1,910,049,306	8,628	1,910,057,934

Data Control Codes		Governmental Activities	Business-type Activities	Total
	Deferred Inflows of Resources			
	Deferred gain on refunding	$ 4,056,655	$ -	$ 4,056,655
	Deferred inflows - pension	6,419,642	-	6,419,642
	Deferred inflows - OPEB	109,555,343	-	109,555,343
2600	**Deferred Inflows of Resources**	120,031,640	-	120,031,640
	Net Position			
3200	Net investment in capital assets	130,435,185	37,826	130,473,011
	Restricted for:			
3820	Federal and state programs	16,446,692	-	16,446,692
3850	Debt service	93,851,047	-	93,851,047
3900	Unrestricted (deficit)	(85,035,035)	231,675	(84,803,360)
3000	**Total Net Position**	$ 155,697,889	$ 269,501	$ 155,967,390

KLEIN INDEPENDENT SCHOOL DISTRICT

Exhibit B-1

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2025

Data Control Codes	Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total
	Governmental Activities:						
11	Instruction	$ 377,853,885	$ 744,230	$ 33,419,877	$ (343,689,778)	$ -	$ (343,689,778)
12	Instructional resources and media services	4,762,288	-	89,941	(4,672,347)	-	(4,672,347)
13	Curriculum and staff development	17,405,643	-	3,845,996	(13,559,647)	-	(13,559,647)
21	Instructional leadership	6,668,065	-	394,218	(6,273,847)	-	(6,273,847)
23	School leadership	39,183,482	-	2,762,501	(36,420,981)	-	(36,420,981)
31	Guidance, counseling, and evaluation services	41,398,977	986	4,412,121	(36,985,870)	-	(36,985,870)
32	Social work services	495,249	-	7,121	(488,128)	-	(488,128)
33	Health services	7,348,929	-	3,988,085	(3,360,844)	-	(3,360,844)
34	Student transportation	20,471,001	3,000	1,085,709	(19,382,292)	-	(19,382,292)
35	Food service	30,261,240	9,009,938	22,874,537	1,623,235	-	1,623,235
36	Extracurricular activities	16,114,052	7,400,099	619,009	(8,094,944)	-	(8,094,944)
41	General administration	12,309,713	-	146,495	(12,163,218)	-	(12,163,218)
51	Facilities maintenance and operations	41,686,874	490,958	1,589,216	(39,606,700)	-	(39,606,700)
52	Security and monitoring services	10,293,902	-	108,616	(10,185,286)	-	(10,185,286)
53	Data processing services	14,147,735	-	7,937,736	(6,209,999)	-	(6,209,999)
61	Community services	1,673,385	-	1,095,915	(577,470)	-	(577,470)
72	Interest on long-term debt	51,333,502	-	14,711,264	(36,622,238)	-	(36,622,238)
73	Debt issuance costs and fees	36,776	-	-	(36,776)	-	(36,776)
81	Facilities acquisition and construction	1,735,469	-	969,337	(766,132)	-	(766,132)
93	Payments related to shared services arrangements	1,246,827	-	-	(1,246,827)	-	(1,246,827)
95	Payments to Juvenile Justice Alternative Education Programs	328,309	-	-	(328,309)	-	(328,309)
99	Other intergovernmental charges	2,270,112	-	-	(2,270,112)	-	(2,270,112)
TG	**Total Governmental Activities**	699,025,415	17,649,211	100,057,694	(581,318,510)	-	(581,318,510)
	Business-Type Activities:						
01	Early Learning	538,973	608,830	4,000	-	73,857	73,857
TB	**Total Business-Type Activities**	538,973	608,830	4,000	-	73,857	73,857
TP	**Total Primary Government**	$ 699,564,388	$ 18,258,041	$ 100,061,694	(581,318,510)	73,857	(581,244,653)
	General Revenues:						
	Taxes:						
MT	Property taxes, levied for general purposes				184,726,610	-	184,726,610
DT	Property taxes, levied for debt service				95,309,994	-	95,309,994
GC	Grants and contributions not restricted to specific programs				299,494,218	-	299,494,218
IE	Investment earnings				24,638,040	-	24,638,040
MI	Miscellaneous				6,048,160	-	6,048,160
TR	**Total General Revenues**				610,217,022	-	610,217,022
CN	Change in net position				28,898,512	73,857	28,972,369
NB	**Net Position Beginning of Year as Previously Reported**				124,449,285	195,644	124,644,929
PA	Restatement (see Note 4.H)				2,350,092	-	2,350,092
	Restated Net Position Beginning of Year				126,799,377	195,644	126,995,021
NE	**Net Position - Ending**				$ 155,697,889	$ 269,501	$ 155,967,390

KLEIN INDEPENDENT SCHOOL DISTRICT *Exhibit C-1*

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2025

Data Control Codes		General Fund	Debt Service	Capital Projects	Total Nonmajor Governmental Funds	Total Governmental Funds
	Assets					
1110	Cash and cash equivalents	$ 160,346,322	$ 114,065,574	$ 148,769,172	$ 31,675,322	$ 454,856,390
1120	Investments	42,935,263	9,714,715	-	-	52,649,978
	Receivables:					
1220	Property taxes - delinquent	15,342,067	6,505,783	-	-	21,847,850
1230	Allowance for uncollectible taxes (credit)	(3,251,844)	(1,105,006)	-	-	(4,356,850)
1240	Due from other governments	77,326,938	426,618	7,599,816	10,199,853	95,553,225
1260	Due from other funds	10,070,763	-	7,262,254	706,309	18,039,326
1290	Other receivables	755,297	-	274,025	145,791	1,175,113
1300	Inventories, at cost	2,018,867	-	-	498,127	2,516,994
1410	Prepaid items	2,542,175	-	-	-	2,542,175
1900	Long-term investments	11,872,227	2,791,701	-	-	14,663,928
1000	**Total Assets**	$ 319,958,075	$ 132,399,385	$ 163,905,267	$ 43,225,402	$ 659,488,129
	Liabilities, Deferred Inflows of Resources, and Fund Balances					
	Liabilities					
2110	Accounts payable	$ 3,093,026	$ 846	$ 21,866,907	$ 647,357	$ 25,608,136
2150	Payroll deductions and withholdings	7,213,297	-	-	-	7,213,297
2160	Accrued wages payable	61,175,551	-	-	5,113,451	66,289,002
2170	Due to other funds	438,588	5,291,332	672,332	11,724,304	18,126,556
2180	Payable to other governments	498,274	10,342,367	-	-	10,840,641
2300	Unearned revenue	34,692	-	-	51,952	86,644
2000	**Total Liabilities**	72,453,428	15,634,545	22,539,239	17,537,064	128,164,276
	Deferred Inflows of Resources					
	Unavailable revenues - property taxes	12,090,223	5,400,777	-	-	17,491,000
2600	**Deferred Inflows of Resources**	12,090,223	5,400,777	-	-	17,491,000
	Fund Balance					
	Non-Spendable:					
3410	Inventories	2,018,867	-	-	-	2,018,867
3430	Prepaid items	2,542,175	-	-	-	2,542,175
	Restricted:					
3450	Federal/State grant restrictions	-	-	-	16,446,692	16,446,692
3470	Capital acquisitions and contractual obligations	-	-	141,366,028	-	141,366,028
3480	Retirement of funded indebtedness	-	111,364,063	-	-	111,364,063
	Committed:					
3545	Other purposes	21,067,847	-	-	9,241,646	30,309,493
	Assigned:					
3580	Self-Insurance	3,000,000	-	-	-	3,000,000
3590	Other purposes	52,225,059	-	-	-	52,225,059
3600	Unassigned	154,560,476	-	-	-	154,560,476
3000	**Total Fund Balances**	235,414,424	111,364,063	141,366,028	25,688,338	513,832,853
4000	**Total Liabilities, Deferred Inflows of Resources, and Fund Balances**	$ 319,958,075	$ 132,399,385	$ 163,905,267	$ 43,225,402	$ 659,488,129

KLEIN INDEPENDENT SCHOOL DISTRICT *Exhibit C-1R*

RECONCILIATION OF BALANCE SHEET FOR GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION

June 30, 2025

Data Control Codes			
	Total Fund Balance, Governmental Funds	$	513,832,853
	Amounts reported for governmental activities in the statement of net position are different because:		
1	Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets at historical cost, net of accumulated depreciation/amortization, where applicable.		1,431,651,069
2	Property taxes receivable have been levied and are due this year, but are not available soon enough to pay for the current period's expenditures, these property taxes and related penalty and interest amounts (net of allowance for uncollectible accounts).		17,491,000
3	Deferred charge (gain) on refunding, net		6,361,292
4	Deferred inflows and outflows related to pension activities, net		39,800,528
5	Deferred inflows and outflows related to OPEB activities, net		(53,427,267)
	Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
6	General obligation bonds		(1,328,185,000)
7	Premiums on issuance		(117,979,143)
8	Compensated absences		(1,125,590)
9	Workers' compensation		(1,146,174)
10	Leases		(1,858,056)
11	Subscriptions		(921,005)
12	Accrued interest payable		(22,913,793)
13	Net pension liability		(198,938,287)
14	Net OPEB liability		(126,944,538)
29	**Total Net Position-Governmental Activities**	$	155,697,889

KLEIN INDEPENDENT SCHOOL DISTRICT

Exhibit C-2

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS

For the Year Ended June 30, 2025

Data Control Codes		General Fund	Debt Service	Capital Projects	Total Nonmajor Governmental Funds	Total Governmental Funds
	Revenues					
5700	Local, intermediate, and out-of-state	$ 200,642,979	$ 97,033,122	$ 11,514,702	$ 19,304,861	$ 328,495,664
5800	State program revenues	328,943,225	14,090,514	-	10,992,812	354,026,551
5900	Federal program revenues	7,148,114	-	7,599,816	53,547,962	68,295,892
5020	**Total Revenues**	536,734,318	111,123,636	19,114,518	83,845,635	750,818,107
	Expenditures					
	Current:					
0011	Instruction	334,791,165	-	2,624,247	30,068,747	367,484,159
0012	Instruction resources and media services	4,520,867	-	-	357,814	4,878,681
0013	Curriculum and instructional staff development	14,068,446	-	-	3,591,396	17,659,842
0021	Instructional leadership	6,570,488	-	-	270,695	6,841,183
0023	School leadership	35,206,666	-	-	2,674,690	37,881,356
0031	Guidance, counseling and evaluation services	36,822,697	-	-	4,053,655	40,876,352
0032	Social work services	492,038	-	-	-	492,038
0033	Health services	6,920,524	-	-	178,329	7,098,853
0034	Student transportation	17,842,621	-	2,493,241	871,782	21,207,644
0035	Food services	-	-	-	33,051,474	33,051,474
0036	Extracurricular activities	11,735,692	-	-	4,350,284	16,085,976
0041	General administration	12,307,405	-	-	90,459	12,397,864
0051	Facilities maintenance and operations	41,508,827	-	923,019	16,518	42,448,364
0052	Security and monitoring services	9,879,094	-	1,375,130	1,341,570	12,595,794
0053	Data processing services	10,394,463	-	26,615,977	697,400	37,707,840
0061	Community services	620,058	-	-	1,063,445	1,683,503
	Debt service:					
0071	Principal on long-term debt	1,228,970	52,950,000	102,814	421,022	54,702,806
0072	Interest on long-term debt	134,786	57,198,897	84,058	218,895	57,636,636
0073	Bond issuance costs and fees	-	36,776	-	-	36,776
	Capital outlay:					
0081	Facilities acquisition and construction	484,323	-	102,650,860	2,956,295	106,091,478
	Intergovernmental:					
0093	Payments related to shared services arrangements	1,246,827	-	-	-	1,246,827
0095	Payments to Juvenile Justice Alt. Ed. Prgm.	328,309	-	-	-	328,309
0099	Other intergovernmental charges	2,270,112	-	-	-	2,270,112
6030	**Total Expenditures**	549,374,378	110,185,673	136,869,346	86,274,470	882,703,867
1100	Excess (deficiency) of revenues over expenditures	(12,640,060)	937,963	(117,754,828)	(2,428,835)	(131,885,760)
	Other Financing Sources (Uses)					
7912	Sale of real or personal property	77,545	-	-	19,274	96,819
7913	Leases/subscriptions issued	116,852	-	-	-	116,852
7080	**Total Other Financing Sources (Uses)**	194,397	-	-	19,274	213,671
1200	Net change in fund balance	(12,445,663)	937,963	(117,754,828)	(2,409,561)	(131,672,089)
	Beginning Fund Balance, as Previously Reported	247,860,087	110,426,100	259,120,856	26,907,166	644,314,209
1300	Restatement (see Note 4.H)	-	-	-	1,190,733	1,190,733
0100	**Beginning Fund Balance, Restated**	247,860,087	110,426,100	259,120,856	28,097,899	645,504,942
3000	**Ending Fund Balance**	$ 235,414,424	$ 111,364,063	$ 141,366,028	$ 25,688,338	$ 513,832,853

KLEIN INDEPENDENT SCHOOL DISTRICT *Exhibit C-2R*

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2025

Data Control Codes		
	Net Change in Fund Balances - Total Governmental Funds (from C-2)	$ (131,672,089)
	Amounts reported for *governmental activities* in the statement of activities (B-1) are different because:	
	Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense.	
1	Capital outlay	140,122,618
2	Depreciation/amortization	(46,903,629)
3	Governmental funds report the entire net of proceeds from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain (loss) on the sale of the assets. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold.	(760,711)
4	Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(119,757)
	Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
5	Principal paid on bonds	52,950,000
6	Principal paid on leases	593,397
7	Principal paid on SBITAs	1,159,409
	Proceeds from issuance of long-term debt is reported as an other financing source in the governmental funds. In the government-wide financial statements, proceeds are treated as an increase in long-term liabilities and amounts paid to refunding agents are treated as a decrease in long-term liabilities.	
11	Proceeds from subscription agreements	(116,852)
	Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:	
16	Decrease in interest payable not recognized in fund statements	1,076,750
17	Increase in long-term portion of accrued compensated absences	(302,580)
18	Decrease in long-term portion of workers' compensation	48,400
19	Amortization of bond premium	6,149,400
20	Amortization of deferred charge (gain) on refunded bonds	(923,016)
21	Changes in net pension liabilities and related deferred outflows and inflows of resources	(9,175,209)
22	Changes in net OPEB liabilities and related deferred outflows and inflows of resources	16,772,381
	Change in Net Position of Governmental Activities (see B-1)	$ 28,898,512

KLEIN INDEPENDENT SCHOOL DISTRICT *Exhibit D-1*

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2025

Data Control Codes		Business-type Activities
		Early Learning Enterprise Fund
	Assets	
	Current Assets:	
1110	Cash and cash equivalents	$ 152,423
1260	Due from other funds	96,837
1290	Other receivables	650
	Total Current Assets	249,910
	Noncurrent Assets:	
1539	Furniture and equipment	42,594
1573	Accumulated depreciation - furniture and equipment	(4,768)
	Total Non-current Assets	37,826
1000	**Total Assets**	287,736
	Liabilities	
	Current Liabilities:	
2110	Accounts payable	418
2160	Accrued wages payable	8,210
2170	Due to other funds	9,607
2000	**Total Liabilities**	18,235
	Net Position	
3200	Investment in capital assets	37,826
3900	Unrestricted net position	231,675
3000	**Total Net Position**	$ 269,501

KLEIN INDEPENDENT SCHOOL DISTRICT *Exhibit D-2*

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2025

		Business-type Activities
		Early Learning Enterprise Fund
	Operating Revenues	
5735	Charges for Services	$ 608,830
5839	State Program Revenues	4,000
5020	**Total Operating Revenues**	612,830
	Operating Expenses	
6100	Payroll costs	465,615
6200	Purchased and contracted services	6,119
6300	Supplies and materials	22,194
6400	Other operating expenses	42,914
6449	Depreciation	2,131
6030	**Total Operating Expenses**	538,973
1100	Operating Income	73,857
1200	Change in Net Position	73,857
0100	**Beginning Net Position**	195,644
3000	**Ending Net Position**	$ 269,501

KLEIN INDEPENDENT SCHOOL DISTRICT *Exhibit D-3*

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2025

	Business-type Activities
	Early Learning Enterprise Fund
Cash Flows from Operating Activities:	
Cash received from customers	$ 612,824
Cash payments to employees	(457,801)
Cash payments to suppliers for goods and services	(133,458)
Net Cash Provided by Operating Activities	21,565
Net change in cash and cash equivalents	21,565
Cash and Cash Equivalents - Beginning	130,858
Cash and Cash Equivalents - Ending	$ 152,423
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:	
Operating income	$ 73,857
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:	
Depreciation	2,131
Change in Assets and Liabilities:	
(Increase) decrease in interfund receivables	(68,756)
(Increase) decrease in other receivables	(6)
Increase (decrease) in accounts payable	(406)
Increase (decrease) in accrued wages payable	7,814
Increase (decrease) in interfund payables	6,931
Total Adjustments	(52,292)
Net Cash Provided by (Used for) Operating Activities	$ 21,565

KLEIN INDEPENDENT SCHOOL DISTRICT *Exhibit E-1*

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2025

Data Control Codes		Custodial Fund
	Assets	
1110	Cash and cash equivalents	$ 797,059
	Receivables:	
1290	Other receivables	356,322
1000	**Total Assets**	$ 1,153,381
	Liabilities	
2110	Accounts payable	$ 149,112
2000	**Total Liabilities**	$ 149,112
	Net Position	
	Restricted:	
3800	Student activities	$ 1,004,269
3800	**Total Net Position**	$ 1,004,269

KLEIN INDEPENDENT SCHOOL DISTRICT *Exhibit E-2*

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Year Ended June 30, 2025

Data Control Codes		Custodial Fund
	Additions	
	Contributions:	
5744	Revenues from contributions and gifts	$ 345,093
5749	Revenues from student activities	359,517
5755	Fundraising	1,010,681
5759	Student club fees	2,350
1000	**Total Additions**	1,717,641
	Deductions	
0061	Scholarships	3,048
0061	Student activities	1,683,735
2000	**Total Deductions**	1,686,783
CN	Change in net position	30,858
	Beginning Net Position, as Previously Reported	2,147,874
PA	Restatement (see Note 4.H)	(1,174,463)
NB	**Beginning Net Position, restated**	973,411
NE	**Ending Net Position**	$ 1,004,269


KLEIN ISD
PROMISE2PURPOSE

Note 1 – Summary of Significant Accounting Policies

The financial statements of the Klein Independent School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support.

B. Reporting Entity

The District is governed by a seven-member Board of Trustees (the "Board"), which has governance responsibilities over all activities related to public elementary and secondary education within the District. Members of the Board are elected by the public, have authority to make decisions, appoint management and significantly influence operations, and have primary accountability for fiscal matters. The District is not included in any other governmental reporting entity. There are no component units—entities for which the District is considered to be financially accountable—included within the reporting entity.

The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding sources.

C. 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. For the most part, the effect of interfund activity has been removed from these statements. Direct expenses are not eliminated from the various functional categories. Interfund services that are provided and used are not eliminated in the process of consolidation. Governmental activities normally are supported by taxes and intergovernmental revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Depreciation/amortization expense and workers' compensation claims have been allocated to all applicable functions in order to present the expenses of the District more accurately in the Statement of Activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to students or users 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 statements for each fund category—governmental, proprietary, and fiduciary—are presented. Major individual governmental funds are reported as separate columns in the fund financial statements.

Note 1 – Summary of Significant Accounting Policies (continued)

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues, excluding property taxes, to be available if they are collected within 90 days of the end of the current fiscal year. Property taxes are considered available if they are collected within 60 days of year end except in highly unusual, nonrecurring situations. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and expenditures related to claims and judgments are recorded only when payment is due.

Grants and similar revenues, revenues received from the State of Texas, and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

- The *general fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.
- The *capital projects fund* is used to account for proceeds from sales of bonds and other revenues to be used for authorized construction and technology projects.

Additionally, the District reports the following fund types:

- The *enterprise fund* is used to account for operations that are financed and operated in a manner similar to a private enterprise where the District's intent is to provide services financed primarily through user charges. The District accounts for employee child care and certain early learning programs in its enterprise fund.
- The *custodial fund* is used to account for resources held in a custodial capacity by the District on behalf of student groups and consists of funds that are the property of student groups. These funds cannot be used by the District in operations.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund services that are provided and used are not eliminated in the process of consolidation.

Amounts reported as program revenues include (1) charges to students or users for goods, services, or privileges provided and (2) operating grants and contributions. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes and investment income.

Note 1 – Summary of Significant Accounting Policies (continued)

E. Other Accounting Policies—Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position or Fund Balances

1. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and investment pools. Investments for the District, except for certain investment pools, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized costs or fair value.

2. Receivables and Payables

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

Property tax receivables include unpaid property taxes at year end along with penalties and interest assessed on unpaid taxes and are shown net an allowance for uncollectible taxes. Net property tax receivables are stated at the amount estimated to be collectible based on the District's collection experience. Revenues from property taxes are recognized when levied to the extent they are available. The District considers property taxes as available when collected. However, not all outstanding property taxes are expected to be collected within one year of the date of the financial statements.

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

3. Inventories and Prepaid Items

Inventories consisting of supplies and materials are valued at weighted average cost and they include maintenance, transportation, office and instructional supplies, and food service supplies. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Food service commodity inventory is recorded at fair value on the date received. Commodities are recognized as revenues in the period received when all the eligibility requirements are met. Commodity inventory items are recorded as expenditures when distributed to user locations. A portion of fund balance is restricted to reflect minimum inventory quantities considered necessary for the District's continuing operations.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid expenditures are recorded when purchased rather than when consumed.

If there is a constraint on how the eventual proceeds can be spent, the fund balance is classified to reflect that constraint (restricted, committed, or assigned), rather than included as part of nonspendable fund balance.

Note 1 – Summary of Significant Accounting Policies (continued)

E. Other Accounting Policies—Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position or Fund Balances (continued)

4. Capital Assets

Capital assets, which include land, construction in progress, buildings and improvements, furniture and equipment, infrastructure assets, right-to-use leased equipment, and subscription assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The District's infrastructure includes parking lots and roads associated with various buildings. The cost of the infrastructure was initially capitalized with the building cost and is being depreciated over the same useful life as the building. Capital assets are defined by the District as assets with an initial, individual cost which equals or exceeds $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings and improvements, furniture and equipment, right-to-use lease equipment, and subscription assets of the District are depreciated/amortized using the straight line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	15 - 60
Furniture and equipment	7 -25
Right-to-use lease assets	lease term
Subscription assets	subscription term

Land and construction in progress are not depreciated.

