

**JUNCTION INDEPENDENT SCHOOL DISTRICT**  
**ANNUAL FINANCIAL REPORT**  
**YEAR ENDED AUGUST 31, 2025**



JUNCTION INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT  
for the Year Ended August 31, 2025

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CERTIFICATE OF BOARD

Junction Independent School District  
Name of School District

Kimble  
County

134-901  
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) \_\_\_\_\_ approved \_\_\_\_\_ disapproved for the year ended August 31, 2025, at a meeting of the board of trustees of such school district on the 12th day of November, 2025.

\_\_\_\_\_  
Signature of Board **Secretary**

\_\_\_\_\_  
Signature of Board **President**

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

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Junction Independent School District  
1700 College St.  
Junction, TX 76849

### Opinions

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

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

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Junction Independent School 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.

### Change in Accounting Principle

As described in Note P to the financial statements, in 2025, the District adopted new accounting guidance, GASB Statement No. 101, Compensated Absences. Our opinion is not modified with respect to this matter.

### Responsibilities of Management for the Financial Statements

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Junction Independent School 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 Junction Independent School 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 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund, Schedule of the District's Proportionate Share of the Net Pension Liability, Schedule of the District's Contributions for Pensions, Schedule of the District's Proportionate Share of the Net OPEB Liability, and Schedule of the District's Contributions for Other Post-Employment Benefits 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 Government 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 an assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Junction Independent School District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

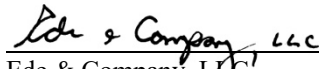
## Other Information

Management is responsible for the other information included in the annual report. The Texas Education Agency requires school districts to include certain information in the Annual Financial and Compliance Report in conformity with laws and regulations of the State of Texas. This information is in exhibits identified in the Table of Contents as J-1 through J-4, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2025, on our consideration of the Junction Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Junction Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Junction Independent School District's internal control over financial reporting and compliance.

  
Ede & Company, LLC  
Certified Public Accountants  
Uvalde, Texas

November 7, 2025

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Junction Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2025. Please read it in conjunction with the District's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The District's total combined net position was \$3,929.7 thousand on August 31, 2025.
- During the year, the District's expenses were \$1,034.0 thousand more than the \$8,759.7 thousand generated in taxes and other revenues for governmental activities.
- The total cost of the District's programs was virtually unchanged from last year, and no new programs were added this year.
- The general fund reported a fund balance this year of \$4,099.2 thousand.

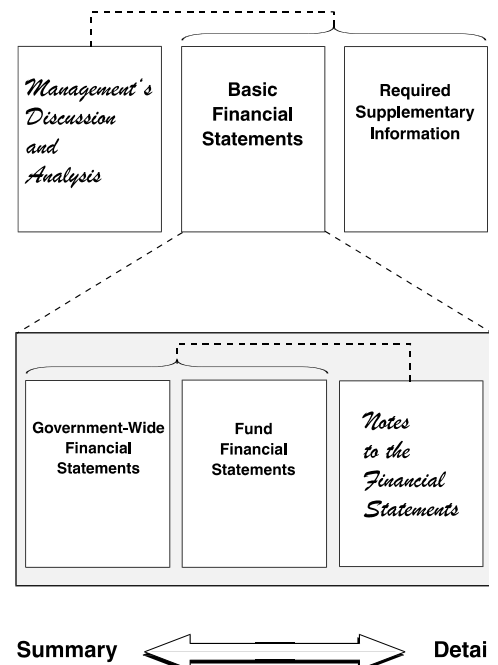
### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-1, Required Components of the District's Annual Financial Report



### Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets and liabilities is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's tax base

The government-wide financial statements of the District include the *Governmental activities*. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services and general administration. Property taxes and grants finance most of these activities.

### Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds*—not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

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

The District has the following kinds of funds:

- *Governmental funds*—Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Fiduciary funds*—The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

### FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's combined net position was \$3,929.7 thousand on August 31, 2025. (See Table A-1).

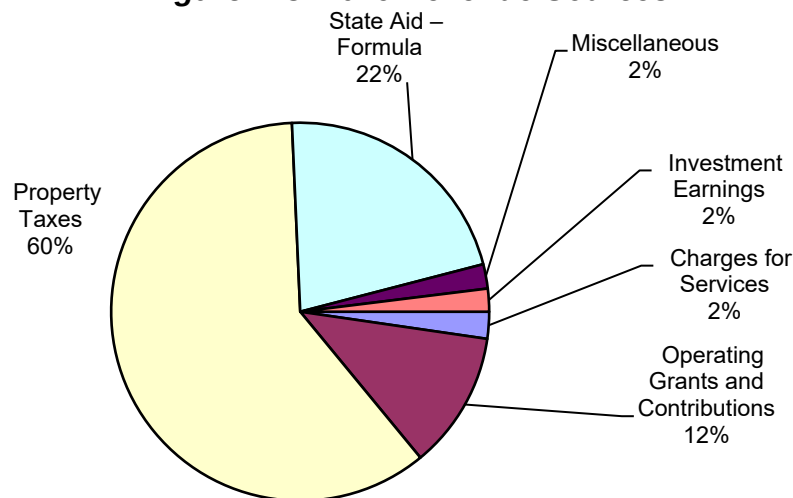
**Table A-1**  
Junction Independent School District's Position  
(in thousands dollars)

|                                   | Governmental<br>Activities |            | Total<br>Percentage<br>Change<br>2025-2024 |
|-----------------------------------|----------------------------|------------|--------------------------------------------|
|                                   | 2025                       | 2024       |                                            |
| Current assets:                   |                            |            |                                            |
| Cash and cash equivalents         | \$ 4,713.3                 | \$ 6,186.8 | -23.8%                                     |
| Property taxes receivable         | 203.4                      | 235.1      | -13.5%                                     |
| Allowance for uncollectible taxes | (8.1)                      | (9.4)      | -13.5%                                     |
| Accrued Interest                  | -                          | 107.4      | -100.0%                                    |
| Due from other governments        | 442.0                      | 175.1      | 152.4%                                     |
| Internal balances                 | -                          | -          | 0.0%                                       |
| Other receivables                 | -                          | -          | 0.0%                                       |
| Prepayments                       | -                          | 10.6       | -100.0%                                    |
| Total current assets              | 5,350.6                    | 6,705.6    | -20.2%                                     |

|                                                  |            |            |         |
|--------------------------------------------------|------------|------------|---------|
| Noncurrent assets:                               |            |            |         |
| Capital Assets                                   | 12,088.5   | 11,598.7   | 4.2%    |
| Less accumulated depreciation                    | (8,236.8)  | (7,379.4)  | 11.6%   |
| Total noncurrent assets                          | 3,851.7    | 4,219.3    | -8.7%   |
| Total Assets                                     | 9,202.3    | 10,499.6   | -12.4%  |
| Deferred Outflows of Resources                   |            |            |         |
| Deferred Outflow - Pensions                      | 564.2      | 1,060.5    | -46.8%  |
| Deferred Outflow - OPEB                          | 800.6      | 706.0      | 13.4%   |
| Total Deferred Outflows of Resources             | 1,364.8    | 1,766.5    | -22.7%  |
| Current liabilities:                             |            |            |         |
| Accounts payable                                 | 39.5       | 98.9       | -60.0%  |
| Short Term Debt Payable                          | -          | 65.9       | -100.0% |
| Accrued wages payable                            | 353.8      | 354.0      | -0.1%   |
| Due to fiduciary funds                           | 8.2        | 7.4        | 11.2%   |
| Due to Other Governments                         | 507.8      | -          | 100.0%  |
| Accrued expenses                                 | 11.6       | 10.5       | 10.8%   |
| Deferred revenue                                 | 124.0      | 2.2        | 5534.5% |
| Total current liabilities                        | 1,045.0    | 538.9      | 93.9%   |
| Long-term liabilities:                           |            |            |         |
| Bonds, Note, Leases, ect.                        | 113.8      | 28.0       | 306.3%  |
| Special Termination Benefits and Compensated Abs | 192.2      |            |         |
| Net Pension Liability                            | 2,056.8    | 2,059.0    | -0.1%   |
| Net OPEB Liability                               | 1,505.4    | 1,307.6    | 15.1%   |
| Total Long-term liabilities                      | 3,868.2    | 3,394.6    | 14.0%   |
| Total Liabilities                                | 4,913.2    | 3,933.5    | 24.9%   |
| Deferred Inflows of Resources                    |            |            |         |
| Deferred Inflow - Pensions                       | 91.4       | 223.5      | -59.1%  |
| Deferred Inflow - OPEB                           | 1,632.9    | 2,328.7    | -29.9%  |
| Total Deferred Outflows of Resources             | 1,724.2    | 2,552.2    | -32.4%  |
| Net Position:                                    |            |            |         |
| Invested in capital assets                       | 3,737.9    | 4,125.3    | -9.4%   |
| Restricted for Federal & State Programs          | 11.1       | 1.0        | 1011.4% |
| Unrestricted                                     | 180.6      | 1,654.0    | -89.1%  |
| Total Net Position                               | \$ 3,929.7 | \$ 5,780.3 | -32.0%  |

