Tarkington Independent School District

Annual Financial Report
For the Fiscal Year Ended August 31, 2024

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Tarkington Independent School District

Annual Financial Report
For the Fiscal Year Ended August 31, 2024
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Certificate of the Board

Tarkington Independent School District	**Liberty**	**146-907**
Name of School District	County	Co.-Dist Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and 7 approved 0 disapproved for the fiscal year ended August 31, 2024 at a meeting of the Board of Trustees of such school district on the 27th day of January, 2025.

Signature of Board Secretary

Signature of Board President

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

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Financial Section

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Independent Auditor's Report

To the Board of Trustees of
Tarkington Independent School District
Cleveland, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tarkington Independent School District (the District), as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of August 31, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 1.J. to the basic financial statements, during the year ended August 31, 2024, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections*. As discussed in Note 4.F. to the basic financial statements, the District restated the beginning net position of governmental activities and fiduciary fund and beginning fund balance of the governmental funds to reflect a change in the financial reporting entity. Our opinions are not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

The Board of Trustees of
Tarkington Independent School District

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Supplementary Information, as listed in the table of contents, and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Information Included in the Annual Financial Report

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

The Woodlands, Texas
January 17, 2025

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Management's Discussion and Analysis
(Unaudited)

As management of the Tarkington Independent School District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended August 31, 2024. In reviewing this report, readers should be mindful that it is often necessary for management to make and use estimates in the preparation of financial statements. Examples of the use of such estimates may be found in amounts reported for depreciation, net taxes receivable, and net pension and OPEB liability.

Financial Highlights

- The assets and deferred outflows or resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $14,535,917 *(net position)*.
- The District's net position increased by $2,766,926 from current operations and $257,712 from a beginning balance restatement.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of $16,107,500, an increase of $487,634 in comparison with the prior year.
- At the end of the current fiscal year, fund balance for the general fund was $13,621,286 or 67 percent of total general fund expenditures.

Overview of the Financial Statements

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

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

The *Statement of Net Position* (Exhibit A-1) presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*. 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* (Exhibit B-1) 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 in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, incurred but unpaid workers' compensation benefits, and earned but unused sick leave).

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

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

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

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

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

The District maintains eighteen 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 and debt service fund, which are considered to be major funds. Data from the other sixteen governmental funds are combined into a single, aggregated presentation.

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

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

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of students. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the District's own programs. The accounting used for fiduciary funds is similar to the accounting used for proprietary funds.

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $14,535,917 at the close of the most recent fiscal year.

Tarkington Independent School District's Net Position

	Governmental Activities					
	2024		2023		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Current and other assets	$ 21,303,286	67	$ 20,110,452	65	$ 1,192,834	6
Capital assets, net of depreciation	10,454,351	33	11,025,927	35	(571,576)	(5)
Total assets	31,757,637	100	31,136,379	100	621,258	
Total deferred outflows of resources	5,286,830	100	6,014,279	100	(727,449)	(12)
Long-term liabilities outstanding	14,788,140	89	18,001,702	92	(3,213,562)	(18)
Other liabilities	1,803,656	11	1,515,002	8	288,654	19
Total liabilities	16,591,796	100	19,516,704	100	(2,924,908)	
Total deferred outflows of resources	5,916,754	100	6,122,675	100	(205,921)	(3)
Net position:						
Net investment in capital assets	5,665,433	39	3,381,065	28	2,284,368	68
Restricted	2,685,494	19	2,462,582	21	222,912	9
Unrestricted	6,184,990	42	5,667,632	49	517,358	9
Total net position	$ 14,535,917	100	$ 11,511,279	100	$ 3,024,638	

Investment in capital assets (e.g., land and improvements, buildings and improvements, furniture and equipment), less any related debt used to acquire those assets that are still outstanding represents 39 percent of total net position. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net position that is restricted for debt service and grants totaled $2,685,494. The *unrestricted net position* as of August 31, 2024 was $6,184,990, and is available to meet the District's ongoing obligations.

Governmental Activities. Governmental activities increased the District's net position by $2,766,926 from current operations and $257,712 from a beginning balance restatement. The elements giving rise to this increase may be determined from the table below:

Tarkington Independent School District's Changes in Net Position

	Governmental Activities					
	2024		2023		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Revenue						
Program revenues:						
Charges for services	$ 744,846	4	$ 640,532	3	$ 104,314	16
Operating grants and contributions	4,541,291	16	4,051,077	17	490,214	12
General revenues:						
Property taxes, levied for general purposes	6,383,920	23	8,422,843	35	(2,038,923)	(24)
Property taxes, levied for debt service	2,521,838	9	761,860	3	1,759,978	231
Grants and contributions not restricted to specific programs	12,602,013	45	10,117,732	41	2,484,281	25
Investment earnings	653,548	2	349,571	1	303,977	87
Miscellaneous	369,304	1	15,539	-	353,765	2,277
Total revenues	27,816,760	100	24,359,154	100	3,457,606	
Expenses						
Instruction	12,293,591	50	11,098,337	47	1,195,254	11
Instructional resources and media services	220,742	1	175,584	1	45,158	26
Curriculum and instructional staff development	305,838	1	154,125	1	151,713	98
Instructional leadership	84,463	-	171,332	1	(86,869)	(51)
School leadership	1,177,318	5	1,158,782	5	18,536	2
Guidance, counseling, and evaluation services	597,247	2	570,582	2	26,665	5
Social work services	47,824	-	21,115	-	26,709	126
Health services	252,997	1	227,129	1	25,868	11
Student transportation	1,116,553	4	1,106,000	5	10,553	1
Food services	1,494,626	6	1,492,026	7	2,600	-
Extracurricular activities	928,752	4	724,793	3	203,959	28
General administration	1,475,837	6	1,202,530	5	273,307	23
Plant maintenance and operations	3,040,669	12	2,925,754	13	114,915	4
Security and monitoring services	708,176	3	455,901	2	252,275	55
Data processing services	332,030	1	466,742	2	(134,712)	(29)
Community services	22,157	-	18,748	-	3,409	18
Interest on long-term debt	71,552	-	6,004	-	65,548	1,092
Issuance costs and fees	15,239	-	-	-	15,239	100
Facilities repair and maintenance	185,590	1	123,552	1	62,038	50
Payments related to shared service arrangements	455,024	2	618,782	3	(163,758)	(26)
Other intergovernmental charges	223,609	1	205,176	1	18,433	9
Total expenses	25,049,834	100	22,922,994	100	2,126,840	
Change in net position	2,766,926		1,436,160		1,330,766	
Net position - beginning	11,511,279		10,075,119		1,436,160	
Net position - restatement - change in reporting entity	257,712		-		257,712	
Net position - beginning, as restated	11,768,991		10,075,119		1,693,872	
Net position - ending	$ 14,535,917		$ 11,511,279		$ 3,024,638	

Revenues are generated primarily from two sources. Grants and contributions (program and general revenues totaling ($17,143,304) represent 61 percent of total revenues and property taxes $8,905,758 represents 32 percent of total revenues. The remaining 7 percent is generated from charges for services, investment earnings, and miscellaneous revenue.

The primary functional expense of the District is Instruction ($12,293,591), which represents 50 percent of total expenses. Plant Maintenance and Operations ($3,040,669) represents 12 percent of total expenses. The remaining functional categories of expenses are individually less than 10 percent of total expenses.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of $16,107,500 an increase of $487,634 in comparison with the prior year.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was $13,562,685 and total fund balance was $13,621,286. 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 general fund expenditures. Both unassigned and total fund balance represent approximately 67 percent of total general fund expenditures. The fund balance of the District's general fund increased by $427,160 during the current fiscal year. The most significant change in revenues was the increase in state aid as an offset to the decreased property tax revenue resulting from tax rate compression.

The debt service fund has a total fund balance of $879,425, all of which is restricted for the future payment of debt service. The net increase in fund balance during the current year in the debt service fund was $6,886. The increase is a result of the District's property tax rate increase to offset the increase in current year scheduled debt payments.

General Fund Budgetary Highlights

The District amends the budget as needed throughout the year. There were no significant changes from the original budget to the final amended budget.

The District identified additional transactions and journal entries during its year end closing process after the final budget amendments were adopted, resulting in a significant variance between the final budget and actual amounts for state aid.

Capital Assets and Long–term Liabilities

Capital Assets. The District's investment in capital assets for its governmental type activities as of August 31, 2024, amounts to $10,454,351 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings and improvements, and furniture and equipment.

Tarkington Independent School District's Capital Assets
(net of depreciation)

	Governmental Activities					
	2024		2023		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Land and improvements	$ 504,825	5	$ 504,825	5	$ -	-
Buildings and improvements	7,745,439	74	8,324,690	75	(579,251)	(7)
Furniture and equipment	2,204,087	21	2,196,412	21	7,675	-
Totals	$ 10,454,351	100	$ 11,025,927	100	$ (571,576)	

The district did not have major additions to capital assets in fiscal year 2024.

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

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

Tarkington Independent School District's Long-term Liabilities Outstanding

	Governmental Activities					
	2024		2023		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
General obligation bonds, net	$ 4,503,638	31	$ 7,287,630	41	$ (2,783,992)	(38)
Notes payable	348,177	2	427,667	2	(79,490)	(19)
Workers' compensation	18,197	-	14,278	-	3,919	27
Compensated absences	44,855	-	86,379	-	(41,524)	(48)
Net pension liability	6,925,462	47	6,478,212	36	447,250	7
Net OPEB liability	2,947,811	20	3,707,536	21	(759,725)	(20)
Totals	$ 14,788,140	100	$ 18,001,702	100	$ (3,213,562)	

The District's bonded debt decreased $2,783,992 primarily from scheduled payments of principal.