5. Leases and Subscriptions

The District is a lessee for noncancelable leases of equipment and software subscriptions. The District recognizes a lease/subscription liability, reported with long-term debt, and a right-to-use lease/subscription asset (lease/subscription asset), reported with other capital assets, in the government-wide financial statements. The District recognizes lease/subscription liabilities with an initial, individual value of $5,000 or more.

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

Note 1 – Summary of Significant Accounting Policies (continued)

E. Other Accounting Policies—Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position or Fund Balances (continued)

5. Leases and Subscriptions (continued)

Key estimates and judgments related to leases/subscriptions include how the District determines (1) the discount rate it uses to discount the expected payments to present value, (2) agreement term, and (3) payments:

- The District uses the interest rate charged by the lessor/provider as the discount rate. When the interest rate charged by the lessor/provider is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases/subscriptions.
- The term includes the noncancelable period of the agreement.
- Payments included in the measurement of the liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, purchase option price that the District is reasonably certain to exercise, incentives receivable from the lessor/provider, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

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

6. Compensated Absences

The District recognizes liabilities for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. The liability for compensated absences is reported as incurred in the government-wide financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured (i.e., are due for payment). The liability for compensated absences includes salary-related benefits, where applicable.

It is the District's policy to permit employees to accumulate earned but unused state personal and sick leave days and local sick leave days. Upon retirement, an employee is entitled to reimbursement for accumulated, unused days if the employee (1) has a minimum of ten (10) years of consecutive service in the District immediately preceding retirement; and (2) begins receiving benefits under the Texas Teacher Retirement System (TRS) on an unreduced pension/annuity immediately upon separation from the District. An eligible employee will be reimbursed for an unlimited amount of unused personal and sick leave days. Compensation for unused days is based on half of the daily rate of substitute pay effective at the time of the employee's retirement. Employees hired prior to September 3, 1974 may opt, upon retirement, to be paid at their daily rate in effect at the time of their retirement for up to thirty (30) days of accumulated local sick days.

Exempt staff members under contract July 1 through June 30 earn non-duty days based on the difference between the number of work days as set by the annual school calendar/the staff member's annual contract and the actual days worked by the staff member. All exempt staff members may carry no more than 25 days of accrued vacation or non-duty days (carryover days) to the following year and all non-exempt staff members working more than 226 days may carry no more than 200 compensatory hours to the following year. Non-exempt staff members are paid for accumulated unused carryover days only upon termination of employment.

Note 1 – Summary of Significant Accounting Policies (continued)

E. Other Accounting Policies—Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position or Fund Balances (continued)

7. Long-Term Obligations

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

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

8. Deferred Outflows/Inflows of Resources

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

Deferred outflows/inflows of resources are amortized as follows:

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

9. Net Position Flow Assumptions

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

10. Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). It is the District's policy to use restricted resources first, then unrestricted resources as they are needed. In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental funds financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. The District considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any unrestricted fund balance classification could be used.

Note 1 – Summary of Significant Accounting Policies (continued)

E. Other Accounting Policies—Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position or Fund Balances (continued)

11. Fund Balance Policies

In the fund financial statements, governmental funds report fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which the amounts in the respective governmental funds can be spent. The District reports the following classifications of fund balance:

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation.
- Committed fund balance – amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District's Board. These amounts can only be used for the purpose intended, which requires formal Board action to establish (as noted in Board minutes) unless the Board modifies or removes the specified use by taking the same formal Board action. The amounts reported in this category include campus activity fund balances in the special revenue fund.
- Assigned fund balance – amounts the District intends to use for a specified purpose. Intent can be expressed by the Board or by an official or body to which the Board delegates the authority pursuant to Board Policy CE (Local).
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The District has adopted a minimum fund balance policy for the General Fund. The policy requires the unassigned and assigned fund balance at fiscal year-end to be at least equal to three months of regular General Fund operating expenditures. The District may reduce unassigned and assigned fund balance below three months with prior Board approval.

12. Pension

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

13. Other Post-Employment Benefits (OPEB)

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other 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.

Note 1 – Summary of Significant Accounting Policies (continued)

E. Other Accounting Policies—Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position or Fund Balances (continued)

14. Use Of Estimates

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

15. Data Control Codes

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

Note 2 – Stewardship, Compliance, and Accountability

A. Budgetary Information

The Board of Trustees adopts an appropriated budget for the general fund, debt service fund, and the National School Breakfast and Lunch Program special revenue fund on a basis consistent with generally accepted accounting principles. Budgetary information for the general fund appears in the required supplementary information subsection where the District compares the final amended budget to actual revenues and expenditures. Per regulatory requirements, the debt service fund and the National School Breakfast and Lunch Program special revenue fund are required to be reported with the original budget, final amended budget and actual revenues and expenditures. These schedules are included in the combining and individual fund financial statements and schedules subsection. All other governmental funds adopt project-length budgets. All annual appropriations lapse at fiscal year-end.

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

1. Prior to June 19 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
3. Prior to July 1, the budget is formally adopted by the Board.

The appropriated budget is prepared by fund, function, and campus/department. The District's campus/department heads may make transfers of appropriations within a campus/department. Transfers of appropriations between campus/departments require the approval of the District's management. Transfers of appropriations between functions require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level within a fund. The District made several supplemental budgetary appropriations throughout the year, primarily in the general fund. These revisions are further detailed in the notes to the required supplementary information.

Note 2 – Stewardship, Compliance, and Accountability (continued)

B. Encumbrances

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

Encumbrances are reported in the financial statements as restricted, committed, or assigned for specific purposes in the governmental funds. As of June 30, 2025, the District had sufficient resources to liquidate encumbrances and such encumbrances are included in the governmental fund balances as follows:

	Restricted Fund Balance	Committed Fund Balance	Assigned Fund Balance
General Fund	$ -	$ -	$ 12,702
National School Breakfast and Lunch Program	5,010	-	-
Campus Activity Fund	-	31,769	-
Capital Projects Fund	121,696,926	-	-
	$ 121,701,936	$ 31,769	$ 12,702

Note 3 – Detailed Notes on All Funds

A. Deposits and Investments

1. Cash Deposits

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

2. Investments

The District's investment policy is in accordance with the Public Funds Investment Act, the Public Funds Collateral Act, and federal and state laws. The District further limits its investments to obligations of governmental entities as permitted by Government Code 2256.009, certificates of deposits, commercial paper investments limited to investment pools, no-load money market funds, fully collateralized repurchased agreements, or investment pools.

Note 3 – Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

2. Investments (continued)

For the fiscal year ended June 30, 2025, the District invested in U.S. Treasuries, Federal Agency Securities, Municipal Securities, the TexPool Local Government Investment Pool, the Texas Association of School Boards (TASB) Lone Star Investment Pool, and the Texas CLASS Investment Pool. The District had investments in one custodial account at U.S. Bank whereby RBC Global Asset Management was hired as an Investment Advisor.

TexPool is duly chartered and overseen by the State Comptroller's Office and administered and managed by Federated Investors, Inc. The State Street Bank is the custodial bank. The portfolio consists of U.S. Government securities, collateralized repurchase and reverse repurchase agreements, no-load money market mutual funds regulated by the Securities and Exchange Commission (SEC) and rated AAA or equivalent by at least one nationally recognized statistical rating organization (NRSRO), and securities lending programs.

Lone Star Investment Pool is duly chartered by the State of Texas Interlocal Cooperation Act, is administered by First Public, LLC, and managed by American Beacon Advisors and Standish. The State Street Bank is the custodial bank. Lone Star Investment Pool is restricted to invest in obligations of the U.S. or its agencies and instrumentalities, other obligations guaranteed or insured by the U.S., fully collateralized repurchase agreements having a defined termination date, secured by obligations described previously, reverse repurchase agreements, and SEC-regulated no-load money market mutual funds that invest exclusively in the obligations described above.

Texas CLASS was organized pursuant to Section 2256.016 of the Public Fund Investment Act. Texas CLASS is administered by Public Trust Advisors, LLC and all funds are held by the custodial agent, Wells Fargo N.A. Texas CLASS may invest in obligations of the U.S. or its agencies and instrumentalities; collateralized reverse repurchase agreements; SEC-registered money market funds rated in the highest rating category by at least one NRSRO; and commercial paper rated A-1, P-1, or equivalent by two nationally recognized rating agencies. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application* provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

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

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

Note 3 – Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

2. Investments (continued)

The District, including fiduciary funds, has recurring fair value measurements as presented in the table below. The pools are reported as cash equivalents in the financial statements. The District's investment balances and weighted average maturity of such investments are as follows:

	June 30, 2025	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Fair Value Measurements Using: Significant Other Observable Inputs (Level 2)	Percent of Total Investments	Weighted Average Maturity (Days)	S&P Credit Rating
Investments Measured at Amortized Cost:						
Lone Star Government Overnight	$ 55,137,695	$ -	$ -	10.9%	28	AAAm
TexPool	149,092,613	-	-	29.6%	41	AAAm
Investments Measured at Net Asset Value (NAV):						
Lone Star Corporate	146,550,883	-	-	29.1%	32	AAAf
Texas CLASS	88,599,874	-	-	17.6%	37	AAAm
Investments Subject to Fair Value:						
Municipal securities	9,429,791	-	9,429,791	1.9%	280	AA+
Federal agency securities	43,467,146	-	43,467,146	8.6%	267	AA+
U.S. Treasury notes	12,017,177	12,017,177	-	2.4%	87	AA+
Total Investments	504,295,179	$ 12,017,177	$ 52,896,937	100.0%		
Cash and cash equivalents	18,824,599					
Total Cash and Investments	$ 523,119,778					
Investment portfolio weighted average maturity					61	

Investment pools are measured at amortized cost or net asset value. Such investments are not required to be reported by levels in the table above.

Municipal securities and *federal agency securities* classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

U.S. Treasuries classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

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

Note 3 – Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

2. Investments (continued)

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

The Texas CLASS investment pools are external investment pools measured at net asset value. Texas CLASS's strategy is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. The District has no unfunded commitments related to the investment pools. Texas CLASS has a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pool's liquidity.

Interest rate risk. Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The District monitors interest rate risk utilizing weighted average maturity analysis. In accordance with its investment policy, the District reduces its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio as a whole to no more than 547 days (18 months), with the exception of bond proceeds that are matched to a specific cash flow, diversification and by holding securities to maturity. In addition, the District shall not directly invest in securities maturing more than twenty-four months from the date of purchase unless matched to a specific cash flow.

Custodial credit risk. The District's agent holds securities in the District's name; therefore, the District is not exposed to custodial credit risk. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker/dealer) to a transaction, the District will not be able to recover the value of its investments or collateral securities that are in the possession of another party. The District's policy requires that the investments of the District shall be secured through third-party custody and safekeeping procedures as designated by the District.

Credit risk. State law and the District's investment policy limits investments in all categories to top ratings issued by nationally recognized statistical rating organizations. The District's ratings and credit risks are reported in the table on the previous page.

Concentration of credit risk. The District's investment policy requires the investment portfolio to be diversified in terms of investment instruments, maturity scheduling, and financial institutions in order to reduce the risk of loss resulting from over-concentration of assets in a specific class of investments, specific maturity, or specific issuer. Certain investments are reported by the District at fair value.

Note 3 – Detailed Notes on All Funds (continued)

B. Receivables

Receivables at June 30, 2025 for the District's individual major funds and nonmajor other governmental funds, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Property Taxes	$ 15,342,067	$ 6,505,783	$ -	$ -	$ 21,847,850
Due from other governments:					
Federal	76,303,324	-	7,599,816	72,291	83,975,431
State	227,414	-	-	10,017,836	10,245,250
Local	796,200	426,618	-	109,726	1,332,544
Miscellaneous	755,297	-	274,025	145,791	1,175,113
Gross Receivables	93,424,302	6,932,401	7,873,841	10,345,644	118,576,188
Less allowance for doubtful accounts	(3,251,844)	(1,105,006)	-	-	(4,356,850)
Net Total Receivables	$ 90,172,458	$ 5,827,395	$ 7,873,841	$ 10,345,644	$ 114,219,338

38% of property taxes receivable are not scheduled to be collected in the subsequent year.

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

	Unearned
Facility rentals (General Fund)	$ 34,692
Grant funds received prior to meeting eligibility requirements (nonmajor funds)	51,952
Total Unearned Revenue for Governmental Funds	$ 86,644

Note 3 – Detailed Notes on All Funds (continued)

C. Capital Assets

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

	Balance July 01, 2024	Additions	(Retirements)	Transfers	Balance June 30, 2025
Governmental Activities					
Capital Assets, not being Depreciated					
Land	$ 116,005,669	$ 104,020	$ -	$ -	$ 116,109,689
Construction in progress	11,583,964	95,135,518	-	(95,068,433)	11,651,049
Total Capital Assets, not being Depreciated	127,589,633	95,239,538	-	(95,068,433)	127,760,738
Capital Assets, being Depreciated/ Amortized					
Buildings and improvements	1,561,194,638	9,293,632	-	95,068,433	1,665,556,703
Furniture and equipment	94,709,984	35,232,958	(5,962,824)	-	123,980,118
Subscription assets	8,233,647	116,852	(1,402,330)	-	6,948,169
Lease assets:					
Equipment	3,093,855	-	-	-	3,093,855
Library books and media	139,244	239,638	-	-	378,882
Total Capital Assets, being Depreciated/ Amortized	1,667,371,368	44,883,080	(7,365,154)	95,068,433	1,799,957,727
Less Accumulated Depreciation/ Amortization					
Buildings and improvements	(403,304,072)	(35,943,463)	-	-	(439,247,535)
Furniture and equipment	(50,039,017)	(7,793,898)	4,488,885	-	(53,344,030)
Subscription assets	(2,115,558)	(2,545,363)	2,115,558	-	(2,545,363)
Lease assets:					
Equipment	(309,563)	(620,905)	-	-	(930,468)
Total Accumulated Depreciation/ Amortization	(455,768,210)	(46,903,629)	6,604,443	-	(496,067,396)
Total Governmental Activities Capital Assets, Net	1,339,192,791	93,218,989	(760,711)	-	1,431,651,069
Business-type Activities					
Capital Assets, being Depreciated					
Furniture and equipment	42,594	-	-	-	42,594
Total Capital Assets, being Depreciated	42,594	-	-	-	42,594
Less Accumulated Depreciation					
Furniture and equipment	(2,638)	(2,130)	-	-	(4,768)
Total Accumulated Depreciation	(2,638)	(2,130)	-	-	(4,768)
Total Business-type Activities Capital Assets, Net	39,956	(2,130)	-	-	37,826
Total Capital Assets, Net	$ 1,339,232,747	$ 93,216,859	$ (760,711)	$ -	$ 1,431,688,895

Note 3 – Detailed Notes on All Funds (continued)

C. Capital Assets (continued)

The calculation of Net Investments in Capital Assets as presented at Exhibit A-1 is as follows:

	$ 1,431,651,069
Less:	
General obligation bonds	(1,328,185,000)
Premiums	(117,979,143)
Deferred gain on refunding	(4,056,655)
Leases	(1,858,056)
Subscriptions	(921,005)
Capital-related payables	(22,539,239)
Plus:	
Deferred charge on refunding	10,417,947
Unspent bond proceeds	163,905,267
Net Investment in Capital Assets in Governmental Activities	130,435,185
Net Investment in Capital Assets in Business-type Activities	37,826
Total Net Investment in Capital Assets in Per Exhibit A-1	$ 130,473,011

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

Primary Government:	**Depreciation/ Amortization Expense**
Governmental Activities:	
11 Instruction	$ 31,077,669
12 Instructional resources and media services	336,616
13 Curriculum and staff development	703,121
21 Instructional leadership	204,681
23 School leadership	3,329,069
31 Guidance, counseling and evaluation services	2,373,243
32 Social work services	23,978
33 Health services	592,228
34 Student transportation	2,370,247
35 Food Services	318,102
36 Extracurricular activities	660,484
41 General administration	357,621
51 Plant maintenance and operations	1,058,291
52 Security and monitoring services	693,277
53 Data processing services	2,685,405
61 Community services	119,597
Total Governmental Activities Depreciation/Amortization Expense	46,903,629
Business-Type Activities:	
01 Early Learning	2,130
Total Business-Type Activities Depreciation/Amortization Expense	2,130
Total Primary Government Depreciation/Amortization Expense	$ 46,905,759

Note 3 – Detailed Notes on All Funds (continued)

C. Capital Assets (continued)

The District has active construction and renovation projects as of June 30, 2025. These projects include the construction and equipment of school facilities. At year end, the District's commitment with contractors are as follows:

Epps Island	$ 1,024,350
Theiss Renovation	985,250
Klein Forest	875,020
Wunderlich IS	671,122
Greenwood Forest	367,734
North Flex -Modular T-Buildings	348,348
Schindewolf	215,865
Haude ES	207,940
Doerre & Kleb	171,964
Klein IS	143,719
Strack IS	114,969
Northampton ES	68,399
Hildebrandt Renovations	32,756
Klein Oak	32,017
North Transportation	11,574
Other Various Projects	557,741
Total Construction Commitments	$ 5,828,768

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

Note 3 – Detailed Notes on All Funds (continued)

D. Interfund Receivables, Payables, and Transfers

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

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

	Interfund Receivable	Interfund Payable	Net
General Fund	$ 10,070,763	$ 438,588	$ 9,632,175
Debt Service Fund	-	5,291,332	(5,291,332)
Capital Projects	7,262,254	672,332	6,589,922
Nonmajor Governmental Funds	706,309	11,991,997	(11,285,688)
Enterprise Fund	96,837	9,607	87,230
Total	$ 18,136,163	$ 18,403,856	$ (267,693)

E. Long-Term Liabilities

The District's long-term liabilities consist of bond indebtedness, workers' compensation, compensated absences, right-to-use lease liabilities, subscription liabilities, and net pension and net OPEB liabilities. The current requirements for general obligation bonds principal and interest expenditures are accounted for in the debt service fund. Other long-term liabilities are generally liquidated with resources of the general fund.

1. Changes in Long-Term Liabilities

Changes in the District's long-term liabilities for the year ended June 30, 2025 are as follows:

	Balance Restated July 1, 2024	Additions	Retirements	Balance June 30, 2025	Due Within One Year
Bonds Payable:					
General obligation bonds	$ 1,381,135,000	$ -	$ (52,950,000)	$ 1,328,185,000	$ 56,385,000
Premiums	124,128,543	-	(6,149,400)	117,979,143	-
	1,505,263,543	-	(59,099,400)	1,446,164,143	56,385,000
Other Liabilities:					
Compensated absences *	823,010	302,580	-	1,125,590	950,445
Workers' compensation	1,194,574	1,082,657	(1,131,057)	1,146,174	1,146,174
Leases	2,451,453	-	(593,397)	1,858,056	606,945
Subscriptions	1,963,562	116,852	(1,159,409)	921,005	801,604
Net pension liability	221,292,560	-	(22,354,273)	198,938,287	-
Net OPEB liability	92,731,549	34,212,989	-	126,944,538	-
	$ 1,825,720,251	$ 35,715,078	$ (84,337,536)	$ 1,777,097,793	$ 59,890,168

*The change in compensated absences above is a net change for the year.

Note 3 – Detailed Notes on All Funds (continued)

E. Long-Term Liabilities (continued)

2. General Obligation Bonds

The District issues general obligation bonds to provide funds for the construction and equipment of school facilities, buses, and refunding general obligation bonds. General obligation bonds are direct obligations and pledge the full faith and credit of the District. These are issued as current interest bonds, term bonds, and serial bonds with various amounts of principal maturing each year.

The following is a summary of changes in general obligation bonds for the year ended June 30, 2025:

Series	Interest Rate (%)	Original Issue	Maturity Date	Bonds Outstanding
2013A	1.50% to 5.00%	$ 79,305,000	2/1/2043	$ 42,840,000
2014	3.00% to 4.00%	44,000,000	2/1/2044	31,575,000
2015	2.70% to 4.00%	80,000,000	2/1/2045	63,660,000
2015A	3.00% to 5.00%	224,600,000	8/1/2045	149,670,000
2016A	2.00% to 5.00%	137,500,000	8/1/2038	126,300,000
2016B	3.00% to 5.00%	15,370,000	8/1/2031	13,245,000
2017	2.50% to 5.00%	145,890,000	8/1/2046	128,775,000
2018	3.00% to 5.00%	88,985,000	2/1/2048	74,295,000
2018A	4.00% to 6.00%	12,310,000	8/1/2038	10,810,000
2019	3.25% to 5.00%	77,965,000	2/1/2049	60,725,000
2020	3.00% to 5.00%	139,510,000	8/1/2049	104,560,000
2020 Ref.	3.00% to 5.00%	61,290,000	2/1/2041	53,400,000
2021	2.00% to 5.00%	41,145,000	2/1/2042	32,500,000
2022	4.00% to 5.00%	142,675,000	8/1/2047	124,555,000
2023	4.00% to 5.00%	315,320,000	8/1/2048	302,620,000
2023B	4.00% to 5.00%	11,215,000	8/1/2027	8,655,000
				$ 1,328,185,000

Note 3 – Detailed Notes on All Funds (continued)

E. Long-Term Liabilities (continued)

2. General Obligation Bonds (continued)

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

Year Ending June 30,	Principal	Interest	Totals
2026	$ 56,385,000	$ 54,549,356	$ 110,934,356
2027	52,635,000	52,017,669	104,652,669
2028	52,500,000	49,634,334	102,134,334
2029	53,725,000	47,293,215	101,018,215
2030	56,110,000	44,867,171	100,977,171
2031 - 2035	297,625,000	185,769,784	483,394,784
2036 - 2040	317,730,000	123,139,800	440,869,800
2041 - 2045	281,640,000	60,854,634	342,494,634
2046 - 2050	159,835,000	11,251,100	171,086,100
	$ 1,328,185,000	$ 629,377,063	$ 1,957,562,063

Arbitrage rebate rules, under the Internal Revenue Code Section 148 and related Treasury Regulations, require generally that a tax-exempt bond issuer forward to the federal government any profits made from investing bond proceeds at a yield above the bond yield, when investing in a taxable market. Payments based on cumulative profits earned by bonds are due, in general, every five years. At June 30, 2025, a yield restriction/arbitrage rebate of $9.9 million was accrued.

3. Leases

Copiers and multifunction devices. On January 1, 2024, the District entered a 60-month lease as lessee for the use of Canon copiers and multifunction devices. An initial lease liability was recorded in the amount of $3,051,185. As of June 30, 2025, the value of the lease liability is $1,830,090 and the value of the short-term lease liability is $596,318. The District is required to make annual fixed payments of $638,081. The lease has an interest rate of 2.2820%. The estimated useful life was 60 months as of the contract commencement. The value of the right to use asset and accumulated amortization as of June 30, 2025, is $3,051,185 and $915,355, respectively.