Changes in net position. The District's total revenues were \$8,759.7 thousand. A significant portion, 60 percent, of the District's revenue comes from taxes. (See Figure A-3.) 22 percent comes from state aid – formula grants, while less than 2 percent relates to charges for services. The total cost of all programs and services was \$9,793.8 thousand 49 percent of these costs are for instructional and student services.

**Figure A-3 2025 Revenue Sources**



## Governmental Activities

- A 21.7% decrease in Property tax rates in 2025, along with a 32.3% increase in values resulted in the increase of tax revenues from \$5,278.2 thousand to \$5,064.5 thousand.

**Table A-2**  
Changes in Junction Independent School District's Net Position  
(In thousands dollars)

|                                                                 | Governmental<br>Activities |                   | Percentage<br>Change<br>2025-2024 |
|-----------------------------------------------------------------|----------------------------|-------------------|-----------------------------------|
|                                                                 | 2025                       | 2024              |                                   |
| Program Revenues:                                               |                            |                   |                                   |
| Charges for Services                                            | \$ 200.9                   | \$ 146.7          | 36.9%                             |
| Operating Grants and Contributions                              | 1,029.1                    | 2,275.0           | -54.8%                            |
| General Revenue                                                 |                            |                   |                                   |
| Property Taxes                                                  | 5,278.2                    | 5,064.5           | 4.2%                              |
| State Aid - Formula                                             | 1,897.8                    | 1,519.8           | 24.9%                             |
| Investment Earnings                                             | 171.9                      | 279.4             | -38.5%                            |
| Other                                                           | 181.8                      | 84.1              | 116.2%                            |
| Total Revenue                                                   | <u>8,759.7</u>             | <u>9,369.5</u>    | <u>-6.5%</u>                      |
| Instruction                                                     | 4,762.9                    | 4,758.9           | 0.1%                              |
| Instructional Resources and Media Services                      | 56.1                       | 100.4             | -44.1%                            |
| Curriculum and Instructional Staff Development                  | 77.4                       | 49.6              | 56.0%                             |
| School Leadership                                               | 461.1                      | 481.4             | -4.2%                             |
| Guidance Counseling and Evaluation Services                     | 172.6                      | 169.9             | 1.6%                              |
| Health Services                                                 | 73.5                       | 86.5              | -15.0%                            |
| Student (Pupil) Transportation                                  | 321.6                      | 311.1             | 3.4%                              |
| Food Services                                                   | 445.2                      | 501.9             | -11.3%                            |
| Cocurricular/Extracurricular Activities                         | 886.7                      | 842.6             | 5.2%                              |
| General Administration                                          | 398.9                      | 437.9             | -8.9%                             |
| Plant Maintenance and Operations                                | 1,048.2                    | 993.3             | 5.5%                              |
| Security and Monitoring Services                                | 95.3                       | 360.2             | -73.5%                            |
| Data Processing Service                                         | 184.0                      | 179.6             | 2.5%                              |
| Community Services                                              | 255.2                      | 252.9             | 0.9%                              |
| Debt Service - Interest                                         | 34.4                       | -                 | 0.0%                              |
| Facilities Acquisition and Construction                         | -                          | -                 | 0.0%                              |
| Payments to Fiscal Agent                                        | 286.3                      | 220.8             | 29.7%                             |
| Other Intergovernment Charges                                   | 234.2                      | 228.0             | 2.7%                              |
| Total Expense                                                   | <u>9,793.7</u>             | <u>9,975.0</u>    | <u>-1.8%</u>                      |
| Excess (Deficiency) Before Other Resources,<br>Uses & Transfers | (1,034.0)                  | (605.5)           | 70.8%                             |
| Other Resources (Uses)                                          | <u>-</u>                   | <u>-</u>          | <u>0.0%</u>                       |
| Increase ( Decrease) in Net Position                            | <u>\$ (1,034.0)</u>        | <u>\$ (605.5)</u> | <u>70.8%</u>                      |

**Figure A-4 2025 Expenses by Function**

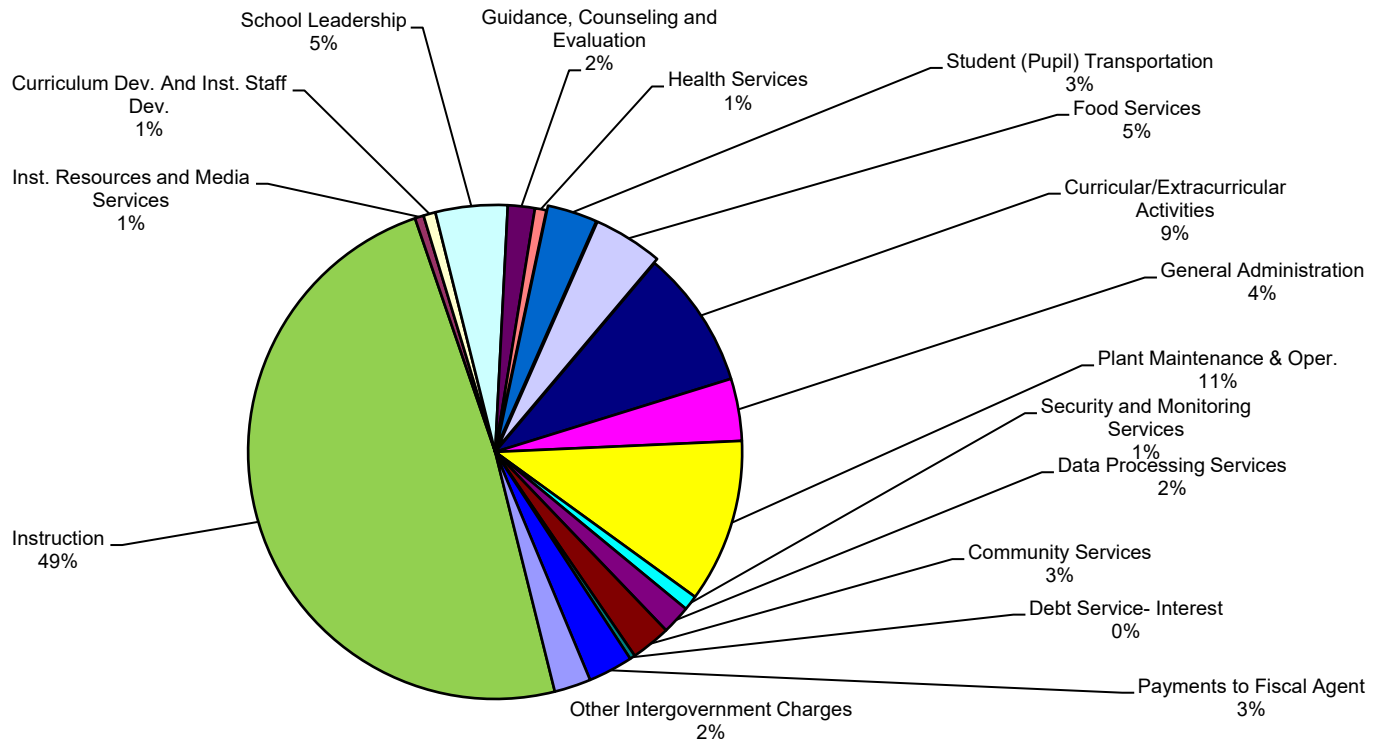


Table A-3 presents the cost of each of the District's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