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

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

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

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

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

Economic Factors and Next Year's Budget and Rates

- Current enrollment totals 1,902 students, which is a 1% decrease from the preceding year.
- District staff totals 284 employees, which consist of 127 teachers and 63 teachers' aides and secretaries.
- The District maintains four campuses for instruction.
- The unemployment rate for the County is currently 6 percent, which is a increase from a rate of 5.1 a year ago. The State's average unemployment rate is 4.1, which is consistent from prior year.
- Property values of the District are projected to be $1,117,408,094 for the 2024-2025 fiscal year.
- A maintenance and operations tax rate of $0.78690 and a debt service tax rate of $0.14330, and a total rate of $0.93020, were adopted for 2024-2025 Preceding year rate was $.66920 for maintenance and operations and $0.263336 for debt service.

All of these factors were considered in preparing the District's budget for the 2024-2025 fiscal 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 Chief Financial Officer of Tarkington Independent School District, 2770 FM 163, Cleveland, Texas, 77327.

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Basic Financial Statements

Tarkington Independent School District **Exhibit A-1**

Statement of Net Position

August 31, 2024

Data Control Codes		1 Primary Government Governmental Activities
	ASSETS	
1110	Cash and cash equivalents	$ 5,484,460
1120	Current investments	9,486,554
1220	Property taxes receivables	3,734,667
1230	Allowance for uncollectable taxes	(336,000)
1240	Due from other governments	2,896,970
1290	Other receivables	6,974
1300	Inventories	29,661
	Capital Assets:	
1510	Land and improvements	504,825
1520	Buildings and improvements (net)	7,745,439
1530	Furniture and equipment (net)	2,204,087
1000	Total assets	31,757,637
	DEFERRED OUTFLOWS OF RESOURCES	
1705	Deferred outflows - pension	3,099,140
1706	Deferred outflows - OPEB	2,124,793
1710	Deferred charge on refunding	62,897
1700	Total deferred outflows of resources	5,286,830
	LIABILITIES	
2110	Accounts payable	821,782
2140	Interest payable	6,537
2160	Accrued wages payable	972,727
2180	Due to other governments	2,610
	Noncurrent liabilities:	
2501	Due within one year	816,978
2502	Due in more than one year	4,097,889
2540	Net pension liability	6,925,462
2545	Net OPEB liability	2,947,811
2000	Total liabilities	16,591,796
	DEFERRED INFLOWS OF RESOURCES	
2605	Deferred inflows - pension	558,924
2606	Deferred inflows - OPEB	5,357,830
2600	Total deferred inflows of resources	5,916,754
	NET POSITION:	
3200	Net investment in capital assets	5,665,433
3820	Restricted for grants	1,361,228
3850	Restricted for debt service	1,324,266
3900	Unrestricted	6,184,990
3000	**TOTAL NET POSITION**	$ 14,535,917

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

Tarkington Independent School District

Exhibit B-1

Statement of Activities

For the Fiscal Year Ended August 31, 2024

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues: Charges for Services	4 Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
	PRIMARY GOVERNMENT				
	Governmental activities:				
0011	Instruction	$ 12,293,591	$ 14,855	$ 2,414,665	$ (9,864,071)
0012	Instructional resources and media services	220,742	-	14,728	(206,014)
0013	Curriculum and instructional staff development	305,838	-	103,621	(202,217)
0021	Instructional leadership	84,463	-	5,102	(79,361)
0023	School leadership	1,177,318	-	60,074	(1,117,244)
0031	Guidance, counseling, and evaluation services	597,247	-	58,200	(539,047)
0032	Social work services	47,824	-	16,609	(31,215)
0033	Health services	252,997	-	10,619	(242,378)
0034	Student transportation	1,116,553	-	38,643	(1,077,910)
0035	Food services	1,494,626	491,415	1,044,583	41,372
0036	Extracurricular activities	928,752	222,076	27,087	(679,589)
0041	General administration	1,475,837	-	101,666	(1,374,171)
0051	Plant maintenance and operations	3,040,669	16,500	120,643	(2,903,526)
0052	Security and monitoring services	708,176	-	385,579	(322,597)
0053	Data processing services	332,030	-	16,294	(315,736)
0061	Community services	22,157	-	848	(21,309)
0072	Interest on long-term debt	71,552	-	122,330	50,778
0073	Issuance cost and fees	15,239	-	-	(15,239)
0081	Facilities repair and maintenance	185,590	-	-	(185,590)
0093	Payments related to shared services arrangements	455,024	-	-	(455,024)
0099	Other intergovernmental charges	223,609	-	-	(223,609)
TG	Total governmental activities	25,049,834	744,846	4,541,291	(19,763,697)
TP	**TOTAL PRIMARY GOVERNMENT**	$ 25,049,834	$ 744,846	$ 4,541,291	(19,763,697)
	General revenues:				
MT	Property taxes, levied for general purposes				6,383,920
DT	Property taxes, levied for debt service				2,521,838
GC	Grants and contributions not restricted to specific programs				12,602,013
IE	Investment earnings				653,548
MI	Miscellaneous				369,304
TR	Total general revenues				22,530,623
CN	Change in net position				2,766,926
NB	Net position - beginning, as originally reported				11,511,279
	Net position - restatement - change in reporting entity				257,712
	Net position - beginning, as restated				11,768,991
NE	**NET POSITION - ENDING**				$ 14,535,917

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

Tarkington Independent School District **Exhibit C-1**

Balance Sheet
Governmental Funds
August 31, 2024

		199	599		98
Data Control Codes		**General Fund**	**Debt Service Fund**	**Total Nonmajor Funds**	**Total Governmental Funds**
	ASSETS				
1110	Cash and cash equivalents	$ 3,629,414	$ 233,192	$ 1,621,854	$ 5,484,460
1120	Current investments	8,866,149	620,405	-	9,486,554
1220	Property taxes receivable	3,243,852	490,815	-	3,734,667
1230	Allowance for uncollectable taxes	(292,000)	(44,000)	-	(336,000)
1240	Due from other governments	1,977,309	2,783	916,878	2,896,970
1260	Due from other funds	470,384	23,045	-	493,429
1290	Other receivables	6,974	-	-	6,974
1300	Inventories	-	-	29,661	29,661
1000	Total assets	17,902,082	1,326,240	2,568,393	21,796,715
1000a	**TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**	$ 17,902,082	$ 1,326,240	$ 2,568,393	$ 21,796,715
	LIABILITIES				
2110	Accounts payable	$ 380,985	$ -	$ 440,797	$ 821,782
2160	Accrued wages payable	924,914	-	47,813	972,727
2170	Due to other funds	23,045	-	470,384	493,429
2180	Due to other governments	-	-	2,610	2,610
2000	Total liabilities	1,328,944	-	961,604	2,290,548
	DEFERRED INFLOWS OF RESOURCES				
2600	Unavailable revenue - property taxes	2,951,852	446,815	-	3,398,667
	Total deferred inflows of resources	2,951,852	446,815	-	3,398,667
	FUND BALANCES				
3480	Restricted - debt service	-	879,425	-	879,425
3450	Restricted - grant funds	-	-	1,361,228	1,361,228
3545	Committed - other	-	-	245,561	245,561
3590	Assigned - purchases on order	58,601	-	-	58,601
3600	Unassigned	13,562,685	-	-	13,562,685
3000	Total fund balances	13,621,286	879,425	1,606,789	16,107,500
4000	**TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES**	$ 17,902,082	$ 1,326,240	$ 2,568,393	$ 21,796,715

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

Tarkington Independent School District **Exhibit C-1R**

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
August 31, 2024

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS (EXHIBIT C-1)			$ 16,107,500
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The governmental capital assets at year-end consist of:			
Governmental capital assets costs	$	33,072,648	
Accumulated depreciation of governmental capital assets		(22,618,297)	10,454,351
Property taxes receivable, which will be collected subsequent to year-end, but are not available soon enough to pay expenditures and, therefore, are deferred in the funds.			3,398,667
Long-term liabilities, including bonds payable, notes payable, compensated absences, workers' compensation, and net pension and OPEB liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Liabilities at year-end related to such items consist of:			
Bonds payable, at original par	$	(4,220,000)	
Premium on bonds payable		(283,638)	
Accrued interest on the bonds payable		(1,974)	
Notes payable		(348,177)	
Accrued interest on notes payable		(4,563)	
Compensated absences		(44,855)	
Workers' compensation		(18,197)	
Net pension liability		(6,925,462)	
Net OPEB liability		(2,947,811)	(14,794,677)
Deferred charge on refunding is reported as deferred outflow of resources in the statement of net position and is not reported in the governmental funds as it is not a current financial resource available to pay for current expenditures.			62,897
Deferred outflows of resources for pension represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenses/expenditures) until then.			3,099,140
Deferred inflows of resources for pension represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.			(558,924)
Deferred outflows of resources for OPEB represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenses/expenditures) until then.			2,124,793
Deferred inflows of resources for OPEB represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.			(5,357,830)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES (EXHIBIT A-1)			$ 14,535,917

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

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

Statement of Revenues, Expenditures, and Changes
in Fund Balances
Governmental Funds
For the Fiscal Year Ended August 31, 2024