Postage. On February 1, 2024, the District entered a 47-month lease as lessee for the use of postage equipment. An initial lease liability was recorded in the amount of $42,671. As of June 30, 2025, the value of the lease liability is $27,966, and the value of the short-term lease liability is $10,627. The District is required to make monthly fixed payments of $930. The lease has an interest rate of 2.3270%. The estimated useful life was 47 months as of the contract commencement. The value of the right to use asset and accumulated amortization as of June 30, 2025, is $42,671 and $15,113, respectively.

Future principal and interest lease payments as of June 30, 2025 are as follows:

Year Ending June 30,	Principal	Interest	Totals
2026	$ 606,945	$ 42,301	$ 649,246
2027	620,803	28,443	649,246
2028	630,308	14,286	644,594
	$ 1,858,056	$ 85,030	$ 1,943,086

Note 3 – Detailed Notes on All Funds (continued)

E. Long-Term Liabilities (continued)

4. Subscriptions

SHI Microsoft Office 365. On October 1, 2022, the District entered a 36-month subscription agreement. An initial subscription liability was recorded in the amount of $1,287,751 at an interest rate of 3.1%. For the year ended June 30, 2025, the District recorded principal reduction of $430,137 and an ending subscription balance of $108,630. At June 30, 2025, the associated $1,287,751 subscription asset had accumulated amortization of $1,180,439 and net value of $107,313.

Lease and subscription tracking. On July 1, 2023, the District entered a 36-month subscription agreement. An initial subscription liability was recorded in the amount of $23,342 at an interest rate of 2.848%. For the year ended June 30, 2025, the District recorded principal reduction of $8,000 and an ending subscription balance of $7,778. At June 30, 2025, the associated $23,342 subscription asset had accumulated amortization of $15,561 and net value of $7,781.

***Google Workspace for Education Plus*.** On September 1, 2023, the District entered a 36-month subscription agreement. An initial subscription liability was recorded in the amount of $542,657 at an interest rate of 2.848%. For the year ended June 30, 2025, the District recorded principal reduction of $176,665 and an ending subscription balance of $181,696. At June 30, 2025, the associated $542,657 subscription asset had accumulated amortization of $331,624 and net value of $211,033.

Springboard Math. On July 1, 2023, the District entered a 36-month subscription agreement. An initial subscription liability was recorded in the amount of $208,754 at an interest rate of 2.848%. For the year ended June 30, 2025, the District recorded principal reduction of $68,985 and an ending subscription balance of $69,775. At June 30, 2025, the associated $208,754 subscription asset had accumulated amortization of $139,170 and net value of $69,584.

Texas Math Course eStudent Edition Online. On July 1, 2023, the District entered a 36-month subscription agreement. An initial subscription liability was recorded in the amount of $451,007 at an interest rate of 2.848%. For the year ended June 30, 2025, the District recorded principal reduction of $148,903 and an ending subscription balance of $150,726. At June 30, 2025, the associated $451,007 subscription asset had accumulated amortization of $300,672 and net value of $150,335.

Food Nutrition & Wellness. On August 14, 2023, the District entered a 24-month subscription agreement. An initial subscription liability was recorded in the amount of $68,218 at an interest rate of 2.978%. For the year ended June 30, 2025, the District recorded principal reduction of $22,146 and an ending subscription balance of $22,723. At June 30, 2025, the associated $68,218 subscription asset had accumulated amortization of $64,144 and net value of $4,074.

AP Psychology Course. On July 1, 2023, the District entered a 36-month subscription agreement. An initial subscription liability was recorded in the amount of $451,007 at an interest rate of 2.848%. For the year ended June 30, 2025, the District recorded principal reduction of $52,565 and an ending subscription balance of $53,283. At June 30, 2025, the associated $154,027 subscription asset had accumulated amortization of $102,685 and net value of $51,342.

SaplingPlus for The Practice of Statistics. On July 1, 2023, the District entered a 36-month subscription agreement. An initial subscription liability was recorded in the amount of $41,898 at an interest rate of 2.848%. For the year ended June 30, 2025, the District recorded principal reduction of $13,792 and an ending subscription balance of $13,996. At June 30, 2025, the associated $41,898 subscription asset had accumulated amortization of $27,932 and net value of $13,966.

SpringBoard ELA. On July 1, 2023, the District entered a 48-month subscription agreement. An initial subscription liability was recorded in the amount of $208,754 at an interest rate of 2.848%. For the year ended June 30, 2025, the District recorded principal reduction of $66,430 and an ending subscription balance of $138,813. At June 30, 2025, the associated $208,754 subscription asset had accumulated amortization of $70,649 and net value of $138,105.

Note 3 – Detailed Notes on All Funds (continued)

E. Long-Term Liabilities (continued)

4. Subscriptions (continued)

Student engagement platform. On July 1, 2023, the District entered a 36-month subscription agreement. An initial subscription liability was recorded in the amount of $223,299 at an interest rate of 2.848%. For the year ended June 30, 2025, the District recorded principal reduction of $74,752 and an ending subscription balance of $76,569. At June 30, 2025, the associated $223,299 subscription asset had accumulated amortization of $148,866 and net value of $74,433.

Operations HERO. On December 2, 2024, the District entered a 36-month subscription agreement. An initial subscription liability was recorded in the amount of $116,852 at an interest rate of 2.3210%. For the year ended June 30, 2025, the District recorded principal reduction of $19,838 and an ending subscription balance of $97,014. At June 30, 2025, the associated $116,852 subscription asset had accumulated amortization of $27,076 and net value of $89,777.

Future principal and interest subscription payments as of June 30, 2025 are as follows:

F. Fund Balances

At June 30, 2025, other committed fund balance includes the following commitment of funds:

	Committed Fund Balance
General Fund	
Future budget deficits	$ 21,067,847
Nonmajor Governmental Funds	
Earned but unspent funds in special local programs including campus activity	9,241,646
Total	$ 30,309,493

At June 30, 2025, other assigned fund balance includes the following assignments of funds:

	Assigned Fund Balance
General Fund	
Property insurance deductible	$ 37,210,009
Self-Insurance	3,000,000
Compensated absences	3,142,823
Other long-term investments	11,872,227
Total	$ 55,225,059

Year Ending June 30,	Principal	Interest	Totals
2026	$ 801,604	$ 25,583	$ 827,187
2027	119,401	3,051	122,452
	$ 921,005	$ 28,634	$ 949,639

Note 4 – Other Information

A. Risk Management

1. Property/Liability

The District is exposed to various risks of loss related to property/liability losses for which the District carries commercial insurance.

In addition, the District is a member of the Texas Association of School Boards Joint Account Self-Insurance Fund (the Fund). The Fund was created to formulate, develop, and administer a program of modified self-funding for the property and/or liability coverage for its membership, provide claims administration, and develop a comprehensive loss control program. The District pays contributions to the Fund for its automobile and school liability coverage. The District's agreement with the Fund provides that the Fund will be self-sustaining through member premiums and will provide, through commercial companies, reinsurance contracts.

2. Workers' Compensation

The District established a limited risk management program for workers' compensation in 1988 by participating as a self-funded member of the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and Chapter 504 of the Texas Labor Code. As a self-funded member of the Fund, the District is solely responsible for all claims costs, both reported and unreported. The Fund provides administrative service to its self-funded members including claims administration and customer service.

The general fund services all claims for risk of loss to which the District is exposed. Premiums are paid into the general fund by the applicable special revenue funds on behalf of those employees paid from those funds. These interfund premiums are used to reduce the amount of claims expenditures reported in the general fund.

Liabilities of the fund are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities also include an estimated amount for claims that have been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amounts of payouts), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example, from stop-loss or subrogation, are another component of the claims liability estimate. An excess coverage insurance policy covers individual claims in excess of $400,000 up to the statutory limits for any given claim. There were no significant reductions in insurance coverage from the prior year. Settlements have not exceeded coverages for each of the past three fiscal periods. Liability is recorded in the government-wide financial statements.

Changes in the balances of claims liabilities during the past two fiscal years are as follows:

	2025	2024
Unpaid Claims, Beginning of Fiscal Period	$ 1,194,574	$ 892,888
Incurred claims (including IBNR), including provision adjustments	1,082,657	1,579,044
Claim payments	(1,131,057)	(1,277,358)
Unpaid Claims, End of Fiscal Period	$ 1,146,174	$ 1,194,574

Note 4 – Other Information (continued)

B. Contingent Liabilities

The District is a defendant in various legal claims arising principally in the normal course of operations. In the opinion of the District's management, the potential losses, after insurance coverage, on all allegations and legal claims will not have a material effect on the District's financial position, results of operations, or liquidity.

The District participates in a number of federal and state financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of the Single Audit Act through June 30, 2025, these programs are subject to financial and compliance audits by the grantor agencies. The District is also subject to audit by the TEA of the attendance data upon which payments from the agency are based. These audits could result in questioned costs or refunds to be paid back to the granting agencies.

C. Defined Benefit Pension Plan

1. Plan Description

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

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

2. Pension Plan Fiduciary Net Position

Detail information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the internet at https://www.trs.texas.gov/learning-resources/publications, or by writing to TRS at attention Finance Division, PO BOX 149676, Austin, TX, 78714-0185, or by calling 1-800-223-8778.

3. Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3% (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered under a previous rule. There are no automatic postemployment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (1) above. Accordingly, the 2023 Texas Legislature passed Senate Bill (SB) 10 and House Joint Resolution (HJR) 2 to provide eligible retirees with a one-time stipend and an ad hoc cost-of-living-adjustment (COLA).

Note 4 – Other Information (continued)

C. Defined Benefit Pension Plan (continued)

3. Benefits Provided (continued)

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.

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

4. Contributions

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

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

	Contribution Rates Plan Year Ended August 31,	
	2025	**2024**
Member	8.25%	8.25%
Non-employer contributing agency	8.25%	8.25%
Employers	8.25%	8.25%

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 (GAA).

Note 4 – Other Information (continued)

C. Defined Benefit Pension Plan (continued)

4. Contributions (continued)

Contributions for all contributors were as follows:

	Current Fiscal Year Contributions
Employer (District)	$ 18,958,067
Employee (Member)	36,876,915
Non-employer Contributing Entity On-behalf Contributions (State)	24,902,689

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

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

In addition to the employer contributions listed above, there is a surcharge an employer is subject to:

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

Note 4 – Other Information (continued)

C. Defined Benefit Pension Plan (continued)

5. Actuarial Assumptions

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

Component	Result
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
Benefit changes during the year	None
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% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the Legislature during the 2019 legislative session. It is assumed that future employer and state contributions will be 9.54% of payroll in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

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

Note 4 – Other Information (continued)

C. Defined Benefit Pension Plan (continued)

5. Actuarial Assumptions (continued)

Discount Rate

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

Asset Class	Target Allocation[2]	Long-Term Expected Geometric Real Rate of Return[3]	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.00%	4.40%	1.00%
Non-U.S. Developed	13.00%	4.20%	0.80%
Emerging Markets	9.00%	5.20%	0.70%
Private Equity[1]	14.00%	6.70%	1.20%
Stable Value			
Government Bonds	16.00%	1.90%	0.40%
Absolute Return[1]	0.00%	4.00%	0.00%
Stable Value Hedge Funds	5.00%	3.00%	0.20%
Real Return			
Real Estate	15.00%	6.60%	1.20%
Energy, Natural Resources & Infrastructure	6.00%	5.60%	0.40%
Commodities	0.00%	2.50%	0.00%
Risk Parity	8.00%	4.00%	0.40%
Asset Allocation Leverage			
Cash	2.00%	1.00%	0.00%
Asset Allocation Leverage	-6.00%	1.30%	-0.10%
Inflation Expectation			2.40%
Volatility Drag[4]			-0.70%
Expected Return	100.00%		7.90%

[1] Absolute Return includes Credit Sensitive Investments.

[2] Target allocations are based on the fiscal year 2024 policy model.

[3] Capital Market Assumptions (CMA) come from 2024 AAA Study CMA Survey (as of 12/31/2023).

[4] The volatility drag results from the conversion between arithmetic and geometric mean returns.

Note 4 – Other Information (continued)

C. Defined Benefit Pension Plan (continued)

6. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net pension liability if the discount rate used was 1 percentage point lower than and 1 percentage point higher than the discount rate that was used (7.00%) in measuring the Net pension liability:

	Discount Rate		
	1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)
District's proportional share of the net pension liability	$ 317,754,853	$ 198,938,287	$ 100,490,316

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

On June 30, 2025, the District reported a liability of $198,938,287 for its proportionate share of the TRS net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	$ 198,938,287
State's proportionate share that is associated with the District	258,983,071
Total	$ 457,921,358

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

On August 31, 2024, the employer's proportion of the collective net pension liability was 0.3257% which was an increase of 0.0035% from its proportion measured as of August 31, 2023.

Changes Since the Prior Actuarial Valuation

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

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

The amount of pension expense recognized by the District in the reporting period was $28,140,211.

Note 4 – Other Information (continued)

C. Defined Benefit Pension Plan (continued)

7. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

The District also recognized on-behalf pension expense and revenue of $30,952,805 for support provided by the State. On June 30, 2025, the District reported its proportionate share of the TRS deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 10,965,207	$ (1,553,213)
Changes of assumption	10,271,610	(1,377,072)
Net difference between projected and actual earnings on pension plan investments	1,209,276	-
Changes in proportion and differences between District contributions and proportionate share of contributions	7,746,127	(3,489,357)
District contributions subsequent to the measurement date of the net pension liability	16,027,950	-
Total	$ 46,220,170	$ (6,419,642)

The District recognized $16,027,950 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the measurement year ended June 30, 2026. The other amounts of the District's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	Pension Expense
2026	$ 583,711
2027	22,890,672
2028	3,786,975
2029	(4,368,730)
2030	879,950
	$ 23,772,578

D. Defined Other Post-Employment Benefit Plan

1. Plan Description

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

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

Note 4 – Other Information (continued)

D. Defined Other Post-Employment Benefit Plan (continued)

2. OPEB Plan Fiduciary Net Position

Detail information about the TRS-Care's fiduciary net position is available in the separately issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the internet at https://www.trs.texas.gov/learning-resources/publications, or by writing to TRS at attention Finance Division, PO BOX 149676, Austin, TX, 78714-0185, or by calling 1-800-223-8778.

3. Benefits Provided

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

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

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

TRS-Care Monthly Premium Rates

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

4. 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 of trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, Section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of salary. Section 1575.204 establishes a public school contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the employer. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act , which is 0.75% of each active employee's pay for fiscal year 2025. The following table shows contributions to the TRS-Care plan by type of contributor.

Note 4 – Other Information (continued)

D. Defined Other Post-Employment Benefit Plan (continued)

4. Contributions (continued)

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

	Contribution Rates Plan Year Ended August 31,	
	2025	**2024**
Member	0.65%	0.65%
Non-employer contributing agency	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private funding	1.25%	1.25%

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

Contributions for all contributors were as follows:

	Current Fiscal Year Contributions
Employer (District)	
District, Excluding Federal/Private Funding	$ 3,510,822
Federal/Private Funding	352,426
Total District	3,863,248
Employee (Member)	2,905,472
Non-employer Contributing Entity	
On-behalf Contributions (State)	8,148,914
Total	$ 14,917,634

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

Note 4 – Other Information (continued)

D. Defined Other Post-Employment Benefit Plan (continued)

5. Actuarial Assumptions

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 was determined using the following actuarial assumptions:

Component	Result
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 claim costs.
Projected Salary Increases	2.95% to 8.95% including inflation
Healthcare 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.
Election Rates	Normal Retirement: 62% participation rate prior to age 65 and 25% participation rate after age 65. Pre-65 retirees: 30% of pre-65 retirees are assumed to discontinue coverage at age 65.
Ad hoc post-employment benefit changes	None

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 updated based on 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.

Note 4 – Other Information (continued)

D. Defined Other Post-Employment Benefit Plan (continued)

5. Actuarial Assumptions (continued)

Discount Rate

A single discount rate of 3.87% was used to measure the Total OPEB Liability. There was a decrease of 0.26% in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

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 Fidelity "20-Year Municipal GO AA Index", as of August 31, 2024.

6. Discount Rate Sensitivity Analysis

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

	Discount Rate		
	1% Decrease (2.87%)	Current Rate (3.87%)	1% Increase (4.87%)
District's proportional share of the net OPEB liability	$ 150,816,043	$ 126,944,538	$ 107,656,003

7. Healthcare Trend Rate Sensitivity Analysis

The following schedule shows the impact of the net OPEB liability if a healthcare trend rate that is 1% less than and 1% greater than the health trend rates assumed:

	Healthcare Cost Trend Rate		
	1% Decrease	Current Rate	1% Increase
District's proportional share of the net OPEB liability	$ 103,377,480	$ 126,944,538	$ 157,654,765

Note 4 – Other Information (continued)

D. Defined Other Post-Employment Benefit Plan (continued)

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

On June 30, 2025, the District reported a liability of $126,944,538 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	$	126,944,538
State's proportionate share that is associated with the District		159,059,784
Total	$	286,004,322

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

On August 31, 2024 the District's proportion of the collective net OPEB liability was 0.4182%, compared to 0.4189% as of August 31, 2023.

For the fiscal year ended June 30, 2025, the District recognized negative OPEB expense of $12,907,519. The District also recognized negative on-behalf expense and revenue of $20,674,836 for support provided by the State.

At June 30, 2025, the District reported 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 experience	$ 24,331,006	$ (63,352,207)
Changes of assumption	16,247,401	(41,420,534)
Net difference between projected and actual earnings on OPEB plan investments	-	(355,485)
Changes in proportion and differences between District contributions and proportionate share of contributions	12,298,979	(4,427,117)
District contributions subsequent to the measurement date	3,250,690	-
Total	$ 56,128,076	$ (109,555,343)

Deferred outflows of resources reported $3,250,690 related to contributions subsequent to the measurement date that will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2026.

Note 4 – Other Information (continued)

D. Defined Other Post-Employment Benefit Plan (continued)

8. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (continued)

The District recognized $3,250,690 as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date, which will be recognized as a reduction of the net OPEB liability in the measurement year ended August 31, 2025. The other amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year	OPEB Expense Amount	Balance of Deferred Outflows (Inflows)
2026	$ (16,211,734)	$ (40,466,223)
2027	(10,462,294)	(30,003,929)
2028	(14,143,923)	(15,860,006)
2029	(11,166,911)	(4,693,095)
2030	(5,515,600)	822,505
Thereafter	822,505	-
	$ (56,677,957)	

Changes To Actuarial Assumptions Since the Prior Actuarial Valuation

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

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

Changes of Benefit Terms Since the Prior Measurement Date

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

E. Medicare Part D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended June 30, 2025, 2024, and 2023, the subsidy payments received by TRS-Care on-behalf of the District were $2,913,887, $2,499,307, and $2,239,745, respectively. These payments are recorded as equal revenues and expenditures in the governmental funds' financial statements of the District.

F. Shared Services Arrangement

The District participates in a shared services arrangement for a Regional Day School for the Deaf administered by Region 4 Education Service Center (Region 4 RDSPD). The District accounts for revenues and expenditures related to this program in a nonmajor special revenue fund. The revenues and expenditures for the year ended June 30, 2025 are reported in Exhibit H-2.

Note 4 – Other Information (continued)

G. Adjustments and Restatements of Beginning Balances

During the current year, the District implemented GASB Statement No. 101, *Compensated Absences*. In conjunction with this implementation, the District revised its methodology for compensated absences liabilities by adopting a Last-In, First-Out (LIFO) assumption to better reflect the actual usage patterns of employee leave absences. The effect of change in accounting principle is summarized below in the "Restatement – GASB 101 implementation" column.

The District implemented a change in its financial reporting structure by centralizing activity funds. As a result of this change, the District reclassified certain balances previously reported as student activity funds to campus activity funds and made adjustment for proper recording. The reclassification and adjustment required restatements of the beginning fund balances and government-wide net position.

	Net Position/Fund Balance 6/30/2024 as Previously Reported	Restatement - GASB 101 Implementation	Reclassification of Activity Funds	Adjustment of Activity Funds	Net Position/Fund Balance 6/30/2025 as Restated/Adjusted
Government-Wide					
Governmental activities	$ 124,449,285	$ 1,159,359	$ 1,174,463	$ 16,270	$ 126,799,377
Total Government-Wide	$ 124,449,285	$ 1,159,359	$ 1,174,463	$ 16,270	$ 126,799,377
Governmental funds					
Nonmajor funds	$ 26,907,166	$ -	$ 1,174,463	$ 16,270	$ 28,097,899
Total Governmental Funds	$ 26,907,166	$ -	$ 1,174,463	$ 16,270	$ 28,097,899
Fiduciary Fund					
Custodial fund	$ 2,147,874	$ -	$ (1,174,463)	$ -	$ 973,411
Total Fiduciary Fund	$ 2,147,874	$ -	$ (1,174,463)	$ -	$ 973,411

H. New Accounting Standards

GASB issued Statement No. 101, *Compensated Absences,* was issued in June 2022. The primary 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. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The requirements of this statement were implemented in 2025 and the impact is reflected in the financial statements. See Note 4.H.

GASB issued Statement No. 102, Certain Risk Disclosures, in December 2023. The primary objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this statement were implemented in fiscal year 2025 and did not have a material impact on the financial statements.

I. Subsequent Events

The District issued Unlimited Tax Schoolhouse and Refunding Bonds, Series 2025 in the amount of $337,105,000 on July 16, 2025. Proceeds from the sale of the bonds will be used (i) for the construction, acquisition, renovation and equipment of school buildings in the District, the purchase of the necessary sites for school buildings, the purchase of new school buses, the retrofitting of school buses with emergency, safety, or security equipment, and the purchase or retrofitting of vehicles to be used for emergency, safety, or security purposes; (ii) to refund a portion of the District's outstanding debt, and (iii) to pay costs of issuing the bonds. The bonds bear interest at 5.00% with maturities ranging from 2026 to 2050.

The District issued Unlimited Tax Refunding Bonds, Series 2025A in the amount of $12,645,000 on July 16, 2025. Proceeds from the sale of the bonds will be used (i) to refund a portion of the District's outstanding debt and (ii) to pay costs of issuing the bonds. The bonds bear interest at rates ranging from 4.00% to 5.00%, with maturities ranging from 2028 to 2031.