- The cost of all *governmental* activities this year was \$9,793.7 thousand.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$5,278.2 thousand.
- Some of the cost was paid by those who directly benefited from the programs \$200.9 thousand, or by grants and contributions \$1,029.0 thousand.

**Table A-3**  
Net Cost of Selected District Functions  
(in thousands of dollars)

|                                | Total Costs of Services |            |                | Net Cost of Services |            |                |
|--------------------------------|-------------------------|------------|----------------|----------------------|------------|----------------|
|                                | 2025                    | 2024       | Percent Change | 2025                 | 2024       | Percent Change |
| Instructional                  | \$ 4,762.9              | \$ 4,758.9 | 0.1%           | \$ 3,971.6           | \$ 3,574.0 | 11.1%          |
| School Administration          | 398.9                   | 481.4      | -17.1%         | 386.7                | 454.0      | -14.8%         |
| Plant Maintenance & Operations | 1,048.2                 | 993.3      | 5.5%           | 1,030.1              | 872.0      | 18.1%          |
| Cocurricular/Extracurricular   | 886.7                   | 842.6      | 5.2%           | 845.8                | 806.4      | 4.9%           |

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$8,965.7 thousand compared to \$9,369.4 thousand, in the prior year.

### General Fund Budgetary Highlights

Over the course of the year, the District amended its budget as needed, with these adjustments, actual expenditures were \$376.9 thousand below final budget amounts. Also, resources available were \$136.6 thousand above the final budgeted amount. Some reasons for these differences are:

- Changes in personnel during the year.
- Major items and services were less than anticipated.
- State revenue was more than expected

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2025 the District had invested \$ 12,088.5 thousand in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.) This amount represents 3.8% increase (including additions and deductions) over last year.

**Table A-4**  
District's Capital Assets  
(in thousands of dollars)

|                                | Governmental Activities |            | Percentage<br>Change<br>2025-2024 |
|--------------------------------|-------------------------|------------|-----------------------------------|
|                                | 2025                    | 2024       |                                   |
| Land                           | \$ 535.5                | \$ 429.5   | 24.7%                             |
| Building and Improvements      | 8,838.0                 | 8,838.1    | 0.0%                              |
| Furniture & Equipment          | 2,374.7                 | 2,177.0    | 9.1%                              |
| Right to Use Assets            | 340.3                   | 200.7      | 69.6%                             |
| Totals at historical cost      | 12,088.5                | 11,645.3   | 3.8%                              |
| Total Accumulated Depreciation | (8,236.8)               | (7,814.8)  | 5.4%                              |
| Net Capital Assets             | \$ 3,851.7              | \$ 3,830.5 | 0.6%                              |

### Debt Administration

The District also had Right-to-use Assets Payable in the amount of \$113.8 thousand. The District has a Net Pension Liability of \$2,056.8 thousand and a Net OPEB Liability of \$1,505.4 thousand at the end of the year.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- There is a 6.00% increase in appraised value used for the 2026 budget preparation.
- Tax rates decrease from \$.6692 in 2025 to .6618 in 2026.
- State funding is subject to legislative cuts.
- ADA will decrease slightly.

These indicators were taken into account when adopting the general fund budget for 2026. Amounts available for appropriation in the general fund budget are approximately \$9.44 million.

Expenditures in the general fund budget are approximately \$9.83 million. The District continues to coordinate local funds with federal funds to optimize instructional programs.

If these estimates are realized, the District's budgetary general fund balance is expected to remain the same by the close of 2026

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Office.

## BASIC FINANCIAL STATEMENTS

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

1

| Data<br>Control<br>Codes              |                                                       | Governmental<br>Activities |
|---------------------------------------|-------------------------------------------------------|----------------------------|
| <b>ASSETS</b>                         |                                                       |                            |
| 1110                                  | Cash and Cash Equivalents                             | \$ 4,713,309               |
| 1220                                  | Property Taxes Receivable (Delinquent)                | 203,449                    |
| 1230                                  | Allowance for Uncollectible Taxes                     | (8,138)                    |
| 1240                                  | Due from Other Governments                            | 441,986                    |
| 1250                                  | Accrued interest                                      | -                          |
| 1267                                  | Due from Fiduciary Fund                               | -                          |
| 1410                                  | Prepaid items                                         | -                          |
| Capital Assets:                       |                                                       |                            |
| 1510                                  | Land                                                  | 535,535                    |
| 1520                                  | Buildings, Net                                        | 2,652,369                  |
| 1530                                  | Furniture & Fixtures, Net                             | 551,385                    |
| 1550                                  | Right to Use Assets, Net                              | 112,399                    |
| 1000                                  | Total Assets                                          | <u>9,202,294</u>           |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b> |                                                       |                            |
| 1705                                  | Deferred Outflows - Pension                           | 564,196                    |
| 1706                                  | Deferred Outflows - OPEB                              | 800,612                    |
| 1700                                  | Total Deferred Outflow of Resources                   | <u>1,364,808</u>           |
| <b>LIABILITIES</b>                    |                                                       |                            |
| 2110                                  | Accounts Payable                                      | 39,520                     |
| 2160                                  | Accrued Wages Payable                                 | 353,793                    |
| 2180                                  | Due to Other Governments                              | 507,841                    |
| 2177                                  | Due to Fiduciary Funds                                | 8,230                      |
| 2200                                  | Accrued Expenses                                      | 11,631                     |
| 2300                                  | Deferred revenue                                      | 123,958                    |
| Noncurrent Liabilities                |                                                       |                            |
| 2501                                  | Due Within One Year: Loans, Notes, Leases, etc.       | 45,668                     |
|                                       | Due in More Than One Year                             |                            |
| 2502                                  | Bonds, Notes, Leases, ect.                            | 68,103                     |
| 2505                                  | Special Termination Benefits and Compensated Absences | 192,241                    |
| 2540                                  | Net Pension Liability (District's Share)              | 2,056,775                  |
| 2545                                  | Net OPEB Liability (District's Share)                 | 1,505,434                  |
| 2000                                  | Total Liabilities                                     | <u>4,913,194</u>           |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                                                       |                            |
| 2605                                  | Deferred Inflows - Pension                            | 91,382                     |
| 2606                                  | Deferred Inflows - OPEB                               | 1,632,862                  |
| 2600                                  | Total Deferred Inflow of Resources                    | <u>1,724,244</u>           |
| <b>NET POSITION</b>                   |                                                       |                            |
| 3200                                  | Invested in Capital Assets, Net of Related Debt       | 3,737,917                  |
| 3820                                  | Restricted for Federal and State Programs             | 11,114                     |
| 3900                                  | Unrestricted Net Position                             | 180,633                    |
| 3000                                  | Total Net Position                                    | <u>\$ 3,929,664</u>        |

The accompanying notes are an integral part of this statement.