		199	599		98
Data Control Codes		General Fund	Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
	REVENUES				
5700	Local and intermediate sources	$ 7,107,067	$ 2,727,053	$ 693,710	$ 10,527,830
5800	State program revenues	13,251,848	122,330	971,414	14,345,592
5900	Federal program revenues	420,165	-	2,523,350	2,943,515
5020	Total revenues	20,779,080	2,849,383	4,188,474	27,816,937
	EXPENDITURES				
	Current:				
0011	Instruction	10,296,084	-	1,741,901	12,037,985
0012	Instructional resources and media services	200,116	-	21,219	221,335
0013	Curriculum and instructional staff development	208,626	-	99,506	308,132
0021	Instructional leadership	85,014	-	1,325	86,339
0023	School leadership	1,158,347	-	19,315	1,177,662
0031	Guidance, counseling, and evaluation services	565,799	-	34,663	600,462
0032	Social work services	32,239	-	15,185	47,424
0033	Health services	252,392	-	3,313	255,705
0034	Student transportation	943,373	-	19,601	962,974
0035	Food services	-	-	1,430,472	1,430,472
0036	Extracurricular activities	708,434	-	197,027	905,461
0041	General administration	1,414,500	-	61,339	1,475,839
0051	Plant maintenance and operations	2,853,889	-	93,525	2,947,414
0052	Security and monitoring services	325,313	-	383,956	709,269
0053	Data processing services	324,513	-	12,539	337,052
0061	Community services	21,612	-	-	21,612
	Debt service:				
0071	Principal on long-term debt	79,490	2,750,000	-	2,829,490
0072	Interest on long-term debt	16,956	78,258	-	95,214
0073	Issuance costs and fees	1,000	14,239	-	15,239
	Capital outlay:				
0081	Facilities acquisition and construction	185,590	-	-	185,590
	Intergovernmental:				
0093	Payments to shared services arrangements	455,024	-	-	455,024
0099	Other intergovernmental charges	223,609	-	-	223,609
6030	Total expenditures	20,351,920	2,842,497	4,134,886	27,329,303
1200	Net change in fund balances	427,160	6,886	53,588	487,634
0100	Fund balances - beginning, as originally reported	13,194,126	872,539	1,295,489	15,362,154
	Fund balances - restatement - change in reporting entity	-	-	257,712	257,712
	Fund balances - beginning, as restated	13,194,126	872,539	1,553,201	15,619,866
3000	**FUND BALANCES - ENDING**	$ 13,621,286	$ 879,425	$ 1,606,789	$ 16,107,500

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

Tarkington Independent School District

Exhibit C-3

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended August 31, 2024

TOTAL NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS (EXHIBIT C-2)		$ 487,634
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense.		
Capital assets *increased*	$ 272,730	
Depreciation expense	(844,306)	(571,576)
Because some revenues will not be collected for several months after the District's fiscal year end, they are not considered available and are deferred in the governmental funds. Deferred inflows increased (decreased) by this amount this year.		
Unavailable revenues - property taxes		161,626
Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Bond payable	$ 2,750,000	
Notes payable	79,490	2,829,490
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The (increase) decrease in interest reported in the statement of activities consists of the following:		
Accrued interest on current interest bonds payable *(increased) decreased*	$ 1,552	
Amortization of bond premium	33,992	
Amortization of deferred charge on refunding	(7,538)	
Accrued interest on notes payable *(increased) decreased*	(4,344)	23,662
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. The amounts are as follows:		
Workers' compensation *(increased) decreased*	$ (3,919)	
Compensated absences (*increased) decreased*	41,524	37,605
The net change in net pension liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following:		
Deferred outflows increased (decreased)	$ (197,095)	
Deferred inflows (increased) decreased	(100,734)	
Net pension liability (increased) decreased	(447,250)	(745,079)
The net change in net OPEB liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following:		
Deferred outflows increased (decreased)	$ (522,816)	
Deferred inflows (increased) decreased	306,655	
Net OPEB liability (increased) decreased	759,725	543,564
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES (EXHIBIT B-1)		$ 2,766,926

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

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

Statement of Fiduciary Net Position
Fiduciary Fund
August 31, 2024

	865 Custodial Fund
	Student Activity
ASSETS	
Cash and cash equivalents	$ 89,542
Total assets	89,542
LIABILITIES	
Accounts payable	-
Total liabilities	-
NET POSITION	
Restricted for:	
Student activities	89,542
TOTAL NET POSITION	$ 89,542

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

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

Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended August 31, 2024

	865 Custodial Fund
	Student Activity
ADDITIONS	
Other	$ 33,678
Total additions	33,678
DEDUCTIONS	
Beneficiary payments	47,370
Total deductions	47,370
Net change in fiduciary net position	(13,692)
Net position - beginning, as originally reported	360,946
Net position - restatement - change in reporting entity	(257,712)
Net position - beginning, as restated	103,234
NET POSITION - END OF YEAR	$ 89,542

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

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Note 1. Summary of Significant Accounting Procedures

A. Reporting Entity

The Tarkington Independent School District (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. The accompanying financial statements present the District.

B. Description of Government-wide Financial Statements

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

C. Basis of Presentation – Government-wide Financial Statements

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

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

D. Basis of Presentation – Fund Financial Statements

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

The District reports the following major governmental funds:

The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those accounted for in another fund.

The *debt service fund* is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

Additionally, the District reports the following fund types:

The total *nonmajor (special revenue) funds* are used to account for the proceeds of specific revenue sources (other than those identified as a major fund) that are restricted or committed to expenditures for specific purposes.

The *custodial fund* accounts for assets held by the District for student organizations. Contributions, student fees and fundraisers benefit the related organizations.

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

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

E. Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available, excluding property taxes, if they are collected within 120 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as required under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Interest associated with the current fiscal period is considered to be susceptible to accrual and has been recognized as revenue of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 120 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 120 days of year end). All other revenue items, including property taxes, are considered to be measurable and available only when cash is received by the District.

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

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand and deposits with the District's bank depository.

2. Investments

Investments for the District include investment pools and certificates of deposit. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost or net asset value, which approximates fair value.

3. Inventories and Prepaid Items

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

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

4. Capital Assets

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

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

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

Capital Asset Classes	Lives
Buildings and improvements	5-35
Furniture and equipment	5-15

5. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then. Deferred inflows of resources represents an acquisition of net position 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 pension plan and OPEB plan, except for projected and actual earnings differences on investments which are amortized on a closed basis over a 5-year period.
- District contributions to the pension and OPEB plan 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 and grants are recognized in the period the amount becomes available (collected).

6. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused state and local leave benefits. Payment for certain unused accumulated leave days will be made upon retirement (in accordance with guidelines established by the Teacher Retirement System of Texas) for employees who have been employed by the District for five consecutive years or more as of May 31, 2005. A liability for these amounts is reported in the government-wide financial statements, but is reported in governmental funds only if they have matured, for example, as a result of employee retirement.

7. Pension

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

8. Other Postemployee Benefits

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

9. Net Position Policies

Net position of governmental activities is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District classifies net position as follows:

Net investment in capital assets – the component of net position that reports capital assets, net of accumulated depreciation and amortization, and net of related debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

Restricted – the component of net position that is constrained for specific purposes which are externally imposed by providers, such as creditors or amounts restricted due to constitutional provisions or enabling legislation. This classification includes retirement of long-term debt, and other federal and state grants when applicable.

Unrestricted – the component of net position that includes the residual difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources that is not classified in the categories mentioned above.

10. Net Position Flow Assumption

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

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

11. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District classifies governmental fund balances as follows:

Non-spendable - includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. The amounts reported in this category include inventories and, when applicable, prepaid items.

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

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

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

U*nassigned* – includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. The general fund should be the only fund that reports a positive unassigned fund balance. Unassigned fund balance may also include deficit balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

12. Fund Balance Flow Assumptions

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

G. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

Property values are determined by the Liberty County Appraisal District as of January 1 of each year. Prior to September 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.

H. 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.

I. Data Control Codes

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

J. Implementation of New Accounting Standards

GASB Statement No. 99, *Omnibus 2022* (GASB 99), enhances comparability in accounting and financial reporting and improves consistency of authoritative literature by addressing 1) practice issues that have been identified during implementation and application of certain GASB statements and 2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases were implemented in the District's fiscal year 2022 financial statements in conjunction with GASB 87. The requirements related to PPPs and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. These requirements for GASB 99 were implemented in the District's fiscal year 2023 financial statements in conjunction with GASB 94 and GASB 96. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. These requirements for GASB 99 were implemented in the District's fiscal year 2024 financial statements with no impact to amounts previously reported.

GASB Statement No. 100, *Accounting Changes and Error Corrections* (GASB 100), enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement 1) defines accounting changes and corrections of errors; 2) prescribes the accounting and financial reporting for each type of accounting change and error corrections; and 3) clarifies required note disclosures. The requirements of this statement are effective for reporting periods beginning after June 15, 2023, with earlier application encouraged. GASB 100 was implemented in the District's fiscal year 2024 financial statements with an impact to amounts previously reported as identified in Note 4.F.

K. Recent Accounting Pronouncements

GASB Statement No. 101, *Compensated Absences* (GASB 101), improves the information needs of financial statements users by updating the recognition and measurement guidance for compensated absences under a unified model and amending certain previously required disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2023, with earlier application encouraged. GASB 101 will be implemented in the District's fiscal year 2025 financial statements and the impact has not yet been determined.

GASB Statement No. 102, *Certain Risk Disclosures* (GASB 102), improves financial reporting by providing users of financial statements with essential information regarding certain concentrations of constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. The requirements of this statement are effective for reporting periods beginning after June 15, 2024, with earlier application encouraged. GASB 102 will be implemented in the District's fiscal year 2025 financial statements and the impact has not yet been determined.

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

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

Note 2. Stewardship, Compliance, and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, debt service fund and National School Breakfast and Lunch Program special revenue fund. 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 August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board.