REQUIRED SUPPLEMENTARY INFORMATION


KLEIN ISD
PROMISE2PURPOSE

KLEIN INDEPENDENT SCHOOL DISTRICT *Exhibit G-1*

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2025

Data Control Codes		Budgeted Amounts			Variance with
		Original	Final	Actual	Final Budget
	Revenues				
5700	Local revenues	$ 197,159,157	$ 197,845,787	$ 200,642,979	$ 2,797,192
5800	State program revenues	310,586,790	330,878,720	328,943,225	(1,935,495)
5900	Federal program revenues	7,654,966	7,917,713	7,148,114	(769,599)
5020	**Total Revenues**	515,400,913	536,642,220	536,734,318	92,098
	Expenditures				
	Current:				
0011	Instruction	335,793,528	339,200,401	334,791,165	4,409,236
0012	Instruction resources and media services	4,817,251	4,774,824	4,520,867	253,957
0013	Curriculum and instructional staff development	12,822,559	14,633,575	14,068,446	565,129
0021	Instructional leadership	5,957,036	6,803,199	6,570,488	232,711
0023	School leadership	34,011,625	36,112,649	35,206,666	905,983
0031	Guidance, counseling and evaluation services	36,381,781	37,857,150	36,822,697	1,034,453
0032	Social work services	519,557	524,510	492,038	32,472
0033	Health services	7,167,490	7,125,213	6,920,524	204,689
0034	Student transportation	18,908,444	19,045,809	17,842,621	1,203,188
0036	Extracurricular activities	10,406,314	11,779,328	11,735,692	43,636
0041	General administration	12,264,329	13,175,315	12,307,405	867,910
0051	Facilities maintenance and operations	43,564,158	43,112,560	41,508,827	1,603,733
0052	Security and monitoring services	10,007,876	10,301,610	9,879,094	422,516
0053	Data processing services	10,749,357	10,671,193	10,394,463	276,730
0061	Community services	616,262	678,383	620,058	58,325
	Debt Service:				
0071	Principal on long-term debt	1,203,982	1,197,120	1,228,970	(31,850)
0072	Interest on long-term debt	205,529	208,637	134,786	73,851
	Capital Outlay:				
0081	Facilities acquisition and construction	-	700,000	484,323	215,677
	Intergovernmental:				
0093	Payments related to shared services arrangements	878,000	1,289,539	1,246,827	42,712
0095	Payments to Juvenile Justice Alt. Ed. Prgm.	412,500	502,500	328,309	174,191
0099	Other intergovernmental charges	2,512,820	2,320,112	2,270,112	50,000
6030	**Total Expenditures**	549,200,398	562,013,627	549,374,378	12,639,249
	Excess (deficiency) of revenues over expenditures	(33,799,485)	(25,371,407)	(12,640,060)	12,731,347
1100	**Other Financing Sources (Uses)**				
7912	Sale of real or personal property	-	46,841	77,545	30,704
7913	Leases/subscriptions issued	-	-	116,852	116,852
7080	**Total Other Financing Sources (Uses)**	-	46,841	194,397	147,556
1200	Net change in fund balance	(33,799,485)	(25,324,566)	(12,445,663)	12,878,903
0100	**Beginning Fund Balance**	247,860,087	247,860,087	247,860,087	-
3000	**Ending Fund Balance**	$ 214,060,602	$ 222,535,521	$ 235,414,424	$ 12,878,903

KLEIN INDEPENDENT SCHOOL DISTRICT *Exhibit G-2*

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

OF A COST-SHARING MULTIPLE-EMPLOYER PENSION PLAN

TEACHER RETIREMENT SYSTEM OF TEXAS

LAST TEN MEASUREMENT YEARS [1]

	2024	2023	2022	2021	2020
District's proportion of the net pension liability	0.3257%	0.3222%	0.3146%	0.3050%	0.2933%
District's proportionate share of the net pension liability	$ 198,938,287	$ 221,292,560	$ 186,742,449	$ 77,661,481	$ 157,094,062
State's proportionate share of the net pension liability associated with the District	258,983,071	291,780,562	262,084,471	119,109,778	253,764,053
Total	$ 457,921,358	$ 513,073,122	$ 448,826,920	$ 196,771,259	$ 410,858,115
District's covered payroll (for Measurement Year)	$ 441,206,371	$ 414,350,704	$ 391,422,466	$ 373,984,184	$ 304,212,226
District's proportionate share of the net pension liability as a percentage of it's covered payroll	45.1%	53.4%	47.7%	20.8%	51.6%
Plan fiduciary net position as a percentage of the total pension liability *	77.51%	73.15%	75.62%	88.79%	75.54%
Plan's net pension liability as a percentage of covered payroll *	102.39%	122.32%	112.72%	51.08%	110.36%

	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.3300%	0.3391%	0.3151%	0.3060%	0.3058%
District's proportionate share of the net pension liability	$ 171,536,152	$ 186,674,619	$ 100,742,471	$ 115,628,048	$ 108,093,967
State's proportionate share of the net pension liability associated with the District	230,879,106	258,121,285	152,738,834	184,046,365	171,194,816
Total	$ 402,415,258	$ 444,795,904	$ 253,481,305	$ 299,674,413	$ 279,288,783
District's covered payroll (for Measurement Year)	$ 348,034,890	$ 346,854,772	$ 326,904,468	$ 313,654,090	$ 292,880,706
District's proportionate share of the net pension liability as a percentage of it's covered payroll	49.3%	53.8%	30.8%	36.9%	36.9%
Plan fiduciary net position as a percentage of the total pension liability *	75.24%	73.74%	82.17%	78.00%	78.43%
Plan's net pension liability as a percentage of covered payroll *	114.93%	126.11%	75.93%	92.75%	91.94%

[1] The amounts are presented for each Plan year which ends the preceding August 31 of the District's fiscal year.

* Per Teacher Retirement System of Texas' annual comprehensive financial report.

KLEIN INDEPENDENT SCHOOL DISTRICT *Exhibit G-3*

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS TO THE TEACHER RETIREMENT SYSTEM OF TEXAS (TRS)
LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021
Contractually required contributions	$ 18,958,067	$ 18,169,978	$ 16,207,738	$ 14,322,839	$ 12,880,372
Contributions in relation to the contractual required contributions	18,958,067	18,169,978	16,207,738	14,322,839	12,880,372
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 446,996,257	$ 437,500,068	$ 410,468,495	$ 388,292,859	$ 373,984,184
Contributions as a percentage of covered payroll	4.24%	4.15%	3.95%	3.69%	3.44%

	2020[1]	2019	2018	2017	2016
Contractually required contributions	$ 10,162,997	$ 11,476,458	$ 11,498,697	$ 10,324,043	$ 9,721,927
Contributions in relation to the contractual required contributions	10,162,997	11,476,458	11,498,697	10,324,043	9,721,927
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 304,212,226	$ 348,034,890	$ 346,854,772	$ 326,904,468	$ 313,654,090
Contributions as a percentage of covered payroll	3.34%	3.30%	3.32%	3.16%	3.10%

[1] Beginning September 1, 2019, the District changed its fiscal year end from August 31 to June 30.

KLEIN INDEPENDENT SCHOOL DISTRICT *Exhibit G-4*

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

OF A COST-SHARING MULTIPLE-EMPLOYER OPEB PLAN

TEACHER RETIREMENT SYSTEM OF TEXAS (TRS-CARE)

LAST EIGHT MEASUREMENT YEARS [1]

	2024	2023	2022	2021
District's proportion of the net OPEB liability	0.4182%	0.4189%	0.4128%	0.4021%
District's proportionate share of the net OPEB liability	$ 126,944,538	$ 92,731,549	$ 98,832,052	$ 155,117,901
State's proportionate share of the net OPEB liability associated with the District	159,059,784	111,894,867	120,559,576	207,823,419
Total	$ 286,004,322	$ 204,626,416	$ 219,391,628	$ 362,941,320
District's covered payroll (for Measurement Year)	$ 441,206,371	$ 414,350,704	$ 391,422,466	$ 373,984,184
District's proportionate share of the net OPEB liability as a percentage of it's covered payroll	28.8%	22.4%	25.2%	41.5%
Plan fiduciary net position as a percentage of the total OPEB liability *	13.70%	14.94%	11.52%	6.18%
Plan's net OPEB liability as a percentage of covered payroll *	67.98%	51.86%	59.10%	100.13%

	2020	2019	2018	2017
District's proportion of the net OPEB liability	0.3982%	0.4075%	0.4147%	0.3858%
District's proportionate share of the net OPEB liability	$ 151,372,041	$ 192,705,677	$ 207,066,238	$ 167,759,198
State's proportionate share of the net OPEB liability associated with the District	203,407,737	256,062,742	299,987,098	259,984,330
Total	$ 354,779,778	$ 448,768,419	$ 507,053,336	$ 427,743,528
District's covered payroll (for Measurement Year)	$ 304,212,226	$ 348,034,890	$ 346,854,772	$ 326,904,468
District's proportionate share of the net OPEB liability as a percentage of it's covered payroll	49.8%	55.4%	59.7%	51.3%
Plan fiduciary net position as a percentage of the total OPEB liability *	4.99%	2.66%	1.57%	0.91%
Plan's net OPEB liability as a percentage of covered payroll *	101.46%	135.21%	146.64%	132.55%

[1] The amounts are presented for each Plan year which ends the preceding August 31 of the District's fiscal year. Ten years of data not available.

Net OPEB liability is calculated using a new methodology and will be presented prospectively in accordance with GASB 75.

* Per Teacher Retirement System of Texas' annual comprehensive financial report.

KLEIN INDEPENDENT SCHOOL DISTRICT *Exhibit G-5*

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS TO THE
TEACHER RETIREMENT SYSTEM OF TEXAS OPEB PLAN (TRS-CARE)
LAST EIGHT FISCAL YEARS[1]

	2025	2024	2023	2022
Contractually required contributions	$ 3,863,248	$ 3,797,707	$ 3,594,046	$ 3,333,427
Contributions in relation to the contractual required contributions	3,863,248	3,797,707	3,594,046	3,333,427
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 446,996,257	$ 437,500,068	$ 410,468,495	$ 388,292,859
Contributions as a percentage of covered payroll	0.86%	0.87%	0.88%	0.86%

	2021	2020 [2]	2019	2018
Contractually required contributions	$ 3,120,337	$ 2,530,222	$ 2,875,627	$ 2,878,027
Contributions in relation to the contractual required contributions	3,120,337	2,530,222	2,875,627	2,878,027
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 373,984,184	$ 304,212,226	$ 348,034,890	$ 346,854,772
Contributions as a percentage of covered payroll	0.83%	0.83%	0.83%	0.83%

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

[2] Beginning September 1, 2019, the District changed its fiscal year from August 31 to June 30.

Note 1 – Budget

A. Budgetary Information

Each school district in Texas is required by law to prepare annually a budget of anticipated revenues and expenditures for the general fund, debt service fund, and the *National School Breakfast and Lunch Program* special revenue fund for the fiscal year beginning July 1. The Texas Education Code requires the budget to be prepared not later than June 20 and adopted by June 30 of each year. The budgets are prepared on a basis of accounting that is used for reporting in accordance with generally accepted accounting principles.

The District annually adopts legally authorized appropriated budgets for the general fund, debt service fund, and *National School Breakfast and Lunch Program* special revenue fund. The following procedures are followed in establishing the budgetary data reflected in the fund financial schedules:

1. Prior to June 19 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget after a ten-day public notice of the meeting has been given.
3. Prior to July 1, the budget is formally adopted by the Board.

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

B. Variances Between Original and Final Budget

The District's general fund budget differs from the original budget due to budget revisions that were made during the fiscal year.

- Amendments approved shortly after the beginning of the new fiscal year for amounts restricted, committed, or assigned in the prior year.
- Amendments in early and late spring to revise estimates for local and state revenues based on the latest information on student attendance numbers and tax collections.
- Amendments during the year for unexpected occurrences.

Note 2 – Net Pension Liability and Net OPEB Liability

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

A. Changes in Actuarial Assumptions and Inputs

	Net Pension Liability		Net OPEB Liability
Measurement Date August 31	Discount Rate	Long-Term Expected Rate of Return	Discount Rate
2024	7.000%	7.000%	3.870%
2023	7.000%	7.000%	4.130%
2022	7.000%	7.000%	3.910%
2021	7.250%	7.250%	1.950%
2020	7.250%	7.250%	2.330%
2019	7.250%	7.250%	2.630%
2018	6.907%	7.250%	3.690%
2017	8.000%	8.000%	3.420%
2016	8.000%	8.000%	
2015	8.000%	8.000%	
2014	8.000%	8.000%	

B. Changes in Demographic and Economic Assumptions

For Measurement Date August 31, 2024—Net OPEB Liability

- The OPEB discount rate changed from 4.130% as of August 31, 2023 to 3.870% as of August 31, 2024, the tables used to model the impact of aging on the underlying claims were revised.

For Measurement Date August 31, 2023—Net OPEB Liability

- The OPEB discount rate changed from 3.910% as of August 31, 2022 to 4.130% as of August 31, 2023, revised demographic and economic assumptions based on the TRS experience study.

For Measurement Date August 31, 2022—Net Pension Liability

- The pension discount rate changed from 7.250% as of August 31, 2021 to 7.00% as of August 31, 2022.

For Measurement Date August 31, 2022—Net OPEB Liability

- The OPEB discount rate changed from 1.950% as of August 31, 2021 to 3.910% as of August 31, 2022, lowered participation rates, and updated the healthcare trend rate assumption.

For Measurement Date August 31, 2021—Net Pension Liability

- The public education employer contribution rate changed from 1.5% in 2020 to 1.6% in 2021. For Measurement Date August 31, 2021—Net OPEB Liability
- The OPEB discount rate changed from 2.33% as of August 31, 2020 to 1.95% as of August 31, 2021.

Note 2 – Net Pension Liability and Net OPEB Liability (continued)

B. Changes in Demographic and Economic Assumptions (continued)

For Measurement Date August 31, 2020 – Net Pension Liability

- The State and employer contribution rate changed from 6.8% to 7.5%. The 1.5% public education employer contribution applied to just employers whose employees were not covered by OASDI in 2019 and it changed in 2020 to apply to all public schools, charter schools, and regional education centers irrespective of participation in OASDI.

For Measurement Date August 31, 2020 – Net OPEB Liability

- The discount rate changed from 2.63% as of August 31, 2019 to 2.33% as of August 31, 2020. Additionally, assumptions lowered the participation rate for employees who retire after the age of 65 and the ultimate healthcare trend rate to reflect the repeal of the excise (Cadillac) tax on high-cost employer health plans.

For Measurement Date August 31, 2018—Net Pension Liability and Net OPEB Liability

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

C. Changes in Benefit Terms

For Measurement Date August 31, 2018—Net OPEB Liability

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

D. Other Changes

For Measurement Date August 31, 2019—Net Pension Liability

- With the enactment of SB3 by the 2019 Texas Legislature, as assumption was made about how this would impact future salaries. It is assumed that eligible active members will each receive a $2,700 increase in fiscal year 2020. This is in addition to the salary increase expected based on the actuarial assumptions.
- For Measurement Date August 31, 2019—Net OPEB Liability
- The participation rate for pre-65 retirees was lowered from 70% to 65%. The participation rate for post-65 retirees was lowered from 75% to 50%. 25% of pre-65 retirees are assumed to discontinue their coverage at age 65.
- The trend rates were reset to better reflect the plan's anticipated experience.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20% to 15%.

In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20% to 10%.

For Measurement Date August 31, 2018—Net OPEB Liability

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

SUPPLEMENTARY INFORMATION


KLEIN ISD
PROMISE2PURPOSE

Debt Service Fund

The debt service fund is used to account for revenues primarily from property taxes levied specifically for debt service and earnings on temporary investments and the expenditure of these revenues for payment of long-term debt principal, interest, and related fees.

KLEIN INDEPENDENT SCHOOL DISTRICT *Exhibit G-6*

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
DEBT SERVICE FUND
For the Year Ended June 30, 2025

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget
	Revenues				
5700	Local and intermediate sources	$ 97,266,286	$ 97,194,478	$ 97,033,122	$ (161,356)
5800	State program revenues	15,621,908	14,268,390	14,090,514	(177,876)
5020	**Total Revenues**	112,888,194	111,462,868	111,123,636	(339,232)
	Expenditures				
	Debt Service:				
0071	Principal on long-term debt	55,546,351	55,546,351	52,950,000	2,596,351
0072	Interest on long-term debt	57,198,897	57,198,897	57,198,897	-
0073	Bond issuance costs and fees	142,946	145,721	36,776	108,945
6030	**Total Expenditures**	112,888,194	112,890,969	110,185,673	2,705,296
1200	Net change in fund balance	-	(1,428,101)	937,963	2,366,064
0100	**Beginning Fund Balance**	110,426,100	110,426,100	110,426,100	-
3000	**Ending Fund Balance**	$ 110,426,100	$ 108,997,999	$ 111,364,063	$ 2,366,064

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are committed and/or legally restricted to expenditures for particular purposes.


KLEIN ISD
PROMISE2PURPOSE

ESEA Title I, Part A—Improving Basic Programs (211)
To account for funds received from the U.S. Department of Education, passed through the State Department of Education, to provide opportunities for children to acquire the knowledge and skills to meet the State's student performance standards.

IDEA—Part B, Formula (224)
To account for funds received from the U.S. Department of Education, passed through the State Department of Education, to operate educational programs for children with disabilities.

IDEA—Part B, Preschool (225)
To account for funds received from the U.S. Department of Education, passed through the State Department of Education, for preschool children with disabilities.

National School Breakfast and Lunch Program (240)
To account for receipt and expenditure of funds received from the U.S. Department of Agriculture, passed through the State Department of Agriculture and Education, to provide breakfast and lunch to school children and for other allowable child nutrition program purposes.

Career and Technical Education—Basic Grant (244)
To account for funds received from the U.S. Department of Education, passed through the State Department of Education, to provide career and technical education (CTE) and to develop new and/or improve existing CTE programs for paid and unpaid employment.

ESEA, Title II, Part A—Teacher and Principal Training and Recruiting (255)
To account for funds received from the U.S. Department of Education, passed through the State Department of Education, to increase student academic achievement by improving teacher and principal quality, increasing the number of highly qualified teachers, principals, and assistant principals in schools, and to hold districts accountable for improving student academic achievement.

Title III, Part A—English Language Acquisition and Language Enhancement (263)
To account for funds received from the U.S. Department of Education, passed through the State Department of Education, to improve the education of children with limited English proficiency by helping the children learn English and meet challenging academic achievement standards.

Medicaid Administrative Claiming—MAC (272)
To account for funds allocated to districts to reimburse eligible administrative costs for activities that implement the Medicaid State Plan.

American Rescue Plan (ARP) Act—Homeless II—Education for Homeless Children and Youth Program (280)
To account for federal stimulus funds granted to LEAs through the ARP Act to identify and provide homeless children and youth with services in light of the challenges of COVID-19, and to enable homeless children and youth to attend school and participate fully in school activities.

Elementary and Secondary School Emergency Relief Fund III (ESSER III) of the American Rescue Plan Act of 2021 (282)
To account for federal stimulus ESSER III funds granted to LEAs through the American Rescue Plan Act to address learning loss and the disproportionate impact of the coronavirus on certain student subgroups, identify and provide homeless children and youth with services in light of challenges of the coronavirus, and enable homeless children and youth to attend school and participate fully in school activities.

Federally Funded Special Revenue Funds (289)
To account for federally funded special revenue funds not specified in another TEA-designated federal special revenue fund.

State Supplemental Visually Impaired (SSVI) (385)
To account for funds received from the State Department of Education, passed through Region IV Education Service Center, to provide educational and related services for students with visual impairments.

Regional Day School for the Deaf (386)
To account for funds allocated for the staff and activities of the regional day school program for the deaf (RDSPD).

Non-Educational Community-Based Support (392)
To account for funds received from the State Department of Education, passed through Region IV Educational Service Center, for the provision of non-educational community-based support services to students with disabilities who would remain or have to be placed in residential facilities for educational reasons without the provision of those services.

Advanced Placement Initiatives (397)
To account for funds awarded by the State Department of Education under the Texas Advanced Placement Award Incentive Program.

State Instructional Materials Fund (410)
To account for funds received from the State Department of Education to aide in the purchase of adopted instructional materials, technological equipment, and technology services.

State-Funded Special Revenue Funds (429)
To account for state funded special revenue funds not specified in another TEA-designated state special revenue fund.

Campus Activity Funds (461)
To account for transactions related to a principal's activity fund that benefits students.

Locally Funded Special Revenue Funds (499)
To account for locally funded special revenue funds not specified in another TEA-designated local special revenue fund.