JUNCTION INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
AUGUST 31, 2025

| Data<br>Control<br>Codes                           | 1                                                            | Program Revenues        |                                          | Net (Expense) Revenue<br>and Changes<br>in Net Position |
|----------------------------------------------------|--------------------------------------------------------------|-------------------------|------------------------------------------|---------------------------------------------------------|
|                                                    |                                                              | 3                       | 4                                        | 6                                                       |
|                                                    | Expenses                                                     | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Governmental<br>Activities                              |
| GOVERNMENTAL ACTIVITIES:                           |                                                              |                         |                                          |                                                         |
| 11 Instruction                                     | \$ 4,762,908                                                 | \$ 143,877              | \$ 647,413                               | \$ (3,971,617)                                          |
| 12 Instructional Resources and Media Services      | 56,149                                                       | -                       | 2,136                                    | (54,013)                                                |
| 13 Curriculum and Staff Development                | 77,360                                                       | -                       | 3,238                                    | (74,122)                                                |
| 21 Instructional Leadership                        | -                                                            | -                       | -                                        | -                                                       |
| 23 School Leadership                               | 461,078                                                      | -                       | 18,528                                   | (442,550)                                               |
| 31 Guidance Counseling and Evaluation Services     | 172,637                                                      | -                       | 6,809                                    | (165,828)                                               |
| 33 Health Services                                 | 73,486                                                       | -                       | 3,061                                    | (70,425)                                                |
| 34 Student (Pupil) Transportation                  | 321,649                                                      | -                       | 4,994                                    | (316,655)                                               |
| 35 Food Services                                   | 445,217                                                      | 27,605                  | 285,479                                  | (132,133)                                               |
| 36 Extracurricular Activities                      | 886,728                                                      | 29,419                  | 11,507                                   | (845,802)                                               |
| 41 General Administration                          | 398,893                                                      | -                       | 12,094                                   | (386,799)                                               |
| 51 Facilities Maintenance and Operations           | 1,048,223                                                    | -                       | 18,133                                   | (1,030,090)                                             |
| 52 Security and Monitoring Services                | 95,334                                                       | -                       | -                                        | (95,334)                                                |
| 53 Data Processing Services                        | 184,016                                                      | -                       | 7,448                                    | (176,568)                                               |
| 61 Community Services                              | 255,192                                                      | -                       | 8,242                                    | (246,950)                                               |
| 72 Debt Service - Interest                         | 34,426                                                       | -                       | -                                        | (34,426)                                                |
| 81 Facilities Acquisition and Construction         | -                                                            | -                       | -                                        | -                                                       |
| 93 Payments related to Shared Services Arrangement | 286,290                                                      | -                       | -                                        | (286,290)                                               |
| 99 Other Intergovernment Charges                   | 234,168                                                      | -                       | -                                        | (234,168)                                               |
| TG Total governmental activities                   | <u>\$ 9,793,754</u>                                          | <u>\$ 200,901</u>       | <u>\$ 1,029,082</u>                      | <u>\$ (8,563,771)</u>                                   |
| Data                                               |                                                              |                         |                                          |                                                         |
| Control                                            | General revenues:                                            |                         |                                          |                                                         |
| Codes                                              | Taxes:                                                       |                         |                                          |                                                         |
| MT                                                 | Property taxes, levied for general purposes                  |                         |                                          | 5,278,218                                               |
| DT                                                 | Property taxes, levied for debt service                      |                         |                                          | -                                                       |
| SF                                                 | State aid-formula grants                                     |                         |                                          | 1,897,837                                               |
| GC                                                 | Grants and contributions not restricted to specific programs |                         |                                          | -                                                       |
| IE                                                 | Investment earnings                                          |                         |                                          | 171,891                                                 |
| MI                                                 | Miscellaneous                                                |                         |                                          | 181,784                                                 |
| FR                                                 | Transfers In (Out)                                           |                         |                                          | -                                                       |
| TR                                                 | Total general revenues, and transfers                        |                         |                                          | <u>7,529,730</u>                                        |
| CN                                                 |                                                              | Change in net position  |                                          | (1,034,041)                                             |
| NB                                                 | Net position—beginning                                       |                         |                                          | 5,141,056                                               |
|                                                    | Prior Period Adjustment                                      |                         |                                          | (177,351)                                               |
| NE                                                 | Net position—ending                                          |                         |                                          | <u>\$ 3,929,664</u>                                     |

The accompanying notes are an integral part of this statement.

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

| Data<br>Control<br>Codes             |                                                      | 10<br>General<br>Fund | 20<br>Special Revenue<br>Funds |
|--------------------------------------|------------------------------------------------------|-----------------------|--------------------------------|
| <b>ASSETS</b>                        |                                                      |                       |                                |
| 1110                                 | Cash and Cash Equivalents                            | \$ 4,561,755          | \$ 151,554                     |
| 1220                                 | Property Taxes - Delinquent                          | 203,449               | -                              |
| 1230                                 | Allowance for Uncollectible Taxes (Credit)           | (8,138)               | -                              |
| 1240                                 | Due from Other Governments                           | 361,892               | 80,094                         |
| 1250                                 | Accrued Interest                                     | -                     | -                              |
| 1260                                 | Due from Other Funds                                 | 44,043                | -                              |
| 1290                                 | Other Receivable, net                                | -                     | -                              |
| 1410                                 | Prepayments                                          | -                     | -                              |
| 1000                                 | Total Assets                                         | <u>\$ 5,163,001</u>   | <u>\$ 231,648</u>              |
| <b>LIABILITIES</b>                   |                                                      |                       |                                |
| 2110                                 | Accounts Payable                                     | \$ 39,520             | \$ -                           |
| 2160                                 | Accrued Wages Payable                                | 306,569               | 47,224                         |
| 2170                                 | Due to Other Fund                                    | 8,230                 | 44,043                         |
| 2180                                 | Due to Other Governments                             | 507,841               | -                              |
| 2200                                 | Accrued Expenditures/Expenses                        | 6,322                 | 5,309                          |
| 2300                                 | Unearned Revenue                                     | -                     | 123,958                        |
| 2000                                 | Total Liabilities                                    | <u>868,482</u>        | <u>220,534</u>                 |
| <b>DEFERRED INFLOWS OF RESOURCES</b> |                                                      |                       |                                |
| 2601                                 | Unavailable Revenue- Property Taxes                  | <u>195,311</u>        | <u>-</u>                       |
| 2600                                 | Total Deferred Inflows of Resources                  | <u>195,311</u>        | <u>-</u>                       |
| <b>FUND BALANCE</b>                  |                                                      |                       |                                |
| Restricted Fund Balance:             |                                                      |                       |                                |
| 3450                                 | Federal or State Funds Grant Restrictions            | -                     | 11,114                         |
| Committed Fund Balance:              |                                                      |                       |                                |
| 3545                                 | Other Committed Fund Balance                         | 126,123               | -                              |
| Unassigned Fund Balance:             |                                                      |                       |                                |
| 3600                                 | Unassigned Fund Balance                              | <u>3,973,085</u>      | <u>-</u>                       |
| 3000                                 | Total Fund Balances                                  | <u>4,099,208</u>      | <u>11,114</u>                  |
| 4000                                 | Total Liabilities, Deferred Inflows, & Fund Balances | <u>\$ 5,163,001</u>   | <u>\$ 231,648</u>              |

The accompanying notes are an integral part of this statement.