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

B. Encumbrances

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

Encumbrances included in governmental fund balances are as follows:

	Encumbrances Included in: Assigned Fund Balance
General fund	$ 58,601
Total encumbrances	$ 58,601

Note 3. Detailed Notes on All Funds

A. Deposits and Investments

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

Investments

The District's investment policy is in accordance with the Public Funds Investment Act, the Public Funds Collateral Act, and federal and state laws. State law and District policy limits credit risk by allowing investing in 1) Obligations of the United States or its agencies which are backed by the full faith and credit of the United States, obligations of the State of Texas or its agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized statistical rating organization (NRSRO) not less than A or its equivalent; 2) Certificates of deposit issued by a broker or depository located in Texas which is insured by the FDIC or purchased through a broker who has an office located in Texas; 3) Fully collateralized repurchase agreements secured by obligations of the United States or its agencies not to exceed 90 days to maturity from the date of purchase; 4) Securities lending program as permitted by Government Code 2256.0015; 5) Bankers acceptances with a stated maturity of 270 days or fewer which are eligible for collateral for borrowing from a Federal Reserve Bank; 6) Commercial paper if it has a stated maturity of 270 days or fewer from the date of its issuance and is rated not less than A-1 or P-1 or an equivalent rating by at least: two nationally recognized credit rating agencies or one nationally recognized agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state; 7) No-load money market mutual funds which shall be registered with the Securities and Exchange Commission and have a dollar-weighted average stated maturity of 90 days or fewer; 8) No-load mutual funds which shall be registered with the Securities and Exchange Commission, have an average weighted maturity of less than two years, include investments that comply with the Public Funds Investment Act and are continuously rated not less than AAA by at least one NRSRO; 9) A guaranteed investment contract (for bond proceeds only) which meets the criteria and eligibility requirements established by the Public Funds Investment Act; 10) Public funds investment pools which meet the requirements of the Public Funds Investment Act.

The District's investment balances, weighted average maturity and credit risk of such investments are as follows:

Investment Type	Current Investments	Percent of Total Investments	Weighted Average Maturity (Days)	Credit Risk Rating
Investments measured at cost:				
Certificates of deposit	$ 1,000,000	11%	269	Not Rated
Investments measured at amortized cost:				
Texpool	3,163,903	33%	35	AAAm
TexasCLASS	512,323	5%	35	AAAm
Lone Star Government Overnight	2,585,553	27%	23	AAAm
Lone Star Corporate Overnight	1,111,766	12%	39	AAAm
Investments measured at net asset value (NAV):				
Lone Star Corporate Overnight Plus	1,113,009	12%	46	AAAf/S1+
Total value	$ 9,486,554	100%		
Portfolio weighted average maturity			56	

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.

Certain investment types are not required to be measured at fair value, including external investment pools measured at amortized cost or net asset value (i.e. fair value). These investment pools are exempt from categorization within the fair value hierarchy. 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.

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

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

Texas CLASS is an external investment pool measured at fair value, i.e. net asset value. The investment pool's strategy is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short term marketable securities. There are no unfunded commitments related to the investment pool. Texas CLASS has a redemption notice period of one day and may redeem daily. The investment pool's 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 pool's liquidity. The Texas CLASS portfolio consists of U.S. Government securities; collateralized repurchase and reverse repurchase agreements; AAA rated money market mutual funds; and commercial paper.

Lone Star is duly chartered by the State of Texas Interlocal Cooperation Act, is administered by First Public, LLC, a subsidiary of the Texas Association of School Boards, and managed by Mellon Investments Corporation and American Beacon Advisors. State Street Bank and Trust Company is the custodial bank.

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

The objective of the Lone Star Corporate Overnight Fund is to provide safety of principal, daily liquidity, and the highest possible rate of return. This fund seeks to maintain a net asset value of one dollar, and its dollar-weighted average maturity is 60 days or fewer. The fund may invest in all securities authorized under the Public Funds Investment Act; however, the fund has additional restrictions for SEC regulated money market mutual funds and fully collateralized repurchase agreements.

The objective of the Lone Star Corporate Overnight Plus Fund is to provide safety of principal, daily liquidity, and the highest possible rate of return. This fund seeks to maintain a net asset value of one dollar, and its dollar-weighted average maturity is 120 days or fewer. The fund may invest in all securities authorized under the Public Funds Investment Act; however, the fund has additional restrictions for SEC regulated money market mutual funds and fully collateralized repurchase agreements.

Non-negotiable certificates of deposit are not required to be reported at fair value, and therefore, has been recognized at cost until maturity.

Credit Risk
For fiscal year 2024, the District invested in various investment pools. As of August 31, 2024, the credit rating for such investments are disclosed in the preceding table.

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 any internally created pool to no more than 180 days, and any other individual investment not to exceed one year from the time of purchase, unless specifically authorized by the Board of Trustees.

Concentration of Credit Risk
The District's investment policy does not limit an investment in any one issuer. The investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from over-concentration of assets in a specific class of investments, specific maturity, or specific issuer.

Custodial Credit Risk – Deposits
In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of August 31, 2024, the District's banks' balances at the local bank were insured and collateralized with securities held by the District's agent and in the District's name.

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

B. Receivables

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

Change in uncollectibles related to general fund property taxes	$	(1,000)
Change in uncollectibles related to debt service property taxes		(15,000)
Total change in uncollectibles of the current fiscal year	$	(16,000)

Approximately 84% of the outstanding balance of property taxes receivable is not anticipated to be collected within the next year.

C. Interfund Receivables, Payables and Transfers

Receivables/Payables
The composition of interfund receivable/payable balances as of August 31, 2024, is as follows:

Fund	Interfund Receivables	Interfund Payables
General fund	$ 470,384	$ 23,045
Debt Service Fund	23,045	-
Nonmajor governmental funds	-	470,384
Totals	$ 493,429	$ 493,429

Interfund balances consist of short-term lending/borrowing arrangements that generally result primarily from payroll 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 District did not have any transfers during the fiscal year ended August 31, 2024.

D. Capital Assets

Capital asset activity for the fiscal year ended August 31, 2024 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land and improvements	$ 504,825	$ -	$ -	$ 504,825
Total capital assets, not being depreciated	504,825	-	-	504,825
Capital assets, being depreciated:				
Buildings and improvements	27,171,712	-	-	27,171,712
Furniture and equipment	5,123,381	272,730	-	5,396,111
Total capital assets, being depreciated	32,295,093	272,730	-	32,567,823
Less accumulated depreciation for:				
Buildings and improvements	(18,847,022)	(579,251)	-	(19,426,273)
Furniture and equipment	(2,926,969)	(265,055)	-	(3,192,024)
Total accumulated depreciation	(21,773,991)	(844,306)	-	(22,618,297)
Total capital assets, being depreciated, net	10,521,102	(571,576)	-	9,949,526
Governmental activities capital assets, net	$ 11,025,927	$ (571,576)	$ -	$ 10,454,351

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

Governmental activities:	
11 Instruction	$ 454,757
34 Student transportation	176,926
35 Food services	11,254
36 Extracurricular activities	22,951
41 General administration	2,321
51 Plant maintenance and operations	176,097
Total depreciation expense-governmental activities	$ 844,306

E. Long-term Liabilities

The District's long-term liabilities consist of bonds payable, notes payable, workers' compensation, compensated absences, and net pension and net OPEB liability. The current requirements for bond principal and interest expenditures are accounted for in the debt service fund. The current requirements for workers' compensation and compensated absences are accounted for in the general fund and nonmajor governmental funds. Other long-term liabilities are generally liquidated with resources of the general fund.

Changes in Long-term Liabilities

Long-term liability activity for the fiscal year ended August 31, 2024 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds, par	$ 6,970,000	$ -	$ (2,750,000)	$ 4,220,000	$ 660,000
Issuance premiums	317,630	-	(33,992)	283,638	-
Total bonds payable	7,287,630	-	(2,783,992)	4,503,638	660,000
Notes payable	427,667	-	(79,490)	348,177	93,926
Workers' compensation	14,278	5,415	(1,496)	18,197	18,197
Compensated absences	86,379	-	(41,524)	44,855	44,855
Net pension liability	6,478,212	1,371,230	(923,980)	6,925,462	-
Net OPEB liability	3,707,536	74,139	(833,864)	2,947,811	-
Governmental activites long-term liabilities	$ 18,001,702	$ 1,450,784	$ (4,664,346)	$ 14,788,140	$ 816,978

General Obligation Bonds

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

Series	Interest Rate	Original Issue	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
2021 REF	0.18%-1.64%	7,295,000	2031	$ 6,970,000	$ -	$ (2,750,000)	$ 4,220,000
Totals				$ 6,970,000	$ -	$ (2,750,000)	$ 4,220,000

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

Year Ending August 31,	Principal	Interest	Total Requirements
2025	$ 660,000	$ 42,597	$ 702,597
2026	660,000	38,505	698,505
2027	690,000	32,812	722,812
2028	690,000	25,498	715,498
2029	715,000	16,630	731,630
2030	690,000	6,693	696,693
2031	115,000	863	115,863
Totals	$ 4,220,000	$ 163,598	$ 4,383,598

As of August 31, 2024, the District did not have any authorized but unissued bonds.

In June 2024, the District expended $1,806,176 to complete a cash defeasance of $2,095,000 in principal of Series 2021 bonds with original maturities of February 15, 2031 to 2033.

The total amount of defeased bonds outstanding as of August 31, 2024, including current and prior year defeasences, is $2,095,000.

Notes Payable
In April 2021, the District entered into an installment payment agreement (note) for the acquisition and installation of energy saving equipment, which was subsequently assigned to a bank. The note is payable in quarterly installments beginning December 6, 2021, matures on June 6, 2028 with no early redemption penalties and bears an interest rate of 4.5%. As of August 31, 2024, the outstanding liability is $348,177.

Annual debt service requirements to maturity for the note is as follows:

Fiscal Year	Principal	Interest	Total Payments
2025	$ 93,926	$ 14,782	$ 108,708
2026	84,143	10,035	94,178
2027	87,994	6,184	94,178
2028	82,114	2,157	84,271
Totals	$ 348,177	$ 33,158	$ 381,335

F. Revenues from Local and Intermediate Sources

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

	General	Debt Service	Nonmajor Governmental Funds	Totals
Property taxes	$ 6,371,029	$ 2,373,103	$ -	$ 8,744,132
Charges for services	38,286	-	491,415	529,701
Investment income	619,043	34,505	-	653,548
Other	78,709	319,445	202,295	600,449
Totals	$ 7,107,067	$ 2,727,053	$ 693,710	$ 10,527,830

Note 4. Other Information

A. Risk Management

Property/Liability
The District is exposed to various risks of loss related to property and liability. During the fiscal year 2024, the District purchased property and liability insurance through commercial carriers or participated in risk pools in which the District transfers the risk for claims related to such risks.