KLEIN INDEPENDENT SCHOOL DISTRICT *Exhibit H-1*

COMBINING BALANCE SHEET *Page 1 of 5*

ALL NONMAJOR GOVERNMENTAL FUNDS

June 30, 2025

		211	224	225	240
Data Control Codes		ESEA, Title I, Part A - Improving Basic Programs	IDEA - Part B, Formula	IDEA - Part B, Preschool	National School Breakfast and Lunch Program
	Assets				
1110	Cash and cash equivalents	$ 933,380	$ 6,236	$ -	$ 19,349,411
	Receivables:				
1240	Due from other governments	684,988	2,950,656	91,297	77,259
1260	Due from other funds	728	162,646	-	66,051
1290	Other receivables	-	-	-	7,668
1310	Inventories, at cost	-	-	-	498,127
1000	**Total Assets**	$ 1,619,096	$ 3,119,538	$ 91,297	$ 19,998,516
	Liabilities and Fund Balances				
	Liabilities:				
	Current Liabilities:				
2110	Accounts payable	$ 7,026	$ 2,100	$ -	$ 131,102
2160	Accrued wages payable	1,412,244	1,573,988	15,266	1,561,268
2170	Due to other funds	199,826	1,543,450	76,031	1,868,457
2300	Unearned revenues	-	-	-	-
2000	**Total Liabilities**	1,619,096	3,119,538	91,297	3,560,827
	Fund Balance:				
	Restricted:				
3450	Federal/State grant restrictions	-	-	-	16,437,689
	Committed:				
3545	Other purposes	-	-	-	-
3000	**Total Fund Balances**	-	-	-	16,437,689
4000	**Total Liabilities and Fund Balances**	$ 1,619,096	$ 3,119,538	$ 91,297	$ 19,998,516

Data Control Codes		244 Career and Technical Education - Basic Grant	255 ESEA, Title II, Part A - Teacher and Principal Training and Recruitment	263 Title III, Part A - English Language Acquisition and Language Enhancement	272 Medicaid Administrative Claiming (MAC) Program
	Assets				
1110	Cash and cash equivalents	$ -	$ 101,528	$ 8,070	$ -
	Receivables:				
1240	Due from other governments	12,629	270,811	210,500	72,291
1260	Due from other funds	35,265	7,757	136	-
1290	Other receivables	-	299	-	-
1310	Inventories, at cost	-	-	-	-
1000	**Total Assets**	$ 47,894	$ 380,395	$ 218,706	$ 72,291
	Liabilities and Fund Balances				
	Liabilities:				
	Current Liabilities:				
2110	Accounts payable	$ 877	$ 19,632	$ 11,906	$ -
2160	Accrued wages payable	21,301	177,992	136,856	-
2170	Due to other funds	25,716	182,771	69,944	72,291
2300	Unearned revenues	-	-	-	-
2000	**Total Liabilities**	47,894	380,395	218,706	72,291
	Fund Balance:				
	Restricted:				
3450	Federal/State grant restrictions	-	-	-	-
	Committed:				
3545	Other purposes	-	-	-	-
3000	**Total Fund Balances**	-	-	-	-
4000	**Total Liabilities and Fund Balances**	$ 47,894	$ 380,395	$ 218,706	$ 72,291

Data Control Codes		280 ARP - Homeless II - Education for Homeless Children and Youth Program	282 ESSER III ARP	289 Federally Funded Special Revenue Funds	385 State Supplemental Visually Impaired (SSVI)
	Assets				
1110	Cash and cash equivalents	$ -	$ -	$ 20,527	$ -
	Receivables:				
1240	Due from other governments	-	-	41,201	-
1260	Due from other funds	-	-	138,962	-
1290	Other receivables	-	-	-	-
1310	Inventories, at cost	-	-	-	-
1000	**Total Assets**	$ -	$ -	$ 200,690	$ -
	Liabilities and Fund Balances				
	Liabilities:				
	Current Liabilities:				
2110	Accounts payable	$ -	$ -	$ 1,900	$ -
2160	Accrued wages payable	-	-	115,041	-
2170	Due to other funds	-	-	83,749	-
2300	Unearned revenues	-	-	-	-
2000	**Total Liabilities**	-	-	200,690	-
	Fund Balance:				
	Restricted:				
3450	Federal/State grant restrictions	-	-	-	-
	Committed:				
3545	Other purposes	-	-	-	-
3000	**Total Fund Balances**	-	-	-	-
4000	**Total Liabilities and Fund Balances**	$ -	$ -	$ 200,690	$ -

		386	392	397	410
Data Control Codes		**Regional Day School for the Deaf**	**Non-Educational Community-Based Support**	**Advanced Placement Incentives**	**State Instructional Materials Fund**
	Assets				
1110	Cash and cash equivalents	$ 82,201	$ 14,250	$ 11,395	$ -
	Receivables:				
1240	Due from other governments	59,271	48,790	-	4,377,043
1260	Due from other funds	22	2,421	-	71,023
1290	Other receivables	-	-	-	1,510
1310	Inventories, at cost	-	-	-	-
1000	**Total Assets**	$ 141,494	$ 65,461	$ 11,395	$ 4,449,576
	Liabilities and Fund Balances				
	Liabilities:				
	Current Liabilities:				
2110	Accounts payable	$ 58	$ 2,400	$ -	$ 72,175
2160	Accrued wages payable	38,988	10,944	-	-
2170	Due to other funds	102,448	52,117	-	4,347,297
2300	Unearned revenues	-	-	2,392	30,104
2000	**Total Liabilities**	141,494	65,461	2,392	4,449,576
	Fund Balance:				
	Restricted:				
3450	Federal/State grant restrictions	-	-	9,003	-
	Committed:				
3545	Other purposes	-	-	-	-
3000	**Total Fund Balances**	-	-	9,003	-
4000	**Total Liabilities and Fund Balances**	$ 141,494	$ 65,461	$ 11,395	$ 4,449,576

		429	461	499	
Data Control Codes		**State Funded Special Revenue Funds**	**Campus Activity Funds**	**Locally Funded Special Revenue Funds**	**Total Nonmajor Governmental Funds**
	Assets				
1110	Cash and cash equivalents	$ -	$ 8,062,049	$ 3,086,275	$ 31,675,322
	Receivables:				
1240	Due from other governments	1,302,852	-	265	10,199,853
1260	Due from other funds	13,193	109,538	98,567	706,309
1290	Other receivables	-	13,335	122,979	145,791
1310	Inventories, at cost	-	-	-	498,127
1000	**Total Assets**	$ 1,316,045	$ 8,184,922	$ 3,308,086	$ 43,225,402
	Liabilities and Fund Balances				
	Liabilities:				
	Current Liabilities:				
2110	Accounts payable	$ -	$ 365,367	$ 32,814	$ 647,357
2160	Accrued wages payable	41	1,157	48,365	5,113,451
2170	Due to other funds	1,316,004	1,715,768	68,435	11,724,304
2300	Unearned revenues	-	-	19,456	51,952
2000	**Total Liabilities**	1,316,045	2,082,292	169,070	17,537,064
	Fund Balance:				
	Restricted:				
3450	Federal/State grant restrictions	-	-	-	16,446,692
	Committed:				
3545	Other purposes	-	6,102,630	3,139,016	9,241,646
3000	**Total Fund Balances**	-	6,102,630	3,139,016	25,688,338
4000	**Total Liabilities and Fund Balances**	$ 1,316,045	$ 8,184,922	$ 3,308,086	$ 43,225,402

		211	224	225	240
Data Control Codes		ESEA, Title I, Part A - Improving Basic Programs	IDEA - Part B, Formula	IDEA - Part B, Preschool	National School Breakfast and Lunch Program
	Revenues				
5700	Local, intermediate, and out-of-state	$ 2,881	$ -	$ -	$ 9,758,562
5800	State program revenues	-	-	-	1,000,252
5900	Federal program revenues	13,100,193	12,168,610	190,680	22,288,101
5020	**Total Revenues**	13,103,074	12,168,610	190,680	33,046,915
	Expenditures				
	Current:				
0011	Instruction	8,016,987	9,211,790	190,680	-
0012	Instruction resources and media services	16,930	-	-	-
0013	Curriculum and instructional staff development	976,243	669,510	-	-
0021	Instructional leadership	125,851	-	-	-
0023	School leadership	1,893,354	-	-	-
0031	Guidance, counseling and evaluation services	466,692	2,260,683	-	-
0033	Health services	(318)	26,627	-	-
0034	Student transportation	869,613	-	-	-
0035	Food service	-	-	-	33,051,474
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	500
0053	Data processing services	-	-	-	-
0061	Community services	737,722	-	-	-
	Debt service:				
0071	Principal on long-term debt	-	-	-	1,500
0072	Interest on long-term debt	-	-	-	-
	Capital outlay:				
0081	Facilities acquisition and construction	-	-	-	1,796,341
6030	**Total Expenditures**	13,103,074	12,168,610	190,680	34,849,815
1100	Excess (deficiency) of revenues over expenditures	-	-	-	(1,802,900)
	Other Financing Sources (Uses)				
7912	Sale of real or personal property	-	-	-	19,274
7080	**Total Other Financing Sources (Uses)**	-	-	-	19,274
1200	Net change in fund balance	-	-	-	(1,783,626)
	Beginning Fund Balance, as Previously Reported	-	-	-	18,221,315
	Restatement (see Note 4.H)	-	-	-	-
0100	**Beginning Fund Balance, restated**	-	-	-	18,221,315
3000	**Ending Fund Balance**	$ -	$ -	$ -	$ 16,437,689

Data Control Codes		244 Career and Technical Education - Basic Grant	255 ESEA, Title II, Part A - Teacher and Principal Training and Recruitment	263 Title III, Part A - English Language Acquisition and Language Enhancement	272 Medicaid Administrative Claiming (MAC) Program
	Revenues				
5700	Local, intermediate, and out-of-state	$ 788	$ 128	$ 95	$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	682,122	1,761,855	1,254,929	143,324
5020	**Total Revenues**	682,910	1,761,983	1,255,024	143,324
	Expenditures				
	Current:				
0011	Instruction	568,426	851,152	237,164	-
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	107,655	620,477	977,954	-
0021	Instructional leadership	3,169	127,246	5,021	-
0023	School leadership	-	112,514	8,706	-
0031	Guidance, counseling and evaluation services	3,660	-	132	-
0033	Health services	-	-	3,648	143,324
0034	Student transportation	-	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	192	-
0053	Data processing services	-	-	-	-
0061	Community services	-	50,594	22,207	-
	Debt service:				
0071	Principal on long-term debt	-	-	-	-
0072	Interest on long-term debt	-	-	-	-
	Capital outlay:				
0081	Facilities acquisition and construction	-	-	-	-
6030	**Total Expenditures**	682,910	1,761,983	1,255,024	143,324
1100	Excess (deficiency) of revenues over expenditures	-	-	-	-
	Other Financing Sources (Uses)				
7912	Sale of real or personal property	-	-	-	-
7080	**Total Other Financing Sources (Uses)**	-	-	-	-
1200	Net change in fund balance	-	-	-	-
	Beginning Fund Balance, as Previously Reported	-	-	-	-
	Restatement (see Note 4.H)	-	-	-	-
0100	**Beginning Fund Balance, restated**	-	-	-	-
3000	**Ending Fund Balance**	$ -	$ -	$ -	$ -

Data Control Codes		280 ARP - Homeless II - Education for Homeless Children and Youth Program	282 ESSER III ARP	289 Federally Funded Special Revenue Funds	385 State Supplemental Visually Impaired (SSVI)
	Revenues				
5700	Local, intermediate, and out-of-state	$ -	$ -	$ -	$ -
5800	State program revenues	-	-	-	20,000
5900	Federal program revenues	2,169	638,585	1,317,394	-
5020	**Total Revenues**	2,169	638,585	1,317,394	20,000
	Expenditures				
	Current:				
0011	Instruction	-	462	578,673	-
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	61,923	22,878	-
0021	Instructional leadership	-	-	3,837	-
0023	School leadership	-	67,510	5,437	-
0031	Guidance, counseling and evaluation services	-	508,690	518,921	20,000
0033	Health services	-	-	-	-
0034	Student transportation	2,169	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	3,783	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	14,080	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	169,785	-
	Debt service:				
0071	Principal on long-term debt	-	-	-	-
0072	Interest on long-term debt	-	-	-	-
	Capital outlay:				
0081	Facilities acquisition and construction	-	-	-	-
6030	**Total Expenditures**	2,169	638,585	1,317,394	20,000
1100	Excess (deficiency) of revenues over expenditures	-	-	-	-
	Other Financing Sources (Uses)				
7912	Sale of real or personal property	-	-	-	-
7080	**Total Other Financing Sources (Uses)**	-	-	-	-
1200	Net change in fund balance	-	-	-	-
	Beginning Fund Balance, as Previously Reported	-	-	-	-
	Restatement (see Note 4.H)	-	-	-	-
0100	**Beginning Fund Balance, restated**	-	-	-	-
3000	**Ending Fund Balance**	$ -	$ -	$ -	$ -

		386	392	397	410
Data Control Codes		Regional Day School for the Deaf	Non-Educational Community-Based Support	Advanced Placement Incentives	State Instructional Materials Fund
	Revenues				
5700	Local, intermediate, and out-of-state	$ 22	$ -	$ -	$ -
5800	State program revenues	403,835	71,485	-	7,146,871
5900	Federal program revenues	-	-	-	-
5020	**Total Revenues**	403,857	71,485	-	7,146,871
	Expenditures				
	Current:				
0011	Instruction	401,421	-	-	6,526,121
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	2,436	-	-	-
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	71,485	-	-
	Debt service:				
0071	Principal on long-term debt	-	-	-	401,855
0072	Interest on long-term debt	-	-	-	218,895
	Capital outlay:				
0081	Facilities acquisition and construction	-	-	-	-
6030	**Total Expenditures**	403,857	71,485	-	7,146,871
1100	Excess (deficiency) of revenues over expenditures	-	-	-	-
	Other Financing Sources (Uses)				
7912	Sale of real or personal property	-	-	-	-
7080	**Total Other Financing Sources (Uses)**	-	-	-	-
1200	Net change in fund balance	-	-	-	-
	Beginning Fund Balance, as Previously Reported	-	-	9,003	-
	Restatement (see Note 4.H)	-	-	-	-
0100	**Beginning Fund Balance, restated**	-	-	9,003	-
3000	**Ending Fund Balance**	$ -	$ -	$ 9,003	$ -

		429	461	499	
Data Control Codes		State Funded Special Revenue Funds	Campus Activity Funds	Locally Funded Special Revenue Funds	Total Nonmajor Governmental Funds
	Revenues				
5700	Local, intermediate, and out-of-state	$ -	$ 7,313,700	$ 2,228,685	$ 19,304,861
5800	State program revenues	2,350,369	-	-	10,992,812
5900	Federal program revenues	-	-	-	53,547,962
5020	**Total Revenues**	2,350,369	7,313,700	2,228,685	83,845,635
	Expenditures				
	Current:				
0011	Instruction	-	2,679,642	806,229	30,068,747
0012	Instruction resources and media services	-	338,415	2,469	357,814
0013	Curriculum and instructional staff development	79,999	38,601	33,720	3,591,396
0021	Instructional leadership	-	-	5,571	270,695
0023	School leadership	-	507,772	79,397	2,674,690
0031	Guidance, counseling and evaluation services	-	19,132	255,745	4,053,655
0033	Health services	-	2,148	2,900	178,329
0034	Student transportation	-	-	-	871,782
0035	Food service	-	-	-	33,051,474
0036	Extracurricular activities	-	4,280,858	65,643	4,350,284
0041	General administration	-	-	90,459	90,459
0051	Facilities maintenance and operations	-	16,518	-	16,518
0052	Security and monitoring services	1,301,123	1,096	24,579	1,341,570
0053	Data processing services	-	-	697,400	697,400
0061	Community services	-	6,352	5,300	1,063,445
	Debt service:				
0071	Principal on long-term debt	-	17,667	-	421,022
0072	Interest on long-term debt	-	-	-	218,895
	Capital outlay:				
0081	Facilities acquisition and construction	969,247	170,707	20,000	2,956,295
6030	**Total Expenditures**	2,350,369	8,078,908	2,089,412	86,274,470
1100	Excess (deficiency) of revenues over expenditures	-	(765,208)	139,273	(2,428,835)
	Other Financing Sources (Uses)				
7912	Sale of real or personal property	-	-	-	19,274
7080	**Total Other Financing Sources (Uses)**	-	-	-	19,274
1200	Net change in fund balance	-	(765,208)	139,273	(2,409,561)
	Beginning Fund Balance, as Previously Reported	-	5,682,235	2,994,613	26,907,166
	Restatement (see Note 4.H)	-	1,185,603	5,130	1,190,733
0100	**Beginning Fund Balance, restated**	-	6,867,838	2,999,743	28,097,899
3000	**Ending Fund Balance**	$ -	$ 6,102,630	$ 3,139,016	$ 25,688,338

KLEIN INDEPENDENT SCHOOL DISTRICT *Exhibit H-3*

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN THE FUND BALANCE – BUDGET AND ACTUAL NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM

For the Year End June 30, 2025

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget
	Revenues				
5700	Local revenues	$ 8,895,309	$ 10,522,735	$ 9,758,562	$ (764,173)
5800	State program revenues	695,000	729,100	1,000,252	271,152
5900	Federal program revenues	24,596,569	24,870,222	22,288,101	(2,582,121)
5020	**Total Revenues**	34,186,878	36,122,057	33,046,915	(3,075,142)
	Expenditures				
	Current:				
0035	Food services	34,248,866	36,209,465	33,051,474	3,157,991
0052	Security and monitoring services	125	625	500	125
	Debt Service:				
0071	Principal on long-term debt	1,500	1,500	1,500	-
0072	Interest on long-term debt	250	250	-	250
	Capital Outlay:				
0081	Facilities acquisition and construction	1,831,497	1,805,577	1,796,341	9,236
6030	**Total Expenditures**	36,082,238	38,017,417	34,849,815	3,167,602
1100	Excess (deficiency) of revenues over expenditures	(1,895,360)	(1,895,360)	(1,802,900)	92,460
	Other Financing Sources (Uses)				
7912	Sale of real or personal property	-	-	19,274	19,274
7080	**Total Other Financing Sources (Uses)**	-	-	19,274	19,274
1200	Net change in fund balance	(1,895,360)	(1,895,360)	(1,783,626)	111,734
0100	**Beginning Fund Balance**	18,221,315	18,221,315	18,221,315	-
3000	**Ending Fund Balance**	$ 16,325,955	$ 16,325,955	$ 16,437,689	$ 111,734


KLEIN ISD
PROMISE2PURPOSE

COMPLIANCE SCHEDULES REQUIRED BY THE TEXAS EDUCATION AGENCY (TEA)

These compliance schedules are audited schedules required by the Texas Education Agency (TEA). The District is required to submit this annual information to the TEA.


KLEIN ISD
PROMISE2PURPOSE

KLEIN INDEPENDENT SCHOOL DISTRICT *Exhibit J-1*

SCHEDULE OF DELINQUENT TAXES RECEIVABLE

For the Year Ended June 30, 2025

	1	2	3	10	20	31	32	40	50	99
Last Ten Fiscal Years	**Tax Rates**		**Net Assessed/Appraised Value For School**	**Beginning Balance**	**Current Year's**	**Maintenance Total**	**Debt Service Total**	**Entire Year's**	**Ending Balance**	**Total Taxes Refunded Under**
	Maintenance	**Debt Service**	**Tax Purposes**	**7/01/2024**	**Total Levy**	**Collections**	**Collections**	**Adjustments**	**6/30/2025**	**Section 26.1115 (c)**
2016 and prior	Various	Various	Various	$ 1,489,641	$ -	$ 81,496	$ 22,453	$ (159,717)	$ 1,225,975	
2017	$ 1.040000	$ 0.390000	$17,570,905,964	434,134	-	17,732	6,642	(1,312)	408,448	
2018	1.040000	0.390000	19,094,598,428	531,528	-	40,784	15,156	(3,960)	471,628	
2019	1.060000	0.370000	19,760,962,804	511,205	-	63,484	22,068	(4,473)	421,180	
2020	0.970000	0.390000	20,424,235,515	750,587	-	78,267	31,298	(29,812)	611,210	
2021	0.957300	0.380000	21,650,001,645	1,042,755	-	186,880	72,185	(28,729)	754,961	
2022	0.920100	0.380000	22,993,279,594	1,427,397	-	286,797	115,854	(18,790)	1,005,956	
2023	0.855000	0.375000	25,986,751,951	2,241,336	-	135,697	55,142	(746,888)	1,303,609	
2024	0.671600	0.360000	25,717,478,763	6,541,185	-	(182,621)	(109,421)	(4,223,462)	2,609,765	
2025	0.666900	0.345000	27,932,110,979	-	282,645,031	182,364,480	94,246,208		6,034,343	
1000 **Totals**				$ 14,969,768	$ 282,645,031	$ 183,072,996	$ 94,477,585	$ (5,217,143)	14,847,075	
							Penalty and interest receivable on taxes		7,000,775	
							Less: Allowance for uncollectibles		(4,356,850)	
							Total Taxes Receivable (Net) Per Exhibit C-1		$ 17,491,000	
8000 **Taxes Refunded**										$ 80,784

KLEIN INDEPENDENT SCHOOL DISTRICT ***Exhibit J-4***

COMPENSATORY EDUCATION PROGRAM AND BILINGUAL EDUCATION PROGRAM COMPLIANCE RESPONSES

For the Year Ended June 30, 2025

Data Codes	Section A: Compensatory Education Programs	Responses
AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	$42,531,459
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30)	$25,774,278
	Section B: Bilingual Education Programs	
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	$ 7,008,188
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PIC 25)	$ 5,070,838



STATISTICAL SECTION

KLEIN ISD
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KLEIN INDEPENDENT SCHOOL DISTRICT
STATISTICAL SECTION

The statistical section of the Klein Independent School District's Annual Comprehensive Financial Report presents detailed information (both of current and historical) as a context for understanding what the information in the financial statements, note disclosures, required supplementary information, and supplementary information says about the District's economic condition and overall financial health. To assist financial statement users, this section is categorized as follows:

	Page
Financial Trends	
These schedules contain trend information to show how the District's financial performance and position have changed over time	106
Revenue Capacity	
These schedules contain information to help assess the factors affecting the District's most significant local revenue source, the property tax.	117
Debt Capacity	
These schedules present information to help assess the affordability of the District's current debt burden and its ability to issue additional debt in the future.	124
Demographic and Economic Information	
These schedules provide demographic and economic indicators to help in understanding the environment in which the District operates and to facilitate in comparisons over time.	128
Operating Information	
These schedules provide information about the District's operations and resources to assist in using the financial statement information to better understand and assess the District's economic condition.	130

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the respective year.

KLEIN INDEPENDENT SCHOOL DISTRICT *Table 1*

NET POSITION BY COMPONENT *Page 1 of 2*

LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

	2025	2024	2023	2022	2021
Governmental Activities					
Net investment in capital assets	$ 130,435,185	$ 95,919,397	$ 127,174,559	$ 118,110,685	$ 101,407,358
Restricted	110,297,739	110,030,155	102,589,629	76,075,119	65,086,691
Unrestricted	(85,035,035)	(81,500,267)	(89,740,449)	(104,328,679)	(137,599,400)
Total Governmental Activities Net Position	155,697,889	124,449,285	140,023,739	89,857,125	28,894,649
Business-Type Activities					
Net investment in capital assets	37,826	39,956	42,086	-	-
Unrestricted	231,675	155,688	(53,165)	-	-
Total Business-Type Activities Net Position	269,501	195,644	(11,079)	-	-
Primary Government					
Net investment in capital assets	130,473,011	95,959,353	127,216,645	118,110,685	101,407,358
Restricted	110,297,739	110,030,155	102,589,629	76,075,119	65,086,691
Unrestricted	(84,803,360)	(81,344,579)	(89,793,614)	(104,328,679)	(137,599,400)
Total Primary Government Net Position	$ 155,967,390	$ 124,644,929	$ 140,012,660	$ 89,857,125	$ 28,894,649

Source of Information: Klein Independent School District's Financial Statements.