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98  
Total Governmental  
Funds

---

\$ 4,713,309  
203,449  
(8,138)  
441,986  
-  
44,043  
-  
-  

---

\$ 5,394,649

\$ 39,520  
353,793  
52,273  
507,841  
11,631  
123,958  

---

1,089,016

195,311  

---

195,311

11,114  
  
126,123  
  
3,973,085  

---

4,110,322  

---

\$ 5,394,649

JUNCTION INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                            |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|
| <b>Total Fund Balances - Governmental Funds</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>\$ 4,110,322</b>        |
| 1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$ 11,645,300 and accumulated depreciation was \$7,814,782. The net effect of including the beginning balances for the capital assets (net of depreciation) in the governmental activities is to increase net position. In addition, long-term liabilities including notes payable are not due and payable in the current period, and therefore are not reported as liabilities in the funds. The long-term debt was \$27,980.                                                                                                                                                          | 3,802,538                  |
| 2 Current year capital outlays are expended in the fund financial statements, but the should be shown as increases in capital assets in the government-wide financial statements. The net effect of including the 2025 capital outlays, is to increase net position.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 357,441                    |
| 3 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. At the beginning of the year, the net position related to TRS was a Deferred Resource Outflow in the amount of \$884,598 a Deferred Resource Inflow in the amount of \$156,575 and a net pension liability in the amount of \$2,342,666. The impact of this on Net Position is (\$1,614,643). Changes from the current year reporting of the TRS plan resulted in an increase in net position in the amount of \$30,682. The combination of the beginning of the year amounts and the changes during the year resulted in a difference between the ending fund balance and the ending net position in the amount of (\$1,583,961). | (1,583,961)                |
| 4 Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. At the beginning of the year, the net position related to OPEB was a Deferred Resource Outflow in the amount of \$572,328, a Deferred Resource Inflow in the amount of \$2,078,221 and a net OPEB liability in the amount of \$1,117,105. The impact of this on Net Position is (2,622,988). Changes from the current year reporting of the OPEB plan resulted in a decrease in net position in the amount of (\$285,314). The combination of the beginning of the year amounts and the changes during the year resulted in a difference between the ending fund balance and the ending net position in the amount of (\$2,337,684).  | (2,337,684)                |
| 5 The 2025 depreciation expense increased accumulate Depreciation. The net effect on the current year's depreciation is to decrease net position.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | (422,062)                  |
| 6 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.                                                                                                                                                                                                                                                                                                                                                    | 3,070                      |
| <b>19 Net Position of Governmental Activities</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b><u>\$ 3,929,664</u></b> |

The accompanying notes are an integral part of this statement.

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

| Data                                                  | 10                  | 20               |
|-------------------------------------------------------|---------------------|------------------|
| Control                                               | General             | Special Revenue  |
| Codes                                                 | Fund                | Funds            |
| REVENUES:                                             |                     |                  |
| 5700 Total Local and Intermediate Sources             | \$ 5,810,172        | \$ 104,379       |
| 5800 State Program Revenues                           | 2,330,306           | 44,082           |
| 5900 Federal Program Revenues                         | -                   | 676,772          |
| 5020 Total Revenue                                    | <u>8,140,478</u>    | <u>825,233</u>   |
| EXPENDITURES:                                         |                     |                  |
| Current:                                              |                     |                  |
| 0011 Instruction                                      | 4,566,981           | 455,805          |
| 0012 Instructional Resources and Media Services       | 59,375              | -                |
| 0013 Curriculum and Instructional Staff Development   | 82,345              | -                |
| 0023 School Leadership                                | 495,352             | -                |
| 0031 Guidance Counseling and Evaluation Services      | 185,235             | -                |
| 0033 Health Services                                  | 78,317              | -                |
| 0034 Student (Pupil) Transportation                   | 415,460             | -                |
| 0035 Food Services                                    | 49,494              | 395,079          |
| 0036 Extracurricular Activities                       | 812,232             | -                |
| 0041 General Administration                           | 427,492             | -                |
| 0051 Facilities Maintenance and Operations            | 1,061,933           | 29,980           |
| 0052 Security and Monitoring Services                 | 77,020              | -                |
| 0053 Data Processing Services                         | 194,335             | -                |
| 0061 Community Services                               | 269,289             | -                |
| Debt Service:                                         |                     |                  |
| 0071 Debt Service - Principal on long-term debt       | 53,739              | -                |
| 0072 Interest on Long Term Debt                       | 34,426              | -                |
| Capital Outlay:                                       |                     |                  |
| 0081 Facilities Acquisition and Construction          | 106,018             | -                |
| Intergovernmental:                                    |                     |                  |
| 0093 Payments to Fiscal Agent/Member Districts of SSA | 286,290             | -                |
| 0099 Other Intergovernment Charges                    | 234,168             | -                |
| 6030 Total Expenditures                               | <u>9,489,501</u>    | <u>880,864</u>   |
| 1100 Excess (Deficiency) Revenues Over Expenditures   | <u>(1,349,023)</u>  | <u>(55,631)</u>  |
| OTHER FINANCING SOURCES (USES):                       |                     |                  |
| 7913 Proceeds from Capital Lease                      | 139,530             | -                |
| 7915 Operating Transfers In                           | -                   | 64,874           |
| 8911 Operating Transfers Out                          | (64,874)            | -                |
| Total Other Financing Sources (Uses)                  | <u>74,656</u>       | <u>64,874</u>    |
| 1200 Net Change in Fund Balances                      | (1,274,367)         | 9,243            |
| 0100 Fund Balance - September 1 (Beginning)           | 5,373,575           | 1,871            |
| 1300 Prior Period Adjustment(s)                       | -                   | -                |
| 3000 Fund Balance - August 31 (Ending)                | <u>\$ 4,099,208</u> | <u>\$ 11,114</u> |

The accompanying notes are an integral part of this statement.

|                    |
|--------------------|
| 98                 |
| Total Governmental |
| Funds              |

|    |                  |
|----|------------------|
| \$ | 5,914,551        |
|    | 2,374,388        |
|    | 676,772          |
|    | <u>8,965,711</u> |

|                    |
|--------------------|
| 5,022,786          |
| 59,375             |
| 82,345             |
| 495,352            |
| 185,235            |
| 78,317             |
| 415,460            |
| 444,573            |
| 812,232            |
| 427,492            |
| 1,091,913          |
| 77,020             |
| 194,335            |
| 269,289            |
| -                  |
| 53,739             |
| 34,426             |
| -                  |
| 106,018            |
| 286,290            |
| 234,168            |
| <u>10,370,365</u>  |
| <u>(1,404,654)</u> |

|                |
|----------------|
| 139,530        |
| 64,874         |
| (64,874)       |
| <u>139,530</u> |

|                     |
|---------------------|
| (1,265,124)         |
| 5,375,446           |
| -                   |
| <u>\$ 4,110,322</u> |

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

|                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                              |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|
| <b>Total Net Change in Fund Balances - Governmental Funds</b>                                                                                                                                                                                                                                                                                                                                                                                            | \$ (1,265,123)               |
| Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2025 capital outlays and debt principal payments is to increase net position.                                                                                                                       | 357,441                      |
| Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect on the current year's depreciation is to decrease net position.                                                                                                                                                                                                                                      | (422,062)                    |
| Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, and eliminating interfund transactions. The net effect of these reclassifications and recognitions is to increase net position. | (20,293)                     |
| Current year changes due to GASB 68 increased revenues in the amount of \$105,324 but also increased expenditures in the amount of \$74,642. The net effect on the change in the ending net position was an increase in the amount of \$30,682                                                                                                                                                                                                           | 30,682                       |
| Current year changes due to GASB 75 decreased revenues in the amount of \$305,919 but also decreased expenditures in the amount of \$591,233. The net effect on the change in the ending net position was a increase in the amount of \$285,314.                                                                                                                                                                                                         | 285,314                      |
| <b>Change in Net Position of Governmental Activities</b>                                                                                                                                                                                                                                                                                                                                                                                                 | <u><u>\$ (1,034,041)</u></u> |

The accompanying notes are an integral part of this statement.