There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for any of the past three fiscal years.

Health Care Coverage
During the year ended August 31, 2024, employees of the District were covered by TRS-Active Care (the Plan), a statewide health coverage program for Texas public education employees implemented by the Teacher Retirement System of Texas (TRS). The District paid premiums of $300 per month, per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to the TRS.

Workers' Compensation
During the year ended August 31, 2024, Tarkington ISD met its statutory workers' compensation obligations through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Workers Compensation Program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members' injured employees.

Tarkington ISD participates in the Fund's reimbursable aggregate deductible program. As such, the member is responsible for a certain amount of claims liability as outlined on the member's Contribution and Coverage Summary document. After the member's deductible has been met, the Fund is responsible for additional claims liability.

The Fund and its members are protected against higher than expected claims costs through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of $2 million. The Fund uses the services of an independent Actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2023, the Fund carries a discounted reserve of $48,919,036 for future development on reported claims and claims that have been incurred but not yet reported. For the year-ended August 31, 2024, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions and reimbursable aggregate deductibles.

The Fund engages the services of independent auditors to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2023, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

Prior to September 1, 2019, the District participated in a separate plan (Plan) where the District is responsible for claims costs, both reported and unreported, until the deductible is met. The Plan provides administrative services to its self-funded members including claims administration and customer service. The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund's membership, obtain lower costs for workers' compensation coverage and develop a comprehensive loss control program.

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 amount of pay-outs), 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.

Below is a summary combining the claims liability for claims covered by TASB as well as the prior plan.

Changes in the Fund's claims liability for the last two fiscal years are as follows:

	Year Ended 8/31/2024	Year Ended 8/31/2023
Unpaid claims, beginning of fiscal year	$ 14,278	$ 35,627
Incurred claims, including provision and adjustments	5,415	41,067
Claim payments	(1,496)	(62,416)
Unpaid claims, end of fiscal year	$ 18,197	$ 14,278

B. Contingencies

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, these programs are subject to financial and compliance audits by the grantor agencies. The District is also subject to audit by the TEA of the attendance data upon which payments from the agency are based. These audits could result in questioned costs or refunds to be paid back to the granting agencies.

C. Defined Benefit Pension Plan

Plan Description

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

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

Pension Plan Fiduciary Net Position

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

Benefits Provided

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

Texas Government Code section 821.006 prohibits benefit improvements if, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Contributions

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

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

Rates for such plan fiscal years are as follows:

	Contribution Rates	
	2024	2023
Member	8.25%	8.00%
Non-employer contributing entity (State)	8.25%	8.00%
Employers (District)	8.25%	8.00%

The contribution amounts for the District's fiscal year 2024 are as follows:

District contributions	$ 546,190
Member contributions	1,067,731
NECE on-behalf contributions (State)	723,653

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

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

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

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

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

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

On August 31, 2024, the District reported a liability of $6,925,462 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District are as follows:

District's proportionate share of the net pension liability	$ 6,925,462
State's proportionate share of the net pension liability associated with the District	8,809,257
Total	$ 15,734,719

The net pension liability was measured as of August 31, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as August 31, 2022 rolled forward to August 31, 2023. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2022 through August 31, 2023.

At the measurement date of August 31, 2023, the District's proportion of the collective net pension liability was 0.0100821461% which was a decrease of 0.0008299176% from its proportion measured as of August 31, 2022.

For the fiscal year ended August 31, 2024, the District recognized pension expense of $2,621,391 and revenue of $1,330,122 for support provided by the State.

On August 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 246,757	$ 83,860
Changes of assumptions	655,013	160,297
Difference between projected and actual earnings on pension plan investments	1,007,822	-
Changes in proportion and difference between District's contributions and the proportionate share of contributions	643,358	314,767
District contributions paid subsequent to the measurement date	546,190	-
Totals	$ 3,099,140	$ 558,924

$546,190 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending August 31,	
2025	$ 474,197
2026	336,193
2027	958,376
2028	244,415
2029	(19,155)
Total	$ 1,994,026

Actuarial Methods and Assumptions

The actuarial valuation of the total pension liability was performed as of August 31, 2022. Update procedures were used to roll forward the total pension liability to August 31, 2023 and was determined using the following actuarial methods and assumptions:

Actuarial cost method	Individual Enry Age Normal
Asset valuation method	Fair value
Single discount rate	7.00%
Long-term expected rate of return	7.00%
Municipal bond rate as of August 2023	4.13%. Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GOAA Index"
Last year ending August 31 in projection period (100 years)	2122
Inflation	2.30%
Salary increases	2.95% to 8.95% including inflation
Ad hoc postemployment benefit changes	None
Active mortality rates	The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioners Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published projection scale ("U-MP"). The active mortality rates were based on the published PUB (2010) Mortality Tables for Teachers, below median, also with full generational mortality.

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

Discount Rate and Long-term Expected Rate of Return

A single discount rate of 7.00% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine the single discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity will be made at the rates set by the legislature in the 2019 session. It is assumed that future employer and state contributions will be 9.50% of payroll in fiscal year 2024 gradually increasing to 9.56% in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in TRS's target asset allocation as of August 31, 2023 are summarized below:

Asset Class	Target Allocation**	Long-term Expected Geometric Real Rate of Return***	Expected Contribution to Long-term Portfolio Returns
Global equity:			
U.S.	18.0%	4.0%	1.0%
Non-U.S. developed	13.0%	4.5%	0.9%
Emerging markets	9.0%	4.8%	0.7%
Private equity	14.0%	7.0%	1.5%
Stable value:			
Government bonds	16.0%	2.5%	0.5%
Absolute return*	-	3.6%	-
Stable value hedge funds	5.0%	4.1%	0.2%
Real return:			
Real estate	15.0%	4.9%	1.1%
Energy, natural resources and infrastructure	6.0%	4.8%	0.4%
Commodities	-	4.4%	-
Risk parity:			
Risk parity	8.0%	4.5%	0.4%
Asset allocation leverage:			
Cash	2.0%	3.7%	-
Asset allocation leverage cash	-6.0%	4.4%	-0.1%
Inflation expectation			2.3%
Volatility drag****			-0.9%
Total	100.0%		8.0%

* Absolute return includes credit sensitive investments.

** Target allocations are based on the FY 2023 policy model.

*** Capital market assumptions come from Aon Hewitt (as of 6/30/2023).

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	$ 10,353,949	$ 6,925,462	$ 4,074,673

Change of Assumptions Since the Prior Measurement Date

The actuarial assumptions and methods are the same as used in the determination of the prior year's net pension liability.

Change of Benefit Terms Since the Prior Measurement Date

The Texas 2023 Legislature passed legislation that provides a one-time stipend to certain retired teachers. The stipend was paid to retirees beginning in September of 2023. The Legislature appropriated funds to pay for this one-time stipend so there will be no impact on the Net Pension Liability of TRS. In addition, the Legislature also provided for a cost of living adjustment (COLA) to retirees which was approved during the November 2023 election which was paid January 2024. Therefore, this contingent liability was not reflected as of measurement period ending August 31, 2023.

D. Defined Other Postemployment Benefit Plan

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

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

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

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

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

TRS-Care Monthly Plan Premium Rates

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

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

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

Rates for such plan fiscal years are as follows:

	Contribution Rates	
	2024	2023
Active employee	0.65%	0.65%
Non-employer contribution entity (State)	1.25%	1.25%
Employers (District)	0.75%	0.75%
Federal/private funding*	1.25%	1.25%

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

The contribution amounts for the District's fiscal year 2024 are as follows:

District contributions	$ 114,790
Member contributions	84,126
NECE on-behalf contributions (State)	151,382

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

The State of Texas also contributed $68,484, $67,319 and $54,169 in 2024, 2023, and 2022, respectively, for on-behalf payments for Medicare Part D.

TRS-Care received a supplemental appropriation from the State of Texas as the Non-Employer Contributing Entity in the amount of $21 million in fiscal year 2023 provided by Rider 14 of the Senate Bill GAA of the 87th Legislature. These amounts were re-appropriated from amounts received by the pension and TRS-Care funds in excess of the state's actual obligation and then transferred to TRS-Care.

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

On August 31, 2024, the District reported a liability of $2,947,811 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided by the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District are as follows:

District's proportionate share of the net OPEB liability	$ 2,947,811
State's proportionate share of the net OPEB liability associated with the District	3,556,987
Total	$ 6,504,798

The net OPEB liability was measured as of August 31, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as August 31, 2022 rolled forward to August 31, 2023. The District's proportion of the net OPEB liability was based on the District's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2022 through August 31, 2023.

At the measurement date of August 31, 2023, the employer's proportion of the collective net OPEB liability was 0.0133154309% which was a decrease of 0.0021687623% from its proportion measured as of August 31, 2023.

For the fiscal year ended August 31, 2023, the District recognized net OPEB revenue of $1,189,183 due to recognition of deferred inflows in excess of deferred outflows and current year expense. OPEB revenue of $760,409 was recognized for support provided by the State.