KLEIN INDEPENDENT SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	2020 [1]	2019	2018 [2]	2017	2016
Governmental Activities					
Net investment in capital assets	$ 60,434,448	$ 76,345,695	$ 74,915,595	$ 79,527,264	$ 79,488,178
Restricted	61,865,510	28,482,722	27,925,315	27,472,410	30,206,175
Unrestricted	(112,955,072)	(144,928,563)	(161,546,021)	71,495,159	86,653,877
Total Governmental Activities Net Position	9,344,886	(40,100,146)	(58,705,111)	178,494,833	196,348,230
Business-Type Activities					
Net investment in capital assets	-	-	-	-	-
Unrestricted	-	-	-	-	-
Total Business-Type Activities Net Position	-	-	-	-	-
Primary Government					
Net investment in capital assets	60,434,448	76,345,695	74,915,595	79,527,264	79,488,178
Restricted	61,865,510	28,482,722	27,925,315	27,472,410	30,206,175
Unrestricted	(112,955,072)	(144,928,563)	(161,546,021)	71,495,159	86,653,877
Total Primary Government Net Position	$ 9,344,886	$ (40,100,146)	$ (58,705,111)	$ 178,494,833	$ 196,348,230

Source of Information: Klein Independent School District's Financial Statements.
Notes:
[1] Beginning September 1, 2019, the District changed its fiscal year end from August 31 to June 30.
[2] Net position decreased primarily due to restatements related to changes in GASB standards.

KLEIN INDEPENDENT SCHOOL DISTRICT

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	2025	2024	2023	2022	2021
Expenses					
Governmental Activities:					
Instruction	$ 377,853,885	$ 429,938,308	$ 354,712,381	$ 332,710,301	$ 349,268,082
Instructional resources and media services	4,762,288	5,278,467	5,207,878	4,847,905	5,610,930
Curriculum and staff development	17,405,643	17,214,291	16,549,385	14,258,338	15,146,947
Instructional leadership	6,668,065	6,696,571	5,531,473	4,852,960	5,193,862
School leadership	39,183,482	41,123,862	36,508,774	33,719,521	36,345,391
Guidance, counseling, and evaluation services	41,398,977	40,988,825	33,731,665	29,515,130	31,534,638
Social work services	495,249	515,811	692,374	523,130	575,980
Health services	7,348,929	7,453,289	7,055,540	6,474,736	7,008,425
Student transportation	20,471,001	20,358,149	19,209,841	17,564,671	14,873,716
Food service	30,261,240	31,027,698	29,189,745	29,843,096	27,065,330
Extracurricular activities	16,114,052	17,356,881	14,941,942	13,731,846	11,678,140
General administration	12,309,713	12,436,391	12,006,346	11,485,821	11,152,529
Facilities maintenance and operations	41,686,874	43,298,622	40,425,753	40,821,024	41,780,359
Security and monitoring services	10,293,902	9,582,247	7,949,289	7,154,592	7,270,873
Data processing services	14,147,735	18,425,682	14,737,055	13,104,239	13,073,738
Community services	1,673,385	1,859,347	1,642,155	1,300,003	1,417,370
Interest on long-term debt	51,333,502	53,116,978	41,384,063	39,765,214	42,953,948
Debt issuance costs and fees	36,776	1,799,951	1,164,249	316,602	476,533
Facilities acquisition and construction	1,735,469	1,137,374	254,264	1,139,941	1,825,548
Payments related to shared services arrangements	1,246,827	868,155	745,785	612,454	631,462
Payments to Juvenile Justice Alternative Education Programs	328,309	222,544	234,175	129,878	230,149
Other intergovernmental charges	2,270,112	2,443,327	2,415,090	2,304,105	2,274,184
Total Governmental Activities	699,025,415	763,142,770	646,289,222	606,175,507	627,388,134
Business-Type Activities:					
Early Learning	538,973	550,461	19,988	-	-
Total Business-Type Activities	538,973	550,461	19,988	-	-
Total Expenses	$ 699,564,388	$ 763,693,231	$ 646,309,210	$ 606,175,507	$ 627,388,134
Program Revenues					
Governmental Activities:					
Charges for Services:					
Instruction	$ 744,230	$ 860,688	$ 795,623	$ 824,374	$ 458,546
Food service	9,009,938	8,814,154	8,790,837	3,181,960	1,942,410
Extracurricular activities	7,400,099	9,202,052	6,074,133	7,331,413	4,789,174
Other activities	494,944	1,000,788	479,189	899,145	1,757,898
Operating grants and contributions	100,057,694	132,949,559	101,975,880	111,038,182	91,574,796
Total Governmental Activities Program Revenues	117,706,905	152,827,241	118,115,662	123,275,074	100,522,824
Business-Type Activities:					
Charges for Services					
Early Learning	608,830	757,184	8,909	-	-
Operating grants and contributions	4,000	-	-	-	-
Total Business-Type Activities Program Revenues	612,830	757,184	8,909	-	-
Total Primary Government Program Revenues	$ 118,319,735	$ 153,584,425	$ 118,124,571	$ 123,275,074	$ 100,522,824

Source of Information: Klein Independent School District's Financial Statements.

	2020 [1]	2019	2018	2017	2016
Expenses					
Governmental Activities:					
Instruction	$ 324,041,608	$ 336,498,692	$ 219,985,174	$ 302,562,778	$ 304,113,383
Instructional resources and media services	5,608,328	5,758,912	4,012,887	5,872,131	5,366,476
Curriculum and staff development	14,860,640	16,774,036	9,912,203	13,918,101	13,238,508
Instructional leadership	4,298,595	4,393,010	2,960,023	4,708,140	3,863,525
School leadership	32,854,807	35,265,987	22,411,053	30,958,352	30,545,804
Guidance, counseling, and evaluation services	30,362,123	31,178,493	18,153,980	25,963,997	24,868,239
Social work services	551,360	619,209	319,702	392,916	437,881
Health services	6,670,311	6,521,194	4,222,768	5,765,440	5,484,771
Student transportation	14,097,327	16,498,887	13,451,366	14,669,296	13,563,441
Food service	24,056,727	27,399,035	19,098,672	25,390,491	24,183,474
Extracurricular activities	12,561,156	17,393,410	14,585,567	16,450,685	15,584,454
General administration	9,287,149	11,259,864	8,729,159	10,581,827	10,759,626
Facilities maintenance and operations	31,345,357	36,637,208	32,872,126	35,126,854	34,208,250
Security and monitoring services	6,019,695	6,816,190	5,613,791	6,128,003	6,230,356
Data processing services	11,522,745	11,937,060	9,465,491	10,646,336	11,331,790
Community services	1,092,987	1,564,297	696,243	1,413,527	1,025,017
Interest on long-term debt	37,771,062	45,342,509	44,781,279	42,018,764	38,708,632
Debt issuance costs and fees	1,357,839	847,885	1,128,181	1,098,266	1,343,134
Facilities acquisition and construction	2,015,139	3,436,397	7,271,334	14,507,936	3,063,663
Payments related to shared services arrangements	472,681	601,690	614,273	554,092	531,338
Payments to Juvenile Justice Alternative Education Programs	99,000	334,361	344,556	204,017	241,501
Other intergovernmental charges	1,659,366	2,191,066	2,122,804	1,990,384	1,830,644
Total Governmental Activities	572,606,002	619,269,392	442,752,632	570,922,333	550,523,907
Business-Type Activities:					
Early Learning	-	-	-	-	-
Total Business-Type Activities	-	-	-	-	-
Total Expenses	$ 572,606,002	$ 619,269,392	$ 442,752,632	$ 570,922,333	$ 550,523,907
Program Revenues					
Governmental Activities:					
Charges for Services:					
Instruction	$ 92,685	$ 567,257	$ 561,685	$ 503,180	$ 544,373
Food service	6,067,670	8,440,734	7,784,855	9,201,747	9,681,304
Extracurricular activities	4,710,638	7,345,793	8,378,294	7,586,968	7,748,386
Other activities	318,306	1,755,103	4,628,430	876,229	877,044
Operating grants and contributions	92,174,620	85,314,159	(24,538,225)	63,735,482	72,598,700
Total Governmental Activities Program Revenues	103,363,919	103,423,046	(3,184,961)	81,903,606	91,449,807
Business-Type Activities:					
Charges for Services					
Early Learning	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-
Total Business-Type Activities Program Revenues	-	-	-	-	-
Total Primary Government Program Revenues	$ 103,363,919	$ 103,423,046	$ (3,184,961)	$ 81,903,606	$ 91,449,807

Source of Information: Klein Independent School District's Financial Statements.

[1] Beginning September 1, 2019, the District changed its fiscal year end from August 31 to June 30.

KLEIN INDEPENDENT SCHOOL DISTRICT

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	2025	2024	2023	2022	2021
Net (Expense)/Revenue					
Governmental activities	$ (581,318,510)	$ (610,315,529)	$ (528,173,560)	$ (482,900,433)	$ (526,865,310)
Business-type activities	73,857	206,723	(11,079)	-	-
Total Primary Government Net (Expense)/Revenue	$ (581,244,653)	$ (610,108,806)	$ (528,184,639)	$ (482,900,433)	$ (526,865,310)
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Property taxes, levied for general purposes	$ 184,726,610	$ 177,401,134	$ 234,564,554	$ 219,588,966	$ 225,514,753
Property taxes, levied for debt service	95,309,994	93,987,895	102,390,010	93,598,149	89,378,470
Grants and contributions not restricted	299,494,218	286,543,224	220,220,176	228,817,859	227,288,001
Investment earnings	24,638,040	31,286,177	17,770,796	(33,829)	636,392
Miscellaneous	6,048,160	5,522,645	3,394,638	1,891,764	3,597,457
Special Item - Gain on Sale of Asset	-	-	-	-	-
Total General Revenues and Other Changes in Net Position	$ 610,217,022	$ 594,741,075	$ 578,340,174	$ 543,862,909	$ 546,415,073
Change in Net Position					
Governmental activities	$ 28,898,512	$ (15,574,454)	$ 50,166,614	$ 60,962,476	$ 19,549,763
Business-type activities	73,857	206,723	(11,079)	-	-
Total Change in Net Position	$ 28,972,369	$ (15,367,731)	$ 50,155,535	$ 60,962,476	$ 19,549,763

Source of Information: Klein Independent School District's Financial Statements.

KLEIN INDEPENDENT SCHOOL DISTRICT

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	2020 [1]	2019	2018	2017	2016
Net (Expense)/Revenue					
Governmental activities	$ (469,242,083)	$ (515,846,346)	$ (445,937,593)	$ (489,018,727)	$ (459,074,100)
Business-type activities	-	-	-	-	-
Total Primary Government Net (Expense)/Revenue	$ (469,242,083)	$ (515,846,346)	$ (445,937,593)	$ (489,018,727)	$ (459,074,100)
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Property taxes, levied for general purposes	$ 217,909,440	$ 219,961,386	$ 209,896,563	$ 196,607,111	$ 179,128,104
Property taxes, levied for debt service	87,582,707	76,710,403	78,631,659	74,706,981	63,292,880
Grants and contributions not restricted	207,342,177	227,081,601	202,377,983	194,835,547	210,649,814
Investment earnings	4,622,954	8,296,940	5,204,773	2,687,183	1,293,324
Miscellaneous	1,229,837	2,400,981	6,079,242	3,720,690	2,392,768
Special Item - Gain on Sale of Asset	-	-	712,170	(1,392,182)	-
Total General Revenues and Other Changes in Net Position	$ 518,687,115	$ 534,451,311	$ 502,902,390	$ 471,165,330	$ 456,756,890
Change in Net Position					
Governmental activities	$ 49,445,032	$ 18,604,965	$ 56,964,797	$ (17,853,397)	$ (2,317,210)
Business-type activities	-	-	-	-	-
Total Change in Net Position	$ 49,445,032	$ 18,604,965	$ 56,964,797	$ (17,853,397)	$ (2,317,210)

Source of Information: Klein Independent School District's Financial Statements.

[1] Beginning September 1, 2019, the District changed its fiscal year end from August 31 to June 30.

KLEIN INDEPENDENT SCHOOL DISTRICT
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2025	2024	2023	2022	2021
General Fund					
Nonspendable	$ 4,561,042	$ 4,721,474	$ 6,251,802	$ 6,548,427	$ 4,712,901
Restricted	-	-	-	-	-
Committed	21,067,847	40,574,485	-	-	-
Assigned	55,225,059	46,242,884	65,645,297	111,467,776	93,507,596
Unassigned	154,560,476	156,321,244	167,177,898	117,365,032	115,182,096
Total General Fund	$ 235,414,424	$ 247,860,087	$ 239,074,997	$ 235,381,235	$ 213,402,593
All Other Governmental Funds					
Nonspendable	$ -	$ 144,012	$ -	$ -	$ -
Restricted	269,176,783	387,777,274	260,166,305	143,603,753	155,254,073
Committed	9,241,646	8,676,848	8,800,121	8,671,757	8,247,851
Unassigned	-	(144,012)	-	-	-
Total All Other Governmental Funds	$ 278,418,429	$ 396,454,122	$ 268,966,426	$ 152,275,510	$ 163,501,924

Source of Information: Klein Independent School District's Financial Statements.

KLEIN INDEPENDENT SCHOOL DISTRICT
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2020 [1]	2019	2018	2017	2016
General Fund					
Nonspendable	$ 4,312,369	$ 2,697,764	$ 2,508,812	$ 2,102,815	$ 1,783,786
Restricted	-	-	-	1,758,031	3,075,533
Committed	-	-	22,694,356	-	14,045,900
Assigned	65,282,462	90,035,019	44,723,594	61,782,500	80,899,438
Unassigned	161,275,648	85,024,544	69,795,426	72,038,231	46,078,491
Total General Fund	$ 230,870,479	$ 177,757,327	$ 139,722,188	$ 137,681,577	$ 145,883,148
All Other Governmental Funds					
Nonspendable	$ -	$ 48,486	$ 29,145	$ 33,444	$ 756,393
Restricted	170,843,475	120,144,673	117,605,300	119,403,922	102,530,553
Committed	9,473,693	6,561,775	7,663,735	5,523,593	5,378,336
Unassigned	-	-	-	-	-
Total All Other Governmental Funds	$ 180,317,168	$ 126,754,934	$ 125,298,180	$ 124,960,959	$ 108,665,282

Source of Information: Klein Independent School District's Financial Statements.

[1] Beginning September 1, 2019, the District changed its fiscal year end from August 31 to June 30.

KLEIN INDEPENDENT SCHOOL DISTRICT

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2025	2024	2023	2022	2021
Revenues:					
Local, intermediate, and out-of-state	$ 328,495,664	$ 326,487,514	$ 376,873,067	$ 338,541,096	$ 322,054,571
State program revenues	354,026,551	339,970,170	246,021,088	249,248,535	251,485,397
Federal program revenues	68,295,892	91,269,835	91,836,437	119,462,992	60,852,027
Total Revenues	750,818,107	757,727,519	714,730,592	707,252,623	634,391,995
Expenditures:					
Current:					
Instruction	367,484,159	419,143,534	349,764,862	348,887,776	321,792,612
Instruction resources and media services	4,878,681	5,260,904	5,222,473	4,948,457	5,216,438
Curriculum and instructional staff development	17,659,842	17,084,277	16,956,400	15,450,235	14,285,524
Instructional leadership	6,841,183	6,629,668	5,727,340	5,337,584	4,982,028
School leadership	37,881,356	39,508,591	36,278,156	35,253,767	33,667,984
Guidance, counseling and evaluation services	40,876,352	39,736,802	33,770,878	31,342,664	29,423,930
Social work services	492,038	508,050	701,224	575,091	573,714
Health services	7,098,853	7,196,191	6,929,305	6,789,870	6,510,634
Student transportation	21,207,644	22,420,049	20,328,099	17,723,186	14,633,521
Food services	33,051,474	31,718,916	29,949,571	29,442,838	23,562,390
Extracurricular activities	16,085,976	17,062,618	14,869,857	13,987,277	10,825,676
General administration	12,397,864	12,426,308	12,340,502	12,201,406	10,883,737
Facilities maintenance and operations	42,448,364	44,406,785	41,913,822	41,236,839	39,803,066
Security and monitoring services	12,595,794	9,922,253	9,153,659	7,073,448	8,073,417
Data processing services	37,707,840	25,085,526	20,088,297	12,076,413	11,560,491
Community services	1,683,503	1,813,694	1,680,860	1,433,986	1,242,017
Debt service:					
Principal on long-term debt	54,702,806	59,620,830	47,108,937	45,666,828	44,705,000
Interest on long-term debt	57,636,636	55,758,910	41,311,077	44,606,231	46,241,916
Bond issuance costs and fees	36,776	1,799,951	1,164,249	316,602	476,533
Capital outlay:					
Facilities acquisition and construction	106,091,478	151,643,072	50,891,380	19,561,894	40,371,621
Intergovernmental:					
Payments related to shared services arrangements	1,246,827	868,155	745,785	612,454	631,462
Payments to Juvenile Justice Alt. Ed. Prgm.	328,309	222,544	234,175	129,878	230,142
Other intergovernmental charges	2,270,112	2,443,327	2,415,090	2,304,105	2,274,184
Total Expenditures	882,703,867	972,280,955	749,545,998	696,958,829	671,968,037
Excess (Deficiency) of Revenues Over (Under) Expenditures	(131,885,760)	(214,553,436)	(34,815,406)	10,293,794	(37,576,042)
Other Financing Sources (Uses):					
Capital-related debt issued	-	315,320,000	142,675,000	-	-
Refunding bonds issued	-	11,215,000	-	41,145,000	61,290,000
Premium on issuance of bonds	-	26,943,991	11,161,963	3,508,274	10,420,088
Leases/subscriptions issued	116,852	9,159,029	1,287,751	-	-
Sale of real or personal property	96,819	150,453	75,370	165,504	2,931,893
Transfers in	-	28,930,683	89,213	28,582	28,984,287
Transfers out	-	(28,930,683)	(89,213)	(28,582)	(28,984,287)
Payment to refunding bond escrow agent	-	(11,962,251)	-	(44,360,344)	(71,248,651)
Extraordinary items	-	-	-	-	-
Total Other Financing Sources (Uses)	213,671	350,826,222	155,200,084	458,434	3,393,330
Net Change in Fund Balance	$(131,672,089)	$ 136,272,786	$ 120,384,678	$ 10,752,228	$ (34,182,712)
Debt Service as a percentage of Noncapital Expenditures [1]	15.13%	14.44%	13.03%	13.35%	14.50%

Source of Information: Klein Independent School District's Financial Statements.

[1] Noncapital expenditures consist of total expenditures less capital outlays noted in report Exhibit C-3 Reconciliation of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

[2] Beginning September 1, 2019, the District changed its fiscal year end from August 31 to June 30.

	2020 [2]	2019	2018	2017	2016
Revenues:					
Local, intermediate, and out-of-state	$ 317,465,889	$ 327,462,911	$ 321,609,273	$ 294,654,365	$ 266,519,005
State program revenues	227,719,808	248,300,735	224,228,095	216,482,265	236,563,481
Federal program revenues	47,547,377	46,557,159	48,916,751	37,833,273	36,472,254
Total Revenues	592,733,074	622,320,805	594,754,119	548,969,903	539,554,740
Expenditures:					
Current:					
Instruction	273,090,778	293,827,321	300,003,279	280,378,113	278,892,090
Instruction resources and media services	4,989,327	5,176,204	4,996,803	5,521,936	5,150,327
Curriculum and instructional staff development	12,872,089	15,102,392	13,768,359	13,084,592	13,118,808
Instructional leadership	3,673,978	3,990,607	4,648,663	4,414,194	3,761,756
School leadership	28,302,597	31,390,711	30,783,223	28,828,086	27,862,437
Guidance, counseling and evaluation services	25,906,562	27,399,588	26,772,972	24,438,551	23,528,336
Social work services	509,766	571,155	515,924	389,809	435,507
Health services	5,805,389	5,821,830	5,652,413	5,379,602	5,032,069
Student transportation	13,982,144	16,463,650	16,075,452	13,066,425	14,299,437
Food services	20,329,279	24,276,881	23,485,904	23,673,901	23,023,338
Extracurricular activities	11,233,844	16,100,891	16,313,944	15,681,648	14,393,470
General administration	8,565,587	10,696,770	11,591,603	10,371,524	9,511,006
Facilities maintenance and operations	29,567,406	34,852,941	35,843,692	33,455,017	32,768,680
Security and monitoring services	5,555,730	6,121,451	6,756,825	6,021,987	5,953,443
Data processing services	9,856,833	12,892,663	11,623,353	10,411,220	10,365,775
Community services	819,175	1,280,029	1,353,750	1,435,557	1,040,869
Debt service:					
Principal on long-term debt	16,295,000	35,855,000	37,075,000	35,790,000	31,955,000
Interest on long-term debt	25,833,616	49,572,697	45,252,061	43,856,249	40,610,877
Bond issuance costs and fees	1,357,839	847,885	1,128,181	1,098,266	1,343,134
Capital outlay:					
Facilities acquisition and construction	30,693,457	66,406,277	90,198,390	140,575,834	130,389,392
Intergovernmental:					
Payments related to shared services arrangements	472,681	601,690	614,273	554,092	531,338
Payments to Juvenile Justice Alt. Ed. Prgm.	99,000	334,361	344,556	204,017	241,501
Other intergovernmental charges	1,659,366	2,191,066	2,122,804	1,990,384	1,830,644
Total Expenditures	531,471,443	661,774,060	686,921,424	700,621,004	676,039,234
Excess (Deficiency) of Revenues Over (Under) Expenditures	61,261,631	(39,453,255)	(92,167,305)	(151,651,101)	(136,484,494)
Other Financing Sources (Uses):					
Capital-related debt issued	40,085,000	69,865,000	88,985,000	145,890,000	-
Refunding bonds issued	99,425,000	8,100,000	12,310,000	-	152,870,000
Premium on issuance of bonds	19,576,699	10,488,977	6,827,826	15,204,877	19,984,986
Leases/subscriptions issued	-	-	-	-	-
Sale of real or personal property	108,528	166,569	63,849	42,512	153,079
Transfers in	4,920,387	1,632,731	71,250	70,000	68,750
Transfers out	(4,920,387)	(1,632,731)	(71,250)	(70,000)	(68,750)
Payment to refunding bond escrow agent	(113,881,890)	(9,675,398)	(14,353,708)	-	(171,482,842)
Extraordinary items	-	-	712,170	(1,392,182)	(269,217)
Total Other Financing Sources (Uses)	45,313,337	78,945,148	94,545,137	159,745,207	1,256,006
Net Change in Fund Balance	$ 106,574,968	$ 39,491,893	$ 2,377,832	$ 8,094,106	$ (135,228,488)
Debt Service as a percentage of Noncapital Expenditures [1]	8.44%	14.42%	13.73%	13.92%	13.35%

Source of Information: Klein Independent School District's Financial Statements.