JUNCTION INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
YEAR ENDED AUGUST 31, 2025

|                               | Custodial<br>Funds |
|-------------------------------|--------------------|
| <hr/>                         |                    |
| ASSETS:                       |                    |
| Cash & Cash Equivalents       | \$ 51,916          |
| Other Receivables             | -                  |
| Due From Other Funds          | 8,230              |
| Total Assets                  | <u>60,146</u>      |
| LIABILITIES:                  |                    |
| Accounts Payable              | 12,537             |
| Due to Other Funds            | -                  |
| Total Liabilities             | <u>12,537</u>      |
| NET POSITION                  |                    |
| Restricted for Other Purposes | 47,609             |
| Total Net Position            | <u>\$ 47,609</u>   |

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

|                                                  | Total<br>Custodial<br>Funds |
|--------------------------------------------------|-----------------------------|
| <hr/>                                            |                             |
| <b>ADDITIONS:</b>                                |                             |
| Miscellaneous Revenue - Student Activities       | \$ 111,445                  |
| Investment Earning                               | -                           |
| Contribution, Gifts and Donations                | -                           |
| Total Additions                                  | <u>111,445</u>              |
| <b>DEDUCTIONS:</b>                               |                             |
| Supplies and Materials                           | 119,667                     |
| Scholarship Payments                             | -                           |
| Other Deductions                                 | -                           |
| Total Deductions                                 | <u>119,667</u>              |
| Changes in Fiduciary Net Positions               | (8,222)                     |
| <br>Total Net Position - September 1 (Beginning) | <br>55,831                  |
| Total Net Position - August 31 (Ending)          | <u>\$ 47,609</u>            |

The accompanying notes are an integral part of this statement.

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

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Junction Independent School District (the District) is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the Board) elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in ***GASB Statement No. 76***; and it complies with the requirements of the appropriate version of ***Texas Education Agency's Financial Accountability System Resource Guide*** (the Resource Guide) and the requirements of contracts and grants of agencies from which it receives funds.

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

*Fair Value Measurement.* As of August 31, 2019, Junction Independent School District retrospectively / prospectively applied Government Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

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

**A. REPORTING ENTITY**

The Board of Trustees (the "Board") is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity.

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Junction Independent School District nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include tuition paid by students not residing in the district, school lunch charges, etc. The "grants and contributions" column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act. If a revenue is not a program revenue, it is a general revenue used to support all of the District's functions. Taxes are always general revenues.

Interfund activities between governmental funds appear as due to/due from on the Governmental Fund Balance Sheet and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Activities.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental funds major and reports their financial condition and results of operations in a separate column.

### **C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements use 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 the 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.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 days after year end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

The Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The fund equity is segregated into invested in capital assets net of related debt, restricted net position, and unrestricted net position.

Agency Funds utilize the accrual basis of accounting but do not have a measurement focus as they report only assets and liabilities.

#### **D. FUND ACCOUNTING**

The District reports the following major governmental funds:

1. **The General Fund** – The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
2. **Special Revenue Funds** – The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods

Additionally, the District reports the following fund type(s):

Fiduciary Funds:

1. **Custodial Funds** – The District accounts for resources held for others in a custodial capacity in agency funds. The Districts Custodial Funds are the Student Activity Fund.

#### **E. FUND BALANCE POLICY**

Junction Independent School District reports fund balance for governmental funds in classifications based primarily on the extent to which the district is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The nonspendable classification represents assets that will be consumed or must be maintained intact and therefore will never convert to cash, such as inventories of supplies and endowments. Provisions of laws, contracts, and grants specify how fund resources can be used in the restricted classification. The nature of these two classifications precludes a need for a policy from the Board of Trustees. However, the Board has adopted fund balance policies for the three unrestricted classifications - committed, assigned, and unassigned.

From time to time, the Board of Trustees may commit fund balances by a majority vote in a scheduled meeting. The Board's commitment may be modified or rescinded by a majority vote in a scheduled meeting. Board commitments cannot exceed the amount of fund balance that is greater than the sum of nonspendable and restricted fund balances since that practice would commit funds that the district does not have. Commitments may be for facility expansion or renovation, program modifications, wage and salary adjustments, financial cushions and other purposes determined by the Board.

The Board of Trustees may delegate authority to specified persons or groups to make assignments of certain fund balances by a majority vote in a scheduled meeting. The Board may modify or rescind its delegation of authority by the same action. The authority to make assignments shall be in effect until modified or rescinded by the Board by majority vote in a scheduled meeting.

When the District incurs expenditures that can be made from either restricted or unrestricted balances, the expenditures should be charged to unrestricted balances. When the District incurs expenditures that can be made from either committed, assigned, or unassigned balances, the expenditures are charged to unassigned, assigned, then committed.

By a majority vote in a scheduled meeting the Board of Trustees may commit fund balances and it may modify or rescind commitments. The Board may also delegate authority to persons or parties to assign fund balances in specific circumstances or funds.

## F. OTHER ACCOUNTING POLICIES

1. The District records purchases of supplies as expenditures.
2. The District records its investments in external investment pools at cost, which approximates fair value.
3. The District provides risk management obligations by carrying appropriate insurance. Property and general liability insurance are obtained from the Texas Association of School Boards Risk Management Fund. Risk of loss is not retained by the District.
4. The preparation 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
5. The Data Control Codes refer to the account code structure prescribed by TEA in the ***Financial Accountability System Resource Guide***. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to ensure accuracy in building a Statewide data base for policy development and funding plans.
6. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.
7. The District's policy for vacation does not allow for vacation time to be accumulated. All vacation must be used annually or it is lost. Individuals that retire from the districts, that have been employed by the District for at least 5 years, will be paid \$30/day for contract and \$15/day for non-contract employees for every state and local day that is left on their sick leave when that person retires.
8. Capital assets, which include land, buildings, furniture and equipment are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings, furniture and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

| <u>Assets</u>         | <u>Years</u> |
|-----------------------|--------------|
| Buildings             | 50           |
| Building Improvements | 20           |
| Infrastructure        | 40           |
| Vehicles              | 10           |
| Office Equipment      | 10           |
| Computer Equipment    | 10           |

9. In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Districts deferred outflows of resources consist of differences between expected and actual actuarial experience (pension & OPEB), changes in actuarial assumptions (pension & OPEB), differences between projected and actual investment earnings (OPEB), change in proportion and differences between employer's contributions and the proportionate share of contributions (pension & OPEB), and contributions paid to TRS subsequent to the measurement date (pension & OPEB).

10. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Uncollected property taxes which are assumed collectible are reported in this category on the balance sheet for governmental funds. They are not reported in this category on the government wide statement of net position. In the government wide financial statements, the District reports a deferred inflow of resources for differences between expected and actual actuarial experience (pension & OPEB), changes in actuarial assumptions (pension & OPEB), differences between projected and actual investment earnings (pension), and changes in proportion and differences between employer's contributions and the proportionate share of contributions (pension).

## **II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

### **A. BUDGETARY DATA**

The Board of Trustees adopts an "appropriated budget" for the General Fund, and the Food Service Fund (which is included in Special Revenue Funds). The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1 and the other reports are in Exhibit J-4.

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

1. Prior to August 20 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. At least ten days' public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. However, none of these were significant.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

## **II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

### **A. DEPOSITS AND INVESTMENTS**

#### District Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the District complies with this law, it has no custodial credit risk for deposits.

Foreign Currency Risk The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit by not participating in foreign currency transactions.