On August 31, 2024, the District reported its proportionate share of the TRS' deferred outflows of resources and deferred inflows of resources related to other postemployment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 133,366	$ 2,480,024
Changes of assumptions	402,355	1,805,023
Difference between projected and actual earnings on OPEB plan investments	1,274	-
Changes in proportion and difference between District's contributions and the proportionate share of contributions	1,473,008	1,072,783
District contributions paid subsequent to the measurement date	114,790	-
Totals	$ 2,124,793	$ 5,357,830

$114,790 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended August 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (income) as follows:

Year Ending August 31,	
2025	$ (673,793)
2026	(538,590)
2027	(355,549)
2028	(440,659)
2029	(407,857)
Thereafter	(931,379)
Total	$ (3,347,827)

Actuarial Methods and Assumptions
The actuarial valuation of the total OPEB liability was performed as of August 31, 2022. Update procedures were used to roll forward the total OPEB liability to August 31, 2023.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The following assumptions used for the valuation of the TRS-Care OPEB liability are identical to the assumptions employed in the August 31, 2022 TRS pension actuarial valuation that was rolled forward to August 31, 2023:

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

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

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

The initial medical trend rates were 7.75% for Medicare retirees and 7.00% for non-Medicare retirees. There was an initial prescription drug trend rate of 7.75% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25 % over a period of 12 years.

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

Actuarial cost method	Individual entry age normal
Single discount rate	4.13%
Aging factors	Based on plan specific experience
Election rates	Normal retirement: 62% participation prior to age 65 and 25% after age 65. Pre-65 retriees: 30% of pre-65 retirees are assumed to discontinue coverage at age 65.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Ad hoc postemployment benefit changes	None

Discount Rate
A single discount rate of 4.13% was used to measure the total OPEB liability at August 31, 2023. This was an increase of 0.22% in the discount rate since the August 31, 2022 measurement date. The plan is essentially a "pay-as-you-go" plan, and based on the assumption that contributions are made at the statutorily required rates, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments to current plan members and therefore, the single discount rate is equal to the prevailing municipal bond rate. The source for the rate is the Fixed Income Market Data / Yield Curve / Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of August 31, 2023.

Sensitivity Analysis of Rates

Discount Rate
The following table presents the District's proportionate share of the TRS-Care net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that was 1% less than and 1% greater than the discount rate that was used (4.13%) in measuring the net OPEB liability:

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
District's proportionate share of the net OPEB liability	$ 3,471,907	$ 2,947,811	$ 2,520,136

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 2,427,375	$ 2,947,811	$ 3,617,354

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

- The discount rate changed from 3.91% as of August 31, 2022 to 4.13% as of August 31, 2023, accompanied by revised demographic and economic assumptions based on the TRS experience study.

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

E. Joint Venture-Shared Service Arrangement

The District participates in the following shared service arrangement:

Southeast Texas Cooperative for Special Services
The District participates in a shared service arrangement for special education funded under IDEA-B Formula and Preschool and State Supplemental Special Education Funds with other school districts. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Liberty ISD, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the shared service arrangement.

F. Restatement of Beginning Balances

Change in Major Fund
In fiscal year 2023, the District reported the CRRSA ESSER II fund as a major fund as it met certain quantitative thresholds for such reporting under GASB Statement No. 34, paragraph 76. The fund's resources were exhausted by the end of the fiscal year 2023 and it is, therefore, no longer reported as a fund of the District. This change had no impact to beginning balances during fiscal year 2024.

Change in Reporting of Continuing Operations
During fiscal year 2024, changes to or within the financial reporting entity resulted in adjustments to and restatements of beginning net position and fund balance, as follows:

	9/1/2023 As Previously Reported	Change to or Within Financial Reporting Entity	9/1/2023 As Restated
Government-Wide			
Govermental activities	$ 11,511,279	$ 257,712	$ 11,768,991
Total primary government	11,511,279	257,712	11,768,991
Governmental Funds			
Nonmajor governmental funds	1,295,489	257,712	1,553,201
Total governmental funds	1,295,489	257,712	1,553,201
Fiduciary Funds			
Custodial fund	360,946	(257,712)	103,234
Total fiduciary funds	360,946	(257,712)	103,234

In 2024, the District elected to create two new funds, the Campus Activity fund and Scholarship fund to present the support cocurricular and extracurricular activities that are controlled by school administrators separately from the Student Activity fund to provide transparency between the activities for financial statement users. The effect of that change within the District is shown in the preceding table.

Required Supplementary Information (Unaudited)

Tarkington Independent School District **Exhibit G-1**

Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget and Actual
General Fund
For the Fiscal Year Ended August 31, 2024

Data Control Codes		1 Budgeted Amounts Original	2 Budgeted Amounts Final	3 Actual	Variance with Final Budget
	REVENUES				
5700	Local and intermediate sources	$ 7,542,000	$ 7,542,000	$ 7,107,067	$ (434,933)
5800	State program revenues	10,980,000	10,980,000	13,251,848	2,271,848
5900	Federal program revenues	518,000	811,676	420,165	(391,511)
5020	Total revenues	19,040,000	19,333,676	20,779,080	1,445,404
	EXPENDITURES				
	Current:				
0011	Instruction	10,026,679	10,075,355	10,296,084	(220,729)
0012	Instructional resources and media services	184,645	200,945	200,116	829
0013	Curriculum and instructional staff development	136,250	208,850	208,626	224
0021	Instructional leadership	122,173	112,173	85,014	27,159
0023	School leadership	1,132,033	1,160,033	1,158,347	1,686
0031	Guidance, counseling, and evaluation services	600,408	580,408	565,799	14,609
0032	Social work services	21,200	32,300	32,239	61
0033	Health services	225,866	252,866	252,392	474
0034	Student transportation	844,141	945,141	943,373	1,768
0036	Extracurricular activities	608,641	708,641	708,434	207
0041	General administration	1,133,855	1,420,155	1,414,500	5,655
0051	Plant maintenance and operations	2,441,184	2,904,184	2,853,889	50,295
0052	Security and monitoring services	427,300	427,300	325,313	101,987
0053	Data processing services	277,375	340,675	324,513	16,162
0061	Community services	21,750	21,750	21,612	138
	Debt service:				
0071	Principal on long-term debt	112,044	112,044	79,490	32,554
0072	Interest on long-term debt	16,956	16,956	16,956	-
0073	Issuance costs and fees	1,000	1,000	1,000	-
	Capital outlay:				
0081	Facilities acquisition and construction	-	208,373	185,590	22,783
	Intergovernmental:				
0093	Payments to shared services arrangements	477,000	507,000	455,024	51,976
0099	Other intergovernmental charges	229,500	229,500	223,609	5,891
6030	Total expenditures	19,040,000	20,465,649	20,351,920	113,729
1200	Net change in fund balance	-	(1,131,973)	427,160	1,559,133
0100	Fund balance - beginning	13,194,126	13,194,126	13,194,126	-
3000	**FUND BALANCE - ENDING**	$ 13,194,126	$ 12,062,153	$ 13,621,286	$ 1,559,133

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

Tarkington Independent School District **Exhibit G-2**

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

Year	District's Proportion of Net Pension Liability	District's Proportionate Share of the Net Pension Liability	State's Proportionate Share of the Net Pension Liability Associated with the District	Total	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.0100821%	$ 6,925,462	$ 8,809,257	$ 15,734,719	$ 12,627,222	54.85%	73.15%
2023	0.0109121%	6,478,212	8,358,545	14,836,757	12,628,092	51.30%	75.62%
2022	0.0106986%	2,724,562	3,895,497	6,620,059	12,190,318	22.35%	88.79%
2021	0.0084185%	4,508,795	8,608,113	13,116,908	11,278,236	39.98%	75.54%
2020	0.0082884%	4,308,570	7,980,666	12,289,236	10,307,040	41.80%	75.24%
2019	0.0082537%	4,543,049	9,083,038	13,626,087	10,389,669	43.73%	73.74%
2018	0.0083348%	2,665,009	5,565,486	8,230,495	10,348,422	25.75%	82.17%
2017	0.0085547%	3,232,688	6,834,649	10,067,337	10,373,881	31.16%	78.00%
2016	0.0091676%	3,240,625	6,771,055	10,011,680	10,336,267	31.35%	78.43%
2015	0.0053500%	1,429,059	5,899,354	7,328,413	9,922,159	14.40%	83.25%

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

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

Tarkington Independent School District **Exhibit G-3**

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

Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	$ 546,190	$ (546,190)	$ -	$ 13,008,363	4.20%
2023	515,337	(515,337)	-	12,627,222	4.08%
2022	508,603	(508,603)	-	12,628,092	4.03%
2021	456,726	(456,726)	-	12,190,318	3.75%
2020	350,320	(350,320)	-	11,278,236	3.11%
2019	291,203	(291,203)	-	10,307,040	2.83%
2018	279,559	(279,559)	-	10,389,669	2.69%
2017	273,165	(273,165)	-	10,348,422	2.64%
2016	271,804	(271,804)	-	10,373,881	2.62%
2015	271,457	(271,457)	-	10,336,267	2.63%

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

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

Tarkington Independent School District **Exhibit G-4**

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

Year	District's Proportion of Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	State's Proportionate Share of the Net OPEB Liability Associated with the District	Total	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2024	0.0133154%	$ 2,947,811	$ 3,556,987	$ 6,504,798	$ 12,627,222	23.34%	14.94%
2023	0.0154842%	3,707,536	4,522,611	8,230,147	12,628,092	29.36%	11.52%
2022	0.0152648%	5,888,328	7,889,047	13,777,375	12,190,318	48.30%	6.18%
2021	0.0132968%	5,054,716	6,792,326	11,847,042	11,278,236	44.82%	4.99%
2020	0.0125387%	5,929,704	7,879,246	13,808,950	10,307,040	57.53%	2.66%
2019	0.0118174%	5,900,524	9,182,991	15,083,515	10,389,669	56.79%	1.57%
2018	0.0113858%	4,951,266	8,415,656	13,366,922	10,348,422	47.85%	0.91%

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

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

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

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

Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	$ 114,790	$ (114,790)	$ -	$ 13,008,363	0.88%
2023	115,168	(115,168)	-	12,627,222	0.91%
2022	126,675	(126,675)	-	12,628,092	1.00%
2021	119,298	(119,298)	-	12,190,318	0.98%
2020	101,600	(101,600)	-	11,278,236	0.90%
2019	89,092	(89,092)	-	10,307,040	0.86%
2018	81,706	(81,706)	-	10,389,669	0.79%

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

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

Note 1. Budget

A. Budgetary Information

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

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

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

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

B. Excess of Expenditures Over Appropriations

For the fiscal year ended August 31, 2024, expenditures exceeded appropriations in the functions (the legal level of budgetary control) of the following funds:

Fund	Function	Final Budget	Actual	Variance
General fund	11	$ 10,075,355	$ 10,296,084	$ (220,729)
Debt service fund	71	2,446,938	2,750,000	(303,062)
Debt service fund	72	61,875	78,258	(16,383)

The District identified additional transactions and journal entries during its year end closing process after the final budget amendments were adopted.