[1] Noncapital expenditures consist of total expenditures less capital outlays noted in report Exhibit C-3 Reconciliation of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

[2] Beginning September 1, 2019, the District changed its fiscal year end from August 31 to June 30.


KLEIN ISD
PROMISE2PURPOSE

KLEIN INDEPENDENT SCHOOL DISTRICT

Table 5

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Assessed Value [1] Real Property	Assessed Value [1] Personal Property	Less Exemptions	Total Taxable Assessed Value [3]	Total Direct Tax Rate [2]	Actual Value	Assessed Value as a Percentage of Actual Value
2016	$ 17,484,252,247	$ 1,701,877,578	$ (3,618,807,894)	$ 15,567,321,931	$ 1.4300	$ 22,667,511,039	68.68%
2017	19,666,654,889	1,518,378,340	(3,614,127,265)	17,570,905,964	1.4300	24,133,079,763	72.81%
2018	21,242,399,971	1,373,649,070	(3,521,450,613)	19,094,598,428	1.4300	25,189,268,749	75.80%
2019	20,165,672,672	1,538,841,173	(1,943,551,041)	19,760,962,804	1.3600	25,819,837,053	76.53%
2020 [4]	23,083,419,439	1,256,720,685	(3,915,904,609)	20,424,235,515	1.3373	24,785,891,380	82.40%
2021	23,469,843,833	1,648,270,350	(3,468,112,538)	21,650,001,645	1.3001	26,799,621,480	80.78%
2022	25,364,592,590	1,589,568,880	(3,960,881,876)	22,993,279,594	1.2300	26,831,031,234	85.70%
2023	29,917,619,600	1,650,959,735	(5,581,827,384)	25,986,751,951	1.0316	36,490,726,925	71.21%
2024	33,135,788,760	1,770,426,836	(9,188,736,833)	25,717,478,763	1.0316	40,768,667,260	63.08%
2025	35,446,216,816	2,019,476,344	(9,533,582,181)	27,932,110,979	1.0119	41,038,637,284	68.06%

Source: Harris County Appraisal District

Note: [1] Information to present more categories of assessed value is not readily available.

[2] Tax rates are per $100 of taxable assessed value.

[3] Taxable assessed value based on certified value and does not include supplemental roll adjustments.

[4] Beginning September 1, 2019, the District changed its fiscal year end from August 31 to June 30.

KLEIN INDEPENDENT SCHOOL DISTRICT
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(PER $100 OF ASSESSED VALUE)

Taxing Authority	2025	2024	2023	2022	2021
Bilma PUD	$ 0.4400	$ 0.4550	$ 0.4900	$ 0.5200	$ 0.5200
Bridgestone MUD	0.4900	0.4900	0.5088	0.5200	0.5200
Charterwood MUD	0.3250	0.3375	0.3650	0.3975	0.4050
Cypress Forest PUD	0.2480	0.2523	0.2623	0.2700	0.2800
Cypress Klein UD	0.0987	0.1015	0.1048	0.1110	0.1140
Cypresswood UD	0.3150	0.2900	0.3130	0.3380	0.3430
Dowdell PUD - Defined Area	0.3800	0.3800	0.3800	0.3800	0.3800
Dowdell PUD	0.6900	0.7400	0.7800	0.8000	0.8000
Encanto Real UD	0.7300	0.8050	0.8550	0.8800	0.8900
Fountainhead MUD	0.4220	0.4500	0.4500	0.4950	0.5200
Harris County [1]	0.3852	0.3500	0.3437	0.3769	0.3911
Harris County MUD No. 1	0.6000	0.6400	0.6700	0.7100	0.7350
Harris County MUD No. 24	0.3540	0.3840	0.4200	0.4320	0.4480
Harris County MUD No. 104	0.3340	0.0350	0.3900	0.4100	0.4100
Harris County MUD No. 118	0.4380	0.4400	0.4600	0.4600	0.4800
Harris County MUD No. 119	0.5380	0.3980	0.4070	0.4170	0.4380
Harris County MUD No. 150	0.4700	0.5100	0.5700	0.6100	0.6500
Harris County MUD No. 180	0.8390	0.8400	0.7510	0.7840	0.7980
Harris County MUD No. 202	0.9000	1.2500	1.2500	1.2500	1.2500
Harris County MUD No. 275	0.5000	0.6000	0.7000	0.7500	0.7500
Harris County MUD No. 316	0.4300	0.4300	0.4900	0.5400	0.6000
Harris County MUD No. 366	0.1400	0.1500	0.1600	0.1400	0.1600
Harris County MUD No. 367	0.3750	0.3900	0.4650	0.5350	0.5600
Harris County MUD No. 368	0.5400	0.5800	0.6100	0.6300	0.6500
Harris County MUD No. 383	0.5450	0.5647	0.6045	0.6550	0.7000
Harris County MUD No. 401	0.7819	0.8250	0.8850	0.9800	0.9975
Harris County MUD No. 468	0.4450	0.4500	0.4950	0.5300	0.5300
Harris County MUD No. 530	1.1000	1.1000	1.1500	1.1800	1.2300
Harris County WCID No. 109	0.2237	0.2280	0.2295	0.2450	0.2500
Harris County WCID No. 110	0.3200	0.3200	0.3300	0.3600	0.3700
Harris County WCID No. 114	0.2098	0.2147	0.2293	0.2448	0.2500
Harris County WCID No. 116	0.2550	0.2620	0.2600	0.2650	0.2650
Harris County WCID No. 119	0.3800	0.4000	0.3900	0.4200	0.4500
Harris County WCID No. 132	0.2900	0.2900	0.3000	0.3300	0.3600
Harris County WCID No. 133	0.5627	0.5852	0.6260	0.6670	0.7130
Heatherloch MUD	0.4500	0.4500	0.3850	0.3900	0.3900
Houston, City of	0.5191	0.5191	0.5336	0.5508	0.5618

Notes: [1] Includes Harris County, Harris County Flood Control District, Hospital District, Harris County Department of Education, and Port of Houston Authority.

Taxing Authority (continued)	2020	2019	2018	2017	2016
Bilma PUD	$0.5200	$0.5200	$0.5300	$0.5300	$0.5600
Bridgestone MUD	0.5200	0.5200	0.5200	0.5500	0.6000
Charterwood MUD	0.4050	0.4200	0.4200	0.4200	0.4400
Cypress Forest PUD	0.2900	0.2900	0.2900	0.2800	0.2930
Cypress Klein UD	0.1150	0.1150	0.1120	0.1500	0.1700
Cypresswood UD	0.3500	0.3600	0.3600	0.3600	0.3500
Dowdell PUD - Defined Area	0.3800	0.3800	0.3800	-	-
Dowdell PUD	0.8000	0.8400	0.8400	0.8500	0.9000
Encanto Real UD	0.9000	0.9100	0.9300	0.9875	0.9875
Fountainhead MUD	0.5600	0.5600	0.5800	0.6050	0.6300
Harris County [1]	0.4071	0.4186	0.4180	0.4166	0.4192
Harris County MUD No. 1	0.7450	0.7450	0.7850	0.8000	0.9200
Harris County MUD No. 24	0.4500	0.4500	0.4600	0.5100	0.5400
Harris County MUD No. 104	0.4200	0.4200	0.4200	0.4350	0.4800
Harris County MUD No. 118	0.5100	0.5200	0.5660	0.5700	0.6400
Harris County MUD No. 119	0.4650	0.4600	0.4610	0.4610	0.4850
Harris County MUD No. 150	0.6900	0.7000	0.7200	0.7600	0.8400
Harris County MUD No. 180	0.7980	0.7270	0.7270	0.7550	0.7950
Harris County MUD No. 202	1.2500	1.2500	1.2500	1.2500	1.2500
Harris County MUD No. 275	0.7500	0.8000	0.9000	0.9000	0.9000
Harris County MUD No. 316	0.6000	0.6000	0.5100	0.5100	0.5300
Harris County MUD No. 366	0.1600	0.1600	0.1600	0.1800	0.2000
Harris County MUD No. 367	0.5800	0.6100	0.6200	0.6200	0.6700
Harris County MUD No. 368	0.6800	0.7000	0.7000	0.7200	0.7900
Harris County MUD No. 383	0.7300	0.7500	0.7700	0.7700	0.8400
Harris County MUD No. 401	0.9975	1.0100	1.0300	1.0500	1.1300
Harris County MUD No. 468	0.5500	0.5700	0.5700	0.6650	0.7400
Harris County MUD No. 530	1.2500	1.2500	1.2500	1.2500	-
Harris County WCID No. 109	0.2500	0.2500	0.2500	0.2500	0.2500
Harris County WCID No. 110	0.3900	0.4000	0.4300	0.4300	0.4400
Harris County WCID No. 114	0.2500	0.2500	0.2500	0.2500	0.2500
Harris County WCID No. 116	0.2490	0.2380	0.2150	0.2150	0.1000
Harris County WCID No. 119	0.4500	0.4800	0.4800	0.4800	0.5200
Harris County WCID No. 132	0.3800	0.3900	0.4400	0.4400	0.4700
Harris County WCID No. 133	0.7590	0.7590	0.7700	0.8000	0.9400
Heatherloch MUD	0.3900	0.3900	0.3900	0.3900	0.3900
Houston, City of	0.5679	0.5883	0.5842	0.5864	0.6011

Notes: [1] Includes Harris County, Harris County Flood Control District, Hospital District, Harris County Department of Education, and Port of Houston Authority.

KLEIN INDEPENDENT SCHOOL DISTRICT
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(PER $100 OF ASSESSED VALUE)

Taxing Authority (continued)	2025	2024	2023	2022	2021
Klein PUD	$ 0.3540	$ 0.3750	$ 0.4150	$ 0.4450	$ 0.4450
Kleinwood MUD	0.3870	0.4100	0.3870	0.4100	0.4190
Lonestar College System	0.1076	0.1076	0.1078	0.1078	0.1078
Louetta North PUD	0.2200	0.2300	0.2400	0.2500	0.2600
Louetta Road UD	0.2309	0.2340	0.2400	0.2500	0.2500
Meadowhill Regional MUD	0.5510	0.5670	0.6200	0.6800	0.6800
Northampton MUD	0.4850	0.4850	0.5000	0.5400	0.5600
Northampton MUD - Defined Area	0.6000	0.6100	0.6400	0.6400	0.6400
Northwest Harris County MUD No. 6	0.3645	0.3417	0.3638	0.3742	0.3830
Northwest Harris County MUD No. 19	0.5350	0.5600	0.6200	0.6900	0.7400
Northwest Harris County MUD No. 24	0.4065	0.4100	0.4300	0.4430	0.4519
Northwest Harris County MUD No. 28	0.5200	0.5700	0.6350	0.6800	0.7200
Northwest Harris County MUD No. 30	0.5000	0.5100	0.5500	0.6000	0.6500
Northwest Harris County MUD No. 32	0.5300	0.5400	0.5800	0.6300	0.6600
Northwest Harris County MUD No. 36	0.4750	0.4800	0.5800	0.6450	0.7100
Northwest Park MUD	0.3780	0.3780	0.3780	0.4080	0.4280
Oakmont PUD	0.5600	0.6175	0.7200	0.7900	0.8450
Shasla PUD	0.8300	0.8400	0.8825	0.9000	0.9100
Spring Creek Forest PUD	0.3810	0.4010	0.4280	0.4550	0.4600
Spring West MUD	0.6700	0.6900	0.7100	0.7300	0.7300
Terranova West MUD	0.5173	0.5425	0.5850	0.6300	0.6400
District Direct Rates [2]					
Maintenance & operations	0.6669	0.6716	0.8550	0.9201	0.9573
Debt service	0.3450	0.3600	0.3750	0.3800	0.3800
Total District Direct Rates	$ 1.0119	$ 1.0316	$ 1.2300	$ 1.3001	$ 1.3373

Source: Harris Central Appraisal District

Notes: [1] Includes Harris County, Harris County Flood Control District, Hospital District, Harris County Department of Education, and Port of Houston Authority.

[2] The District is not subject to a legal debt margin.

KLEIN INDEPENDENT SCHOOL DISTRICT
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(PER $100 OF ASSESSED VALUE)

Taxing Authority (continued)	2020	2019	2018	2017	2016
Klein PUD	$ 0.4450	$ 0.4300	$ 0.4300	$ 0.4300	$ 0.4300
Kleinwood MUD	0.3950	0.3950	0.3950	0.4050	0.4300
Lonestar College System	0.1078	0.1078	0.1078	0.1078	0.1079
Louetta North PUD	0.2600	0.2600	0.2600	0.2600	0.2700
Louetta Road UD	0.2500	0.3800	0.4300	0.4325	0.4400
Meadowhill Regional MUD	0.6950	0.7200	0.7500	0.7900	0.7900
Northampton MUD	0.5600	0.5800	0.5800	0.5800	0.6100
Northampton MUD - Defined Area	0.6400	0.6400	0.6400	0.6400	-
Northwest Harris County MUD No. 6	0.3830	0.3830	0.3830	0.3830	0.3900
Northwest Harris County MUD No. 19	0.7600	0.7800	0.8000	0.8200	0.8800
Northwest Harris County MUD No. 24	0.5000	0.5800	0.5800	0.6000	0.7000
Northwest Harris County MUD No. 28	0.6800	0.6800	0.6800	0.6600	0.6800
Northwest Harris County MUD No. 30	0.6700	0.6800	0.6800	0.6800	0.7200
Northwest Harris County MUD No. 32	0.6600	0.6600	0.7000	0.7000	0.7200
Northwest Harris County MUD No. 36	0.7400	0.7800	0.7900	0.7950	0.8100
Northwest Park MUD	0.4280	0.4280	0.4300	0.4400	0.4500
Oakmont PUD	0.8600	0.8600	0.8700	0.9000	1.0000
Shasla PUD	0.9140	0.9200	0.9410	0.9550	1.0100
Spring Creek Forest PUD	0.4700	0.4700	0.4700	0.4700	0.4650
Spring West MUD	0.7400	0.7400	0.7900	0.8200	0.8200
Terranova West MUD	0.6400	0.6400	0.6400	0.6400	0.6500
District Direct Rates [2]					
Maintenance & operations	0.9700	1.0600	1.0400	1.0400	1.0400
Debt service	0.3900	0.3700	0.3900	0.3900	0.3700
Total District Direct Rates	$ 1.3600	$ 1.4300	$ 1.4300	$ 1.4300	$ 1.4100

Source: Harris Central Appraisal District

Notes: [1] Includes Harris County, Harris County Flood Control District, Hospital District, Harris County Department of Education, and Port of Houston Authority.

[2] The District is not subject to a legal debt margin.

KLEIN INDEPENDENT SCHOOL DISTRICT

Table 7

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

	2025			2016		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**
Centerpoint Energy	$ 241,356,809	1	0.86%	$ 125,004,747	2	0.80%
DXC Technology Services	105,992,200	2	0.38%	78,584,150	4	0.50%
Eastgroup Properties LP	103,700,122	3	0.37%	-	-	-
HEB Grocery Co. LP	97,931,352	4	0.35%	-	-	-
Liberty Property	87,354,070	5	0.31%	-	-	-
Vintage Dunhill LLC	83,905,264	6	0.30%	78,970,285	3	0.51%
GP Market Place 1750 LLC	78,823,541	7	0.28%	61,005,592	6	0.39%
Broadstone Sparrows Point LLC	70,235,059	8	0.25%	-	-	-
St Lukes Hospital at the Vintage LLC	68,507,880	9	0.24%	-	-	0.39%
Walmart	64,945,242	10	0.23%	-	-	-
Hewlett Packard	-	-	-	230,805,163	1	1.48%
National Oilwell, Inc	-	-	-	63,085,434	5	0.41%
Kroger	-	-	-	57,638,510	7	0.37%
Beltway Lakes I & I I LP	-	-	-	55,534,864	8	0.36%
ABB Vetco Gray, Inc	-	-	-	54,259,148	9	0.35%
National Oilwell Inc	-	-	-	52,902,274	10	0.34%
	$ 1,002,751,539		3.57%	$ 857,790,167		5.90%
Actual Taxable Value						
	$ 27,932,110,979			$ 15,567,321,931		

KLEIN INDEPENDENT SCHOOL DISTRICT

Table 8

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Original Amount Levied	Adjustments	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
2016	$ 219,499,239	$ 22,192,105	$ 241,691,344	$ 239,204,277	98.97%	$ 2,168,780	$ 241,373,057	99.87%
2017	251,263,955	17,280,852	268,544,807	265,706,045	98.94%	2,404,923	268,110,968	99.84%
2018	273,052,758	12,921,211	285,973,969	282,980,358	98.95%	2,482,998	285,463,356	99.82%
2019	282,581,768	11,745,770	294,327,538	292,427,528	99.35%	1,404,125	293,831,653	99.83%
2020 [1]	277,769,603	21,218,266	298,987,869	295,367,956	98.79%	2,891,680	298,259,636	99.76%
2021	289,525,472	17,826,496	307,351,968	304,553,767	99.09%	1,789,135	306,342,902	99.67%
2022	298,935,628	19,238,514	318,174,142	314,819,693	98.95%	1,980,777	316,800,470	99.57%
2023	319,637,049	14,613,117	334,250,166	332,193,700	99.38%	(113,677)	332,080,023	99.35%
2024	265,301,511	8,486,342	273,787,853	267,463,565	97.69%	(292,042)	267,171,523	97.69%
2025	282,645,031	3,058,179	285,703,210	276,610,688	97.95%	-	276,610,688	97.95%

Source: Klein Independent School District Finance Department

KLEIN INDEPENDENT SCHOOL DISTRICT *Table 9*

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities		Total Outstanding Debt	Ratio of Debt to Assessed Value [2]	Debt per Student [3]
	General Obligation Bonds [1]	Contractual Obligations			
2016	$ 987,090,365	$ -	$ 987,090,365	6.34%	$ 20,697
2017	1,108,440,803	-	1,108,440,803	6.31%	22,711
2018	1,160,896,683	-	1,160,896,683	6.08%	23,276
2019	1,199,656,248	-	1,199,656,248	6.07%	23,931
2020 [4]	1,225,799,203	-	1,225,799,203	6.00%	24,151
2021	1,176,197,069	-	1,176,197,069	5.43%	23,541
2022	1,122,244,603	1,220,528	1,123,465,131	4.89%	22,811
2023	1,224,713,230	1,262,591	1,225,975,821	4.72%	24,780
2024	1,505,263,543	4,415,015	1,509,678,558	5.40%	31,185
2025	1,446,164,143	2,779,061	1,448,943,204	5.25%	30,131

Source: Klein Independent School District Finance Department

Notes:

[1] Details regarding the District's outstanding debt can be found on the notes to the basic financial statements.

[2] See Table 5 for actual taxable value information.

[3] See Table 12 for student enrollment data.

KLEIN INDEPENDENT SCHOOL DISTRICT *Table 10*

RATIOS OF NET GENERAL OBLIGATION BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds [1]	Less: Restricted to Repayment of Principal [2]	Net Bonded Debt	Percentage of Ratio of Net Bonded Debt to Actual Taxable Value [3]	Net Bonded Debt per Student [4]
2016	$ 987,090,365	$ 22,359,636	$ 964,730,729	6.20%	$ 20,228
2017	1,108,440,803	22,425,710	1,086,015,093	6.18%	22,251
2018	1,160,896,683	22,781,128	1,138,115,555	5.96%	22,819
2019	1,199,656,248	23,136,752	1,176,519,496	5.95%	23,469
2020 [5]	1,225,799,203	58,271,228	1,167,527,975	5.72%	23,003
2021	1,176,197,069	58,660,041	1,117,537,028	5.16%	22,367
2022	1,122,244,603	64,008,803	1,058,235,800	4.60%	21,486
2023	1,224,713,230	86,749,624	1,137,963,606	4.38%	23,001
2024	1,505,263,543	91,799,837	1,413,463,706	5.50%	29,198
2025	1,446,164,143	93,851,047	1,352,313,096	5.24%	30,142

Source: Klein Independent School District Finance Department

Notes:
[1] Details regarding the District's outstanding debt can be found on the notes to the basic financial statements.
[2] Amount restricted for debt service payments of general obligation bonds in the government-wide financial statements.
[3] See Table 5 for actual taxable value information.
[4] See Table 12 for student enrollment data.
[5] Beginning September 1, 2019, the District changed its fiscal year end from August 31 to June 30.

Taxing Authority	Debt Outstanding	Estimated Percentage Applicable [1]	Estimated Share of Direct and Overlapping Debt
Bilma PUD	$ 20,390,000	100.00%	$ 20,390,000
Bridgestone MUD	111,335,000	100.00%	111,335,000
Charterwood MUD	11,000,000	100.00%	11,000,000
CNP UD	41,925,000	0.00%	-
Cypresswood UD	5,860,000	100.00%	5,860,000
Dowdell PUD (Defined Area)	4,025,000	100.00%	4,025,000
Dowdell PUD	94,135,000	100.00%	94,135,000
Encanto Real UD	39,055,000	100.00%	39,055,000
Fountainhead MUD	6,795,000	72.47%	4,924,337
Harris Co.	2,424,019,039	4.88%	118,292,129
Harris Co. Dept. of Education	28,960,000	4.88%	1,413,248
Harris Co. Flood Control District	968,445,000	4.88%	47,260,116
Harris Co. Hospital District	867,820,000	4.88%	42,349,616
Harris Co. Imp. Dist. No. 18 (Defined Area No. 1)	96,480,000	0.04%	38,592
Harris Co. Imp. District No. 18	117,035,000	0.03%	35,111
Harris County MUD No. 1	62,160,000	73.81%	45,880,296
Harris County MUD No. 24	11,050,000	100.00%	11,050,000
Harris County MUD No. 104	5,135,000	100.00%	5,135,000
Harris County MUD No. 118	8,015,000	66.71%	5,346,807
Harris County MUD No. 119	15,764,999	65.25%	10,286,662
Harris County MUD No. 150	16,330,000	35.05%	5,723,665
Harris County MUD No. 180	29,279,995	100.00%	29,279,995
Harris County MUD No. 202	10,980,000	100.00%	10,980,000
Harris County MUD No. 367	4,820,000	100.00%	4,820,000
Harris County MUD No. 368	58,940,000	100.00%	58,940,000
Harris County MUD No. 383	32,280,000	100.00%	32,280,000
Harris County MUD No. 401	34,020,000	100.00%	34,020,000
Harris County MUD No. 468	33,120,000	100.00%	33,120,000
Harris County MUD No. 480	25,120,000	43.56%	10,942,272
Harris County MUD No. 530	37,490,000	100.00%	37,490,000
Harris County MUD No. 551	12,185,000	100.00%	12,185,000
Harris County WC&ID No. 109	12,260,000	93.01%	11,403,026
Harris County WC&ID No. 110	19,180,000	40.53%	7,773,654
Harris County WC&ID No. 116	8,630,000	29.25%	2,524,275
Harris County WC&ID No. 119	45,645,000	100.00%	45,645,000
Harris County WC&ID No. 132	2,520,000	100.00%	2,520,000

Notes:

[1] Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. Percentages were estimated by determining the portion of the overlapping taxing authority's taxable assessed value within the District's boundaries.