## District Policies and Legal and Contractual Provisions Governing Investments

### **Compliance with the Public Funds Investment Act**

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires a governmental entity to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

Statutes authorize the entity to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. Junction Independent School District is in substantial compliance with the requirements of the Act and with local policies.

As of August 31, 2025, Junction Independent School District had the following investments which are reported as cash and cash equivalents on the balance sheet.

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Weighted Average Maturity</u> | <u>Credit Rating</u> |
|------------------------|-------------------|----------------------------------|----------------------|
| LoneStar Investment    | \$ 4,060,930      | 87 Days                          | AAAm                 |

### Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the Pool and other persons who do not have a business relationship with the Pool and are qualified to advise the Pool; 2) maintain a continuous rating of no lower than AAA or AAAm or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The District's investment in Pools is reported at an amount determined by the fair value per share of the Pool's underlying portfolio, unless the Pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940.

Additional policies and contractual provisions governing deposits and investments for Junction Independent School District are specified below:

**Credit Risk** To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the District limits investments to depository bank certificates of deposits and state sponsored investment pools.

**Custodial Credit Risk for Investments** To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party the District requires counterparties to register the securities in the name of the District and hand them over to the District or its designated agent. All of the securities are in the District's name and held by the District or its agent.

**Concentration of Credit Risk** To limit the risk of loss attributed to the magnitude of a government's investment

in a single issuer, the District investments in both depository bank certificates of deposits and state sponsored investment pools.

**Interest Rate Risk** To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires the investment portfolio to have maturities of less than one year on a weighted average maturity basis.

**Foreign Currency Risk for investments** The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment by not investing in foreign currencies.

## **B. PROPERTY TAXES**

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

## **C. DELINQUENT TAXES RECEIVABLE**

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy Allowances for uncollectible tax receivables within the General Fund are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

## **D. INTERFUND RECEIVABLES AND PAYABLES**

Interfund balances at August 31, 2025 and Interfund transfers for the year ended August 31, 2025 consisted of the following individual fund balances:

| <b>Interfund Balance</b>   | <b>From<br/>Other Funds</b> | <b>To<br/>Other Funds</b> |
|----------------------------|-----------------------------|---------------------------|
| General Fund:              |                             |                           |
| Special Revenue Fund       | \$ 44,043                   |                           |
| Trust & Agency             | -                           | \$ 8,230                  |
|                            | <u>44,043</u>               | <u>8,230</u>              |
| Special Revenue Fund       |                             |                           |
| General Fund               | -                           | 44,043                    |
| Total Special Revenue Fund | <u>-</u>                    | <u>44,043</u>             |
| Trust & Agency             |                             |                           |
| General Fund               | 8,230                       |                           |
| Total Trust & Agency Fund  | <u>8,230</u>                | <u>-</u>                  |
| Total Interfund Balances   | <u>\$ 52,273</u>            | <u>\$ 52,273</u>          |
| <b>Interfund Transfers</b> |                             |                           |
| General Fund:              |                             |                           |
| Special Revenue Fund       | -                           | 64,874                    |
| Total General Fund         | <u>-</u>                    | <u>64,874</u>             |
| Special Revenue Fund       |                             |                           |
| General Fund               | 64,873                      | -                         |
| Total Special Revenue Fund | <u>64,873</u>               | <u>-</u>                  |
| Total Interfund Transfers  | <u>\$ 64,873</u>            | <u>\$ 64,874</u>          |

The District had not cleared all interfund receivables and payables at the end of the year. All amounts are scheduled to be repaid within one year.

## E. CAPITAL ASSET ACTIVITY

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

|                                              | Beginning<br>Balances | Increases        | Decreases   | Ending<br>Balances  |
|----------------------------------------------|-----------------------|------------------|-------------|---------------------|
| <i>Governmental activities:</i>              |                       |                  |             |                     |
| <i>Capital assets not being depreciated:</i> |                       |                  |             |                     |
| Land                                         | \$ 429,517            | \$ 106,018       | \$ -        | \$ 535,535          |
| Total capital assets not being depreciated   | <u>429,517</u>        | <u>106,018</u>   | <u>-</u>    | <u>535,535</u>      |
| <i>Capital assets being depreciated:</i>     |                       |                  |             |                     |
| Buildings and Improvements                   | 8,838,033             | -                | -           | 8,838,033           |
| Furniture and Equipment                      | 2,177,010             | 197,684          | -           | 2,374,694           |
| Right to Use Assets                          | 200,740               | 139,530          | -           | 340,270             |
| Total capital assets being depreciated       | <u>11,215,783</u>     | <u>337,214</u>   | <u>-</u>    | <u>11,552,997</u>   |
| Less accumulated depreciation for:           |                       |                  |             |                     |
| Buildings and Improvements                   | 5,943,824             | 241,840          | -           | 6,185,664           |
| Furniture and Equipment                      | 1,697,355             | 125,954          | -           | 1,823,309           |
| Right to Use Assets                          | 173,603               | 54,268           | -           | 227,871             |
| Total accumulated depreciation               | <u>7,814,782</u>      | <u>422,062</u>   | <u>-</u>    | <u>8,236,844</u>    |
| Total capital assets being depreciated, net  | <u>3,401,000</u>      | <u>(84,848)</u>  | <u>-</u>    | <u>3,316,153</u>    |
| Governmental activities capital assets, net  | <u>\$ 3,830,517</u>   | <u>\$ 21,170</u> | <u>\$ -</u> | <u>\$ 3,851,688</u> |

Depreciation was charged to functions as follows:

|                                       |                   |
|---------------------------------------|-------------------|
| Instruction                           | \$ 151,661        |
| Student (Pupil) Transportation        | 75,781            |
| Food Services                         | 35,859            |
| Extracurricular Activities            | 113,594           |
| General Administration                | 10,394            |
| Facilities Maintenance and Operations | 16,459            |
| Security and Monitoring Services      | 18,314            |
|                                       | <u>\$ 422,062</u> |

## F. CHANGES IN LONG-TERM LIABILITIES

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2025, are as follows:

|                              | Beginning<br>Balance | Increases         | Decreases         | Ending<br>Balance   | Amounts<br>Due Within<br>One Year |
|------------------------------|----------------------|-------------------|-------------------|---------------------|-----------------------------------|
| Right to Use Lease Liability | \$ 27,980            | \$ 139,530        | \$ 53,738         | \$ 113,772          | \$ 45,668                         |
| Net Pension Liability        | 2,342,666            |                   | 285,891           | 2,056,775           | -                                 |
| Net OPEB Liability           | 1,117,105            | 388,329           | -                 | 1,505,434           | -                                 |
| Compensated Absences         | 177,351 **           | 14,890 *          | -                 | 192,241             | -                                 |
| Total                        | <u>\$ 24,892,576</u> | <u>\$ 542,749</u> | <u>\$ 339,629</u> | <u>\$ 3,868,222</u> | <u>\$ 45,668</u>                  |

\* The changes in the compensated absences liability is presented as a net change

\*\* The beginning balance was adjusted to reflect the implementation of GASB 101

## G. RIGHT TO USE LEASE LIABILITY

The District photocopy machines with agreements having 3-year terms. Payments of \$5,631 through 1/13/25 and \$4,135 starting 01/5/25 and are made monthly which consist of principal and imputed annual interest of 2.50% and 5.50%.