Note 2. Net Pension Liability and Net OPEB Liability

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

Changes in Actuarial Assumptions and Inputs

	Net Pension Liability		Net OPEB Liability
Measurement Date August 31,	Discount Rate	Long-term Expected Rate of Return	Discount Rate
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%	

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

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

Changes in Benefit Terms
For measurement date August 31, 2023 – Net Pension Liability:

- The Texas 2023 Legislature passed legislation that provides a one-time stipend to certain retired teachers. The stipend was paid to retirees beginning in September of 2023. The Legislature appropriated funds to pay for this one-time stipend so there will be no impact on the Net Pension Liability of TRS. In addition, the Legislature also provided for a cost of living adjustment (COLA) to retirees which was approved during the November 2023 election which was paid January 2024.

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

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

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

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

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

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

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

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

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

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

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

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

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Supplementary Information

Tarkington Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
Special Revenue Funds
August 31, 2024

Data Control Codes		206 Texas Education for Homeless Children and Youth	211 Title I, Part A - Improving Basic Programs
	ASSETS		
1110	Cash and cash equivalents	$ -	$ -
1240	Due from other governments	6,310	-
1300	Inventories	-	-
1000	**TOTAL ASSETS**	$ 6,310	$ -
	LIABILITIES		
2110	Accounts payable	$ 330	$ -
2160	Accrued wages payable	-	-
2170	Due to other funds	5,980	-
2180	Due to other governments	-	-
2000	Total liabilities	6,310	-
	FUND BALANCES		
3450	Restricted - grant funds	-	-
3545	Committed - other	-	-
3000	Total fund balances	-	-
4000	**TOTAL LIABILITIES AND FUND BALANCES**	$ 6,310	$ -

240	244	255	263	270	279
National School Breakfast and Lunch Program	Career and Technical Basic Grant	Title II, Part A, Supporting Effective Instruction	Title III Part A - English Language Acquisition and Language Enhancement	Title VI, Part B, Subpart 2 - Rural & Low-Income Program	Texas COVID Learning Acceleration Supports
$ 1,376,293	$ -	$ -	$ -	$ -	$ -
87,691	-	16,086	10,612	5,083	15,451
29,661	-	-	-	-	-
$ 1,493,645	$ -	$ 16,086	$ 10,612	$ 5,083	$ 15,451
$ 85,562	$ -	$ -	$ -	$ 740	$ -
44,245	-	-	-	-	-
-	-	16,086	10,612	4,343	15,451
2,610	-	-	-	-	-
132,417	-	16,086	10,612	5,083	15,451
1,361,228	-	-	-	-	-
-	-	-	-	-	-
1,361,228	-	-	-	-	-
$ 1,493,645	$ -	$ 16,086	$ 10,612	$ 5,083	$ 15,451

Tarkington Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
Special Revenue Funds - Continued
August 31, 2024

Data Control Codes		282 Elementary and Secondary School Emergency Relief III (ARP)	289 Federally Funded Special Revenue Funds
	ASSETS		
1110	Cash and cash equivalents	$ -	$ -
1240	Due from other governments	166,239	24,419
1300	Inventories	-	-
1000	**TOTAL ASSETS**	$ 166,239	$ 24,419
	LIABILITIES		
2110	Accounts payable	$ 54,989	$ 5,316
2160	Accrued wages payable	-	3,568
2170	Due to other funds	111,250	15,535
2180	Due to other governments	-	-
2000	Total liabilities	166,239	24,419
	FUND BALANCES		
3450	Restricted - grant funds	-	-
3590	Committed - other	-	-
3000	Total fund balances	-	-
4000	**TOTAL LIABILITIES AND FUND BALANCES**	$ 166,239	$ 24,419

397	410	427	429	461	829	
Advanced Placement Incentives	**Instructional Materials Allotment Fund**	**JET Grant**	**State Funded Special Revenue Funds**	**Campus Activity Fund**	**Scholarship Fund**	**Total Nonmajor Funds (See Exhibit C-1)**
$ -	$ -	$ -	$ -	$ 231,284	$ 14,277	$ 1,621,854
-	300,066	-	284,921	-	-	916,878
-	-	-	-	-	-	29,661
$ -	$ 300,066	$ -	$ 284,921	$ 231,284	$ 14,277	$ 2,568,393
$ -	$ 9,750	$ -	$ 284,110	$ -	$ -	$ 440,797
-	-	-	-	-	-	47,813
-	290,316	-	811	-	-	470,384
-	-	-	-	-	-	2,610
-	300,066	-	284,921	-	-	961,604
-	-	-	-	-	-	1,361,228
-	-	-	-	231,284	14,277	245,561
-	-	-	-	231,284	14,277	1,606,789
$ -	$ 300,066	$ -	$ 284,921	$ 231,284	$ 14,277	$ 2,568,393

Tarkington Independent School District
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Governmental Funds
Special Revenue Funds
For the Fiscal Year Ended August 31, 2024

Data Control Codes		206 Texas Education for Homeless Children and Youth	211 Title I, Part A - Improving Basic Programs
	REVENUES		
5700	Local and intermediate sources	$ -	$ -
5800	State program revenues	-	-
5900	Federal program revenues	17,584	653,582
5020	Total revenues	17,584	653,582
	EXPENDITURES		
	Current:		
0011	Instruction	13,886	624,399
0012	Instructional resources and media services	-	-
0013	Curriculum and instructional staff development	-	15,825
0021	Instructional leadership	-	-
0023	School leadership	-	-
0031	Guidance, counseling, and evaluation services	-	-
0032	Social work services	-	-
0033	Health services	-	-
0034	Student transportation	3,698	-
0035	Food services	-	-
0036	Extracurricular activities	-	-
0041	General administration	-	-
0051	Plant maintenance and operations	-	-
0052	Security and monitoring services	-	5,144
0053	Data processing services	-	8,214
6030	Total expenditures	17,584	653,582
1200	Net change in fund balances	-	-
0100	Fund balances - beginning, as originally reported	-	-
	Fund balances - restatement - change in reporting entity	-	-
	Fund balances - beginning, as restated	-	-
3000	**FUND BALANCES - ENDING**	$ -	$ -

240	244	255	263	270	279
National School Breakfast and Lunch Program	Career and Technical Basic Grant	Title II, Part A, Supporting Effective Instruction	Title III Part A - English Language Acquisition and Language Enhancement	Title VI, Part B, Subpart 2 - Rural & Low-Income Program	Texas COVID Learning Acceleration Supports
$ 491,415	$ -	$ -	$ -	$ -	$ -
7,089	-	-	-	-	-
984,455	35,501	106,455	10,612	68,797	22,859
1,482,959	35,501	106,455	10,612	68,797	22,859
-	35,501	103,509	10,612	68,797	4,308
-	-	-	-	-	-
-	-	2,946	-	-	18,551
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,417,220	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,417,220	35,501	106,455	10,612	68,797	22,859
65,739	-	-	-	-	-
1,295,489	-	-	-	-	-
-	-	-	-	-	-
1,295,489	-	-	-	-	-
$ 1,361,228	$ -	$ -	$ -	$ -	$ -

Tarkington Independent School District
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Governmental Funds
Special Revenue Funds - Continued
For the Fiscal Year Ended August 31, 2024

Data Control Codes		282 Elementary and Secondary School Emergency Relief III (ARP)	289 Federally Funded Special Revenue Funds
	REVENUES		
5700	Local and intermediate sources	$ -	$ -
5800	State program revenues	-	-
5900	Federal program revenues	548,977	74,528
5020	Total revenues	548,977	74,528
	EXPENDITURES		
	Current:		
0011	Instruction	204,903	4,405
0012	Instructional resources and media services	8,987	-
0013	Curriculum and instructional staff development	57,000	5,184
0021	Instructional leadership	1,325	-
0023	School leadership	14,128	-
0031	Guidance, counseling, and evaluation services	34,459	-
0031	Social work services	-	15,185
0033	Health services	3,313	-
0034	Student transportation	15,903	-
0035	Food services	13,252	-
0036	Extracurricular activities	-	-
0041	General administration	61,339	-
0051	Plant maintenance and operations	93,525	-
0052	Security and monitoring services	36,518	49,754
0053	Data processing services	4,325	-
6030	Total expenditures	548,977	74,528
1200	Net change in fund balances	-	-
0100	Fund balances - beginning, as originally reported	-	-
	Fund balances - restatement - change in reporting entity	-	-
	Fund balances - beginning, as restated	-	-
3000	**FUND BALANCES - ENDING**	$ -	$ -