Taxing Authority	Debt Outstanding	Estimated Percentage Applicable [1]	Estimated Share of Direct and Overlapping Debt
Harris County WC&ID No. 133	$ 6,755,000	100.00%	$ 6,755,000
Harris-Montgomery Cos. MUD No. 386	149,935,000	0.31%	464,797
Heatherloch MUD	12,840,000	100.00%	12,840,000
Houston, City of	3,438,180,000	0.24%	8,251,632
Kleinwood MUD	14,289,992	100.00%	14,289,992
Lone Star College System	439,870,000	10.63%	46,758,181
Louetta North PUD	1,690,000	100.00%	1,690,000
Louetta Road UD	2,900,000	100.00%	2,900,000
Meadowhill Regional MUD	29,255,000	79.96%	23,392,298
Northampton MUD (Defined Area)	17,680,000	100.00%	17,680,000
Northampton MUD	34,000,000	100.00%	34,000,000
Northwest Harris County MUD No. 6	21,520,000	66.81%	14,377,512
Northwest Harris County MUD No. 19	58,215,000	100.00%	58,215,000
Northwest Harris County MUD No. 28	1,535,000	100.00%	1,535,000
Northwest Harris County MUD No. 30	14,615,000	100.00%	14,615,000
Northwest Harris County MUD No. 32	16,380,000	100.00%	16,380,000
Northwest Harris County MUD No. 36	9,435,000	100.00%	9,435,000
Northwest Park MUD	21,210,000	30.26%	6,418,146
Oakmont PUD	18,945,000	100.00%	18,945,000
Port of Houston Authority	406,509,397	4.88%	19,837,659
Shasla PUD	2,165,000	100.00%	2,165,000
Spring Creek Forest PUD	2,250,000	100.00%	2,250,000
Spring West MUD	20,560,000	35.70%	7,339,920
The Woodlands RUD No. 1	19,715,000	0.00%	-
The Woodlands Township	15,280,000	0.07%	10,696
Tomball, City of	64,330,000	3.32%	2,135,756
Total Overlapping Debt			1,260,140,390
District direct debt [2]			1,448,943,204
Total Direct and Overlapping Debt			$ 2,709,083,594

Source: Municipal Advisory Council of Texas

Notes:

[1] Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District Percentages were estimated by determining the portion of the overlapping taxing authority's taxable assessed value within the District's boundaries.

[2] Details regarding the District's outstanding debt can be found on the notes to the basic financial statements.

KLEIN INDEPENDENT SCHOOL DISTRICT

Table 12

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

Fiscal Year	Residential Units [A]	Total Assessed Value per Residential Unit [A]	Average Assessed Value per Residential Unit	Average Daily Attendance [B]	District Population [C]	Per Capita Income [D]	Total Personal Income	Unemployment Rate [E]
2016	74,036	$ 12,147,539,543	$ 164,076	47,692	253,242	$ 51,248	$ 12,978,146,016	5.00%
2017	75,677	13,403,983,427	177,121	48,807	253,242	54,893	13,901,213,106	5.40%
2018	76,964	14,133,877,828	183,643	49,876	264,452	58,752	15,537,083,904	4.50%
2019	77,903	14,401,068,733	184,859	50,130	265,122	60,566	16,057,379,052	3.90%
2020	79,054	15,419,220,562	195,047	50,755	266,473	61,643	16,426,195,139	6.60%
2021	79,914	16,137,626,671	201,937	49,964	271,748	65,869	17,899,769,012	8.30%
2022	80,598	17,408,469,944	215,991	49,252	271,748	65,869	17,899,769,012	5.20%
2023	80,707	18,752,258,247	232,350	49,474	285,110	65,869	18,779,910,590	4.30%
2024	81,292	18,441,169,135	226,851	48,410	286,687	69,154	19,825,552,798	4.30%
2025	82,289	19,479,960,395	236,726	48,088	303,425	71,229	21,612,659,325	4.40%

Sources:

[A] Harris Central Appraisal District

[B] Texas Education Agency (TEA) Summary of Finances report

[C] Municipal Advisory Council of Texas

[D] U.S. Bureau of Economic Statistics (2022 and 2023 not available at time of report)

[E] TRACER of Texas Workforce Commission average unemployment rate for Harris County

KLEIN INDEPENDENT SCHOOL DISTRICT

Table 13

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

	2025			2016		
Taxpayer	**Employees**	**Rank**	**Percentage of Principal Employers**	**Employees**	**Rank**	**Percentage of Principal Employers**
Wal-Mart Stores	37,000	1	1.46%	37,000	1	1.73%
Memorial Hermann Healthcare System	24,108	2	0.95%	24,108	3	1.12%
H-E-B	23,732	3	0.94%	23,732	4	1.11%
UT MD Anderson Cancer Center	21,086	4	0.83%	21,086	5	0.98%
McDonald's Corp.	20,918	5	0.82%	20,918	6	0.98%
Houston Methodist	20,000	6	0.79%	20,000	7	0.93%
Kroger	16,000	7	0.63%	16,000	8	0.75%
United Airlines	14,941	8	0.59%	14,941	9	0.70%
Schlumberger	12,069	9	0.48%	12,069	10	0.56%
Shell Oil Co.	11,507	10	0.45%	-	-	0.00%
Houston ISD	-	-	0.00%	29,402	2	1.37%
	201,361		7.94%	219,256		10.23%
Total Employment	2,537,823			2,143,733		

Source: Texas Municipal Reports

Position	2025	2024	2023	2022	2021
Administrator	90.0	88.00	77.5	76.0	74.0
Associate/Assistant Principal	167.0	175.00	155.0	153.0	151.0
Bus Driver/Attendant	378.0	381.00	369.0	368.0	369.0
Cafeteria Workers	601.5	601.50	591.5	592.5	592.5
Campus Professional	195.0	183.00	146.0	0.0	0.0
Community Support	15.0	14.00	2.0	0.0	0.0
Custodial	363.0	362.00	361.0	361.0	360.0
Educational Aide	10.0	13.00	0.0	0.0	0.0
Library Info. Spec./Library Asst./Historian	76.0	73.50	72.5	72.5	72.5
Manual Trades/Warehouse/Vending	193.5	190.50	190.5	188.0	188.0
Nurse/Clinic Assistant	121.5	117.50	117.5	112.0	110.0
Other Professional [1]	493.5	476.00	450.7	651.5	597.5
Police Officer	59.0	58.00	54.0	51.0	55.0
Principal	49.0	49.00	49.0	49.0	49.0
Registrar	10.0	10.00	10.0	10.0	10.0
School Counselor	147.0	157.00	145.0	147.0	138.0
Secretary/Clerical	471.5	477.50	474.0	477.0	477.5
Security Support Personnel	91.0	52.00	51.0	52.0	52.0
Student Behavior Support	62.0	61.00	0.0	0.0	0.0
Teacher	2916.8	3,098.3	2909.8	2920.0	2840.1
Teacher - Multilingual	273.0	258.50	241.5	268.4	253.6
Teacher - Special Education	630.0	578.00	515.8	523.2	528.4
Teacher Assistant	1064.5	1,018.00	901.5	843.3	855.5
Technical	86.0	89.00	90.0	93.0	95.0
	8563.8	8581.3	7974.8	8008.4	7868.6

Source: Klein Independent School District budget and position control records

Notes:

[1] Other Professional category includes Accountants, Case Managers, Community Liaisons, Diagnosticians, Energy Managers, Facility Engineers, Fine Arts Coordinator, Graduation Advisors, Instructional Specialists, Payroll Supervisor, Program Coordinators, Psychologist, Social Workers, Speech Pathologists, and other professional staff not listed above.

Position	2020	2019	2018	2017	2016 [2]
Administrator	66.0	65.0	70.0	69.5	63.0
Associate/Assistant Principal	140.0	146.0	135.0	131.5	126.0
Bus Driver/Attendant	328.0	328.0	331.0	310.0	283.0
Cafeteria Workers	586.5	587.0	538.0	537.0	539.0
Campus Professional	0.0	0.0	0.0	0.0	0.0
Community Support	0.0	0.0	0.0	0.0	0.0
Custodial	348.0	346.0	359.0	336.0	330.0
Educational Aide	0.0	0.0	0.0	0.0	0.0
Library Info. Spec./Library Asst./Historian	72.0	72.0	71.0	77.0	75.5
Manual Trades/Warehouse/Vending	187.0	185.0	193.0	187.0	192.0
Nurse/Clinic Assistant	106.0	106.0	103.5	99.0	95.0
Other Professional [1]	579.8	546.7	503.5	443.4	375.1
Police Officer	51.0	51.0	45.0	43.0	43.0
Principal	48.0	48.0	48.0	47.0	44.9
Registrar	10.0	10.0	10.0	9.0	9.0
School Counselor	142.0	142.0	132.5	127.7	121.5
Secretary/Clerical	473.5	472.5	473.6	443.0	424.8
Security Support Personnel	50.0	101.0	103.0	99.0	93.5
Student Behavior Support	0.0	0.0	0.0	0.0	0.0
Teacher	2787.8	2812.4	2856.4	2745.4	2746.6
Teacher - Multilingual	232.5	243.3	252.5	257.7	237.7
Teacher - Special Education	515.9	465.4	421.6	392.6	376.4
Teacher Assistant	766.0	706.0	586.0	599.7	565.9
Technical	92.0	93.0	92.0	83.0	82.0
	7582.0	7526.3	7324.6	7037.5	6823.9

Source: Klein Independent School District budget and position control records

Notes:

[1] Other Professional category includes Accountants, Case Managers, Community Liaisons, Diagnosticians, Energy Managers, Facility Engineers, Fine Arts Coordinator, Graduation Advisors, Instructional Specialists, Payroll Supervisor, Program Coordinators, Psychologist, Social Workers, Speech Pathologists, and other professional staff not listed above.

[2] Staffing categories previously reported were revised in 2016.

Fiscal Year	Average Daily Attendance	Operating Expenditures [1]	Cost per Student	Percentage Change	Governmental Activities Expenses
2016	47,692	$ 469,505,379	$ 9,845	4.56%	$ 550,523,907
2017	48,807	491,479,515	10,070	2.29%	570,922,333
2018	49,876	516,036,873	10,346	2.74%	442,752,632
2019	50,130	506,346,428	10,101	(2.37%)	619,269,392
2020 [2]	50,755	455,695,929	8,978	(11.12%)	572,606,002
2021	49,964	536,239,050	10,733	19.55%	627,381,074
2022	49,252	585,674,693	11,891	10.79%	606,175,507
2023	49,474	597,820,930	12,084	1.62%	646,189,369
2024	48,410	681,875,332	14,085	16.56%	763,142,770
2025	47,978	630,081,224	13,133	(6.76%)	698,722,836

Sources: Non-financial data from Texas Education Agency (TEA) Summary of Finances report
Other information from Klein Independent School District records

Notes:

[1] Operating expenditures are total expenditures less debt service and capital outlay (to the extent capitalized for the government-wide statement of net position). Debt service expenditures can be referenced in Exhibit C-2. Capital outlay can be referenced in Exhibit C-2R.

Fiscal Year	Cost per Student	Percentage Change	Teaching Staff	Student / Teacher Ratio	Participating in Free/Reduced Lunch Program
2016	$ 11,543	8.02%	3,361	14.2	40.71%
2017	11,698	1.34%	3,396	14.4	40.01%
2018	8,877	(24.12%)	3,531	14.1	39.13%
2019	12,353	39.16%	3,521	14.2	45.00%
2020 [2]	11,282	(8.67%)	3,536	14.4	45.59%
2021	12,557	11.30%	3,617	13.8	49.49%
2022	12,308	(1.98%)	3,712	13.3	50.94%
2023	13,061	6.12%	3,720	13.3	53.66%
2024	15,764	20.70%	3,759	12.9	56.91%
2025	15,906	0.90%	3,564	13.5	54.80%

Sources: Non-financial data from Texas Education Agency (TEA) Summary of Finances report
Other information from Klein Independent School District records

Notes:

[2] Beginning September 1, 2019, the District changed its fiscal year end from August 31 to June 30.


KLEIN ISD
PROMISE2PURPOSE

KLEIN INDEPENDENT SCHOOL DISTRICT *Table 16*

TEACHER BASE SALARIES

LAST TEN FISCAL YEARS

Fiscal Year	District [A] Minimum Salary	District [A] Maximum Salary	County Average Salary [B]	Statewide Average [B]
2016	$ 51,000	$ 67,116	$ 55,791	$ 51,892
2017	51,600	67,095	55,888	52,525
2018	52,600	67,127	56,943	53,334
2019	52,600	66,240	57,423	54,122
2020	55,550	68,093	60,160	57,091
2021	57,800	68,678	60,675	57,641
2022	57,800	69,470	62,356	62,590
2023	60,000	71,127	65,052	64,771
2024	60,000	73,707	66,418	66,605
2025	61,075	74,630	68,728	63,749

Sources:

[A] Klein Independent School District records

[B] Texas Education Agency (TEA)

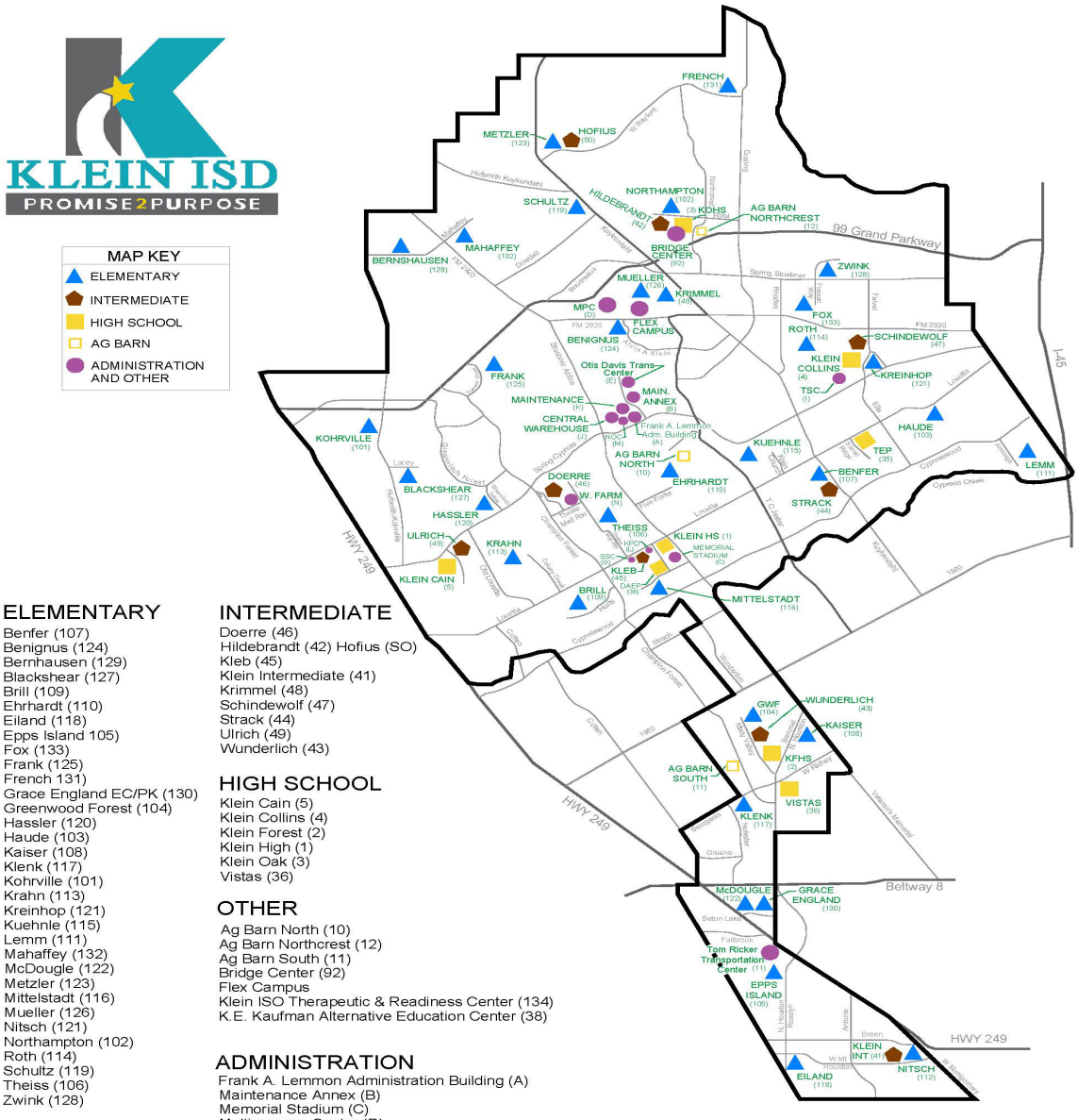
Campuses	2025	2024	2023	2022	2021
Elementary Schools					
Buildings	32	32	32	32	32
Square feet	3,254,588	3,244,138	3,239,726	3,239,726	3,239,726
Capacity	27,467	27,467	27,467	27,467	27,467
Enrollment	22,450	22,928	23,317	23,140	22,285
Intermediate Schools					
Buildings	10	10	10	10	10
Square feet	1,995,750	1,973,538	1,973,538	1,973,538	1,973,538
Capacity	12,783	12,783	12,783	12,783	12,783
Enrollment	11,943	12,126	12,416	12,566	12,834
High Schools					
Buildings	5	5	5	5	5
Square feet	3,326,084	3,225,468	3,184,644	3,184,644	3,184,644
Capacity	19,149	19,149	18,100	18,100	18,100
Enrollment	18,078	18,100	17,774	17,456	17,315
Early Childhood Schools					
Buildings	1	1	1	1	1
Square feet	65,500	65,500	65,500	65,500	65,500
Capacity	1,000	1,000	1,000	1,000	1,000
Enrollment	324	417	399	360	154
Total Schools					
Buildings	48	48	48	48	48
Square feet	8,641,922	8,508,644	8,463,408	8,463,408	8,463,408
Capacity	60,399	60,399	59,350	59,350	59,350
Enrollment	52,795	53,571	53,906	53,522	52,588

Source: Klein Independent School District Facilities Department

Campuses	2020	2019	2018	2017	2016
Elementary Schools					
Buildings	32	31	31	31	31
Square feet	3,239,726	3,120,726	3,120,726	3,120,726	3,120,726
Capacity	27,467	26,617	26,617	26,617	26,617
Enrollment	24,026	24,026	23,958	23,603	23,135
Intermediate Schools					
Buildings	10	10	10	9	9
Square feet	1,973,538	1,973,538	1,973,538	1,768,538	1,739,955
Capacity	12,783	12,783	12,783	11,533	11,391
Enrollment	12,745	12,546	12,326	12,002	11,497
High Schools					
Buildings	5	5	5	5	4
Square feet	3,184,644	3,184,644	3,184,644	3,184,644	2,505,355
Capacity	18,100	18,100	18,100	18,100	14,600
Enrollment	17,048	16,525	16,357	15,750	15,161
Early Childhood Schools					
Buildings	1	1	1	1	1
Square feet	65,500	65,500	65,500	65,500	65,500
Capacity	1,000	1,000	1,000	1,000	1,000
Enrollment	476	476	485	477	510
Total Schools					
Buildings	48	47	47	46	45
Square feet	8,463,408	8,344,408	8,344,408	8,139,408	7,431,536
Capacity	59,350	58,500	58,500	57,250	53,608
Enrollment	54,295	53,573	53,126	51,832	50,303

Source: Klein Independent School District Facilities Department

KLEIN ISD DISTRICT MAP



ELEMENTARY

Benfer (107)
Benignus (124)
Bernhausen (129)
Blackshear (127)
Brill (109)
Ehrhardt (110)
Eiland (118)
Epps Island 105)
Fox (133)
Frank (125)
French 131)
Grace England EC/PK (130)
Greenwood Forest (104)
Hassler (120)
Haude (103)
Kaiser (108)
Klenk (117)
Kohrville (101)
Krahn (113)
Kreinhop (121)
Kuehnle (115)
Lemm (111)
Mahaffey (132)
McDougle (122)
Metzler (123)
Mittelstadt (116)
Mueller (126)
Nitsch (121)
Northampton (102)
Roth (114)
Schultz (119)
Theiss (106)
Zwink (128)

INTERMEDIATE

Doerre (46)
Hildebrandt (42) Hofius (SO)
Kleb (45)
Klein Intermediate (41)
Krimmel (48)
Schindewolf (47)
Strack (44)
Ulrich (49)
Wunderlich (43)

HIGH SCHOOL

Klein Cain (5)
Klein Collins (4)
Klein Forest (2)
Klein High (1)
Klein Oak (3)
Vistas (36)

OTHER

Ag Barn North (10)
Ag Barn Northcrest (12)
Ag Barn South (11)
Bridge Center (92)
Flex Campus
Klein ISO Therapeutic & Readiness Center (134)
K.E. Kaufman Alternative Education Center (38)

ADMINISTRATION

Frank A. Lemmon Administration Building (A)
Maintenance Annex (B)
Memorial Stadium (C)
Multipurpose Center (D)
Otis Davis Transportation Center (E)
Tom Ricker Transportation Center (F)
Student Support Ctr. (G)

KLEIN INDEPENDENT SCHOOL DISTRICT ***Schedule L-1***

REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS

For the Year Ended June 30, 2025

SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered **to not have made** timely payments.) Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued. Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	Yes
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.	$ -0-

NOTE: This schedule is to be included as part of the annual financial audit report (AFR) submission on the required due date and published as a part of the school district's AFR. This schedule should be submitted in the data feed file and submitted as an Adobe Acrobat portable document file (pdf).

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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
Klein 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Klein Independent School District (the "District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 10, 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 the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Report on Compliance and Other Matters

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

To the Board of Trustees
Klein Independent School District

Purpose of this Report

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

Whitley Penn LLP

Houston, Texas
November 10, 2025

KLEIN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2025

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

II. Financial Statement Findings

None reported.

KLEIN ISD
PROMISE 2 PURPOSE

KLEIN INDEPENDENT SCHOOL DISTRICT
7200 SPRING CYPRESS ROAD
KLEIN, TEXAS 77379
HARRIS COUNTY

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