397	410	427	429	461	829	
Advanced Placement Incentives	**Instructional Materials Allotment Fund**	**JET Grant**	**State Funded Special Revenue Funds**	**Campus Activity Fund**	**Scholarship Fund**	**Total Nonmajor Funds (See Exhibit C-2)**
$ -	$ -	$ -	$ -	$ 196,295	$ 6,000	$ 693,710
204	402,870	168,361	392,890	-	-	971,414
-	-	-	-	-	-	2,523,350
204	402,870	168,361	392,890	196,295	6,000	4,188,474
-	402,870	168,361	100,350	-	-	1,741,901
-	-	-	-	12,232	-	21,219
-	-	-	-	-	-	99,506
-	-	-	-	-	-	1,325
-	-	-	-	5,187	-	19,315
204	-	-	-	-	-	34,663
-	-	-	-	-	-	15,185
-	-	-	-	-	-	3,313
-	-	-	-	-	-	19,601
-	-	-	-	-	-	1,430,472
-	-	-	-	189,027	8,000	197,027
-	-	-	-	-	-	61,339
-	-	-	-	-	-	93,525
-	-	-	292,540	-	-	383,956
-	-	-	-	-	-	12,539
204	402,870	168,361	392,890	206,446	8,000	4,134,886
-	-	-	-	(10,151)	(2,000)	53,588
-	-	-	-	-	-	1,295,489
-	-	-	-	241,435	16,277	257,712
-	-	-	-	241,435	16,277	1,553,201
$ -	$ -	$ -	$ -	$ 231,284	$ 14,277	$ 1,606,789

Tarkington Independent School District

Schedule of Delinquent Taxes Receivable
For the Fiscal Year Ended August 31, 2024

Year Ended August 31,	1 Tax Rates Maintenance	2 Tax Rates Debt Service	3 Assessed/ Appraised Value For School Tax Purposes
2015 and Prior Years	$ Various	$ Various	$ Various
2016	1.0400	0.117500	442,856,760
2017	1.0400	0.117500	473,544,104
2018	1.0400	0.110000	536,392,870
2019	1.1500	0.000000	568,384,000
2020	0.9700	0.128300	647,140,308
2021	0.8750	0.110000	751,160,101
2022	0.8720	0.096300	817,606,527
2023	0.8546	0.077936	977,047,213
2024	0.6692	0.263336	966,695,656

1000 TOTALS

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

Exhibit J-1

10 Beginning Balance 9/1/23	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/24	99 Total Taxes Refunded Under Section 26.1115(c)
$ 1,069,534	$ -	$ 31,270	$ 3,533	$ (102,208)	$ 932,523	
140,029	-	5,653	639	(1,052)	132,685	
134,055	-	9,598	1,084	(1,194)	122,179	
199,675	-	11,742	1,242	(1,355)	185,336	
235,321	-	20,079	-	(1,557)	213,685	
278,359	-	32,620	4,315	(33)	241,391	
311,573	-	35,211	4,427	(476)	271,459	
442,586	-	74,546	8,233	(551)	359,256	
745,909	-	215,984	19,697	3,113	513,341	
-	9,014,785	5,771,399	2,271,095	(209,479)	762,812	
$ 3,557,041	$ 9,014,785	$ 6,208,102	$ 2,314,265	$ (314,792)	$ 3,734,667	
						$ 44,133

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

Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual
National School Breakfast and Lunch Program
For the Fiscal Year Ended August 31, 2024

Data Control Codes		1 Budgeted Amounts Original	2 Budgeted Amounts Final	3 Actual	Variance with Final Budget
	REVENUES				
5700	Local and intermediate sources	$ 555,100	$ 555,100	$ 491,415	$ (63,685)
5800	State program revenues	45,400	45,400	7,089	(38,311)
5900	Federal program revenues	889,900	889,900	984,455	94,555
5020	Total revenues	1,490,400	1,490,400	1,482,959	(7,441)
	EXPENDITURES				
	Current:				
0035	Food services	1,490,400	1,490,400	1,417,220	73,180
6030	Total expenditures	1,490,400	1,490,400	1,417,220	73,180
1200	Net change in fund balance	-	-	65,739	65,739
0100	Fund balance - beginning	1,295,489	1,295,489	1,295,489	-
3000	**FUND BALANCE - ENDING**	$ 1,295,489	$ 1,295,489	$ 1,361,228	$ 65,739

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

Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual
Debt Service Fund
For the Fiscal Year Ended August 31, 2024

Data Control Codes		1 Budgeted Amounts Original	2 Budgeted Amounts Final	3 Actual	Variance with Final Budget
	REVENUES				
5700	Local and intermediate sources	$ 734,759	$ 2,337,759	$ 2,727,053	$ 389,294
5800	State program revenues	-	-	122,330	122,330
5020	Total revenues	734,759	2,337,759	2,849,383	511,624
	EXPENDITURES				
	Current:				
0041	General administration	1,500	1,500	-	1,500
	Debt Service:				
0071	Principal on long-term debt	655,585	2,446,938	2,750,000	(303,062)
0072	Interest on long-term debt	61,875	61,875	78,258	(16,383)
0073	Issuance costs and fees	15,799	15,799	14,239	1,560
6030	Total expenditures	734,759	2,526,112	2,842,497	(316,385)
1200	Net change in fund balance	-	(188,353)	6,886	195,239
0100	Fund balance - beginning	872,539	872,539	872,539	-
3000	**FUND BALANCE - ENDING**	$ 872,539	$ 684,186	$ 879,425	$ 195,239

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

Use of Funds Report – Select State Allotment Programs
For the Fiscal Year Ended August 31, 2024

Data Codes		Responses
	Section A: Compensatory Education Programs	
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.	$ 1,672,825
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30)	$ 1,056,683
	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.	$ 67,818
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25)	$ 42,768

Overall Compliance, Internal Control Section and Federal Awards

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Trustees of
Tarkington Independent School District
Cleveland, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (Government Auditing Standards), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tarkington Independent School District (the District) as of and for the fiscal year ended August 31, 2024 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 17, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

The Board of Trustees of
Tarkington 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

The Woodlands, Texas
January 17, 2025

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

To the Board of Trustees of
Tarkington Independent School District
Cleveland, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Tarkington Independent School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2024. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

The Board of Trustees of
Tarkington Independent School District

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

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

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

The Woodlands, Texas
January 17, 2025

Tarkington Independent School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended August 31, 2024

Section 1. Summary of Auditor's Results

Financial Statements

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

Federal Awards

4.	Internal control over major programs:	
	a. Material weakness(es) identified?	No
	b. Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
5.	Type of auditor's report issued on compliance with major programs	Unmodified
6.	Any audit findings disclosed that are required to be reported in accordance with the 2 CFR 200.516(a)?	No
7.	Identification major programs	Child Nutrition Cluster
8.	Dollar threshold used to distinguish between Type A and Type B federal programs	$750,000
9.	Auditee qualified as a low-risk auditee?	Yes

Section 2. Financial Statement Findings

None reported

Section 3. Federal Award Findings and Questioned Costs

None reported

Tarkington Independent School District
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended August 31, 2024

Prior Year Findings

None reported

Tarkington Independent School District

Exhibit K-1

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended August 31, 2024

(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Federal Assistance Listing Number	(2A) Pass-Through Entity Identifying Number	(3) Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Child Nutrition Cluster:			
Passed Through Texas Education Agency:			
School Breakfast Program	10.553	71402401	$ 210,391
School Breakfast Program	10.553	71402301	25,054
Total Assistance Listing Number 10.553			235,445
National School Lunch Program	10.555	71302401	532,646
National School Lunch Program	10.555	71302301	58,753
Passed through Texas Department of Agriculture:			
National School Lunch Program - Noncash Assistance	10.555	NT4XL1YGLGC5	81,371
COVID-19 - Supply Chain Assistance Program	10.555	NT4XL1YGLGC5	75,324
Total Assistance Listing Number 10.555			748,094
Total Child Nutrition Cluster			983,539
COVID 19 - USDA Commodity Storage and Delivery Reimbursement	10.560	NT4XL1YGLGC5	916
TOTAL U.S. DEPARTMENT OF AGRICULTURE			984,455
U.S. DEPARTMENT OF THE INTERIOR			
Passed Through Liberty County, Texas:			
National Wildlife Refuge Fund	15.659	N/A	7,228
TOTAL U.S. DEPARTMENT OF THE INTERIOR			7,228
U.S. DEPARTMENT OF EDUCATION			
Passed Through Texas Education Agency:			
Title I, Part A - Improving Basic Programs	84.010A	24610101146907	653,582
Career and Technical - Basic Grant	84.048A	24420006146907	35,501
Texas Education for Homeless Children and Youth	84.196A	244600057110085	17,584
Title V, Part B, Subpart 2, Rural and Low-Income School	84.358B	24696001146907	68,797
Title III Part A - English Language Acquisition and Language Enhancement	84.365A	24671001146907	10,612
Title II Part A Teacher Training	84.367A	24694501146907	106,455
Title IV, Part A, Subpart 1	84.424A	24680101146907	54,159
Stronger Connections	84.424F	236811017110049	20,369
Total Assistance Listing Number 84.424			74,528
COVID-19 - Texas COVID Learning Acceleration Supports (TCLAS-ESSER III)	84.425U	21528042146907	22,859
COVID-19 - Education Stabilization Fund (ARP ESSER III)	84.425U	21528001146907	548,977
Total Assistance Listing Number 84.425			571,836
TOTAL U.S. DEPARTMENT OF EDUCATION			1,538,895
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through Texas Health and Human Services Commission:			
Medicaid Cluster:			
Medicaid Administrative Claiming Program (MAC)	93.778	HHS000537900089	12,363
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			12,363
U.S. FEDERAL COMMUNICATIONS COMMISSION			
Direct Program:			
COVID-19 - Emergency Connectivity Fund	32.009	ECF2290008715	280,000
TOTAL U.S. FEDERAL COMMUNICATIONS COMMISSION			280,000
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 2,822,941

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

Tarkington Independent School District

Notes to Schedule of Expenditures of Federal Awards

Note 1. Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Tarkington Independent School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

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

Note 2. De Minimis Cost Rate

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

Note 3. Reconciliation to Basic Financial Statements

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

Total expenditures of federal awards per Exhibit K-1	$	2,822,941
General fund - federal revenue:		
School Health and Related Services (SHARS)		120,574
Total federal revenues per Exhibit C-2	$	2,943,515

Tarkington Independent School District **Exhibit L-1**

Schedule of Required Responses to
Selected School FIRST Indicators (Unaudited)
For the Fiscal Year Ended August 31, 2024

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