No assets were pledged as collateral for these leases. A summary of Right-to-Use Lease arrangements for the year ended August 31, 2024, is as follows:

| Description   | Date of Origination | Discount Rate | Current Year Interest | Principal Balance at 9/1/2024 | New Lease Agreements | Principal Paid This Year | Principal Balance at 8/31/2025 | Due Within One Year |
|---------------|---------------------|---------------|-----------------------|-------------------------------|----------------------|--------------------------|--------------------------------|---------------------|
| Copy Machines | 1/13/22             | 2.5           | \$ 175.12             | \$ 27,980.00                  | \$ -                 | \$ 27,980.00             | \$ -                           | \$ -                |
| Copy Machines | 1/5/25              | 5.5           | 3,187                 | -                             | 139,530              | 25,758                   | 113,772                        | 45,668              |
|               |                     |               | <u>\$ 3,362</u>       | <u>\$ 27,980</u>              | <u>\$ 139,530</u>    | <u>\$ 53,738</u>         | <u>\$ 113,772</u>              | <u>\$ 45,668</u>    |

Future principal and interest payments due to maturity as of the end of the fiscal year are as follows:

| Year Ending August 31 | Principal         | Interest        | Total Requirements |
|-----------------------|-------------------|-----------------|--------------------|
| 2026                  | \$ 45,668         | \$ 3,953        | \$ 49,620          |
| 2027                  | 47,647            | 1,973           | 49,620             |
| 2028                  | 20,457            | 218             | 20,675             |
| Totals                | <u>\$ 113,772</u> | <u>\$ 6,144</u> | <u>\$ 119,916</u>  |

## H. DEFINED BENEFIT PENSION PLAN

**Summary of Significant Accounting Policies.** 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.

**Plan Description.** Junction Independent School 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). TRS's defined benefit pension plan 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 Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://www.trs.texas.gov/learning-resources/publications>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.T

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

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

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

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

The following table shows contribution rates by type of contributor for the fiscal years 2024 and 2025 and the contributions by type of contributions reported by TRS which were received by TRS during the TRS measurement year (FY 2024). The reported contributions from the member and the employers are included in the calculation of the district's proportionate share of the net pension liability.

| Contribution Rates                                         |       |         |
|------------------------------------------------------------|-------|---------|
|                                                            | 2024  | 2025    |
| Member                                                     | 8.25% | 8.25%   |
| Non-Employer Contributing Entity (State)                   | 8.25% | 8.25%   |
| Employers                                                  | 8.25% | 8.25%   |
|                                                            |       |         |
| Junction ISD Measurement Year Employer Contributions       | \$    | 189,749 |
| Junction ISD Measurement Year Member Contributions         | \$    | 165,723 |
| Junction ISD Measurement Year NECE On-Behalf Contributions | \$    | 310,505 |

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 (GAA).

As the non-employer contributing entity for public education, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers, including public 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 part, or all of an employee's salary is paid by federal funding sources or a privately sponsored source, from non-educational and general, or local funds.

In addition to the employer contributions listed above, there is an additional surcharge an employer is subject to.

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

### ***Net Pension Liability***

Components of the net pension liability of the plan as of August 31, 2024 are disclosed below: (From TRS Annual Comprehensive Financial Report 2024, p. 88.)

| <b>Table 11.E.1: Net Pension Liability</b>                   |                          |
|--------------------------------------------------------------|--------------------------|
| <b>Components of Liability</b>                               | <b>Amount</b>            |
| Total Pension Liability                                      | \$ 271,627,434,294       |
| Less: Plan Fiduciary Net Position                            | (210,543,258,495)        |
| <b>Net Pension Liability</b>                                 | <b>\$ 61,084,175,799</b> |
| <b>Net Position as Percentage of Total Pension Liability</b> | <b>77.51 %</b>           |

### ***Actuarial Assumptions.***

The total pension liability in the August 31, 2023 actuarial valuation was determined using the following actuarial assumptions: Actuarial Assumptions can be found in the 2024 TRS ACFR, page 88.

| <b>Table 11.F.1: Actuarial Methods and Assumptions</b>      |                                                                                                                                                                                                                  |
|-------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Component</b>                                            | <b>Result</b>                                                                                                                                                                                                    |
| Valuation Date                                              | August 31, 2023 rolled forward to August 31, 2024                                                                                                                                                                |
| Actuarial Cost Method                                       | Individual Entry Age Normal                                                                                                                                                                                      |
| Asset Valuation Method                                      | Fair Value                                                                                                                                                                                                       |
| Single Discount Rate                                        | 7.00%                                                                                                                                                                                                            |
| Long-term Expected Rate                                     | 7.00%                                                                                                                                                                                                            |
| Municipal Bond Rate as of August 2024                       | 3.87% - The source for the rate is the Bond Buyers 20 Index which represents the estimated yield of a portfolio of 20 general obligation bonds maturing in 20 years based on a survey of municipal bond traders. |
| Last year ending August 31 in Projection Period (100 years) | 2123                                                                                                                                                                                                             |
| Inflation                                                   | 2.30%                                                                                                                                                                                                            |
| Salary Increases                                            | 2.95% to 8.95% including inflation                                                                                                                                                                               |
| Ad hoc post-employment benefit changes                      | None                                                                                                                                                                                                             |

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

**Discount Rate.** A single discount rate of 7.0% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.0%. The projection of cash flows used to determine the single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 9.54% of payroll in fiscal year 2025 and thereafter This includes all employer and state contributions for active and rehired retirees.

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

The long-term expected rate of return on pension plan investments is 7.0%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2024 (see page 56 of the 2024 TRS ACFR) are summarized below:

| Table 3.A.1: Asset Allocations                                                                     |                       |                                                     |                                                      |
|----------------------------------------------------------------------------------------------------|-----------------------|-----------------------------------------------------|------------------------------------------------------|
| Asset Class                                                                                        | Target Allocation %** | Long-Term Expected Geometric Real Rate of Return*** | Expected Contribution to Long-Term Portfolio Returns |
| <b>Global Equity</b>                                                                               |                       |                                                     |                                                      |
| USA                                                                                                | 18.0 %                | 4.4 %                                               | 1.0 %                                                |
| Non-US Developed                                                                                   | 13.0                  | 4.2                                                 | 0.8                                                  |
| Emerging Markets                                                                                   | 9.0                   | 5.2                                                 | 0.7                                                  |
| Private Equity                                                                                     | 14.0                  | 6.7                                                 | 1.2                                                  |
| <b>Stable Value</b>                                                                                |                       |                                                     |                                                      |
| Government Bonds                                                                                   | 16.0                  | 1.9                                                 | 0.4                                                  |
| Stable Value Hedge Funds                                                                           | 5.0                   | 3.0                                                 | 0.2                                                  |
| Absolute Return*                                                                                   | 0.0                   | 4.0                                                 | 0.0                                                  |
| <b>Real Return</b>                                                                                 |                       |                                                     |                                                      |
| Real Estate                                                                                        | 15.0                  | 6.6                                                 | 1.2                                                  |
| Energy, Natural Resources & Infrastructure                                                         | 6.0                   | 5.6                                                 | 0.4                                                  |
| Commodities                                                                                        | 0.0                   | 2.5                                                 | 0.0                                                  |
| <b>Risk Parity</b>                                                                                 | 8.0                   | 4.0                                                 | 0.4                                                  |
| <b>Asset Allocation Leverage</b>                                                                   |                       |                                                     |                                                      |
| Cash                                                                                               | 2.0                   | 1.0                                                 | 0.0                                                  |
| Asset Allocation Leverage                                                                          | (6.0)                 | 1.3                                                 | (0.1)                                                |
| Inflation Expectation                                                                              |                       |                                                     | 2.4                                                  |
| Volatility Drag****                                                                                |                       |                                                     | (0.7)                                                |
| <b>Expected Return</b>                                                                             | <b>100.0 %</b>        |                                                     | <b>7.9 %</b>                                         |
| *Absolute Return includes Credit Sensitive Investments.                                            |                       |                                                     |                                                      |
| **Target allocations are based on the FY2024 policy model.                                         |                       |                                                     |                                                      |
| ***Capital Market Assumptions (CMA) come from 2024 SAA Study CMA Survey (as of 12/31/2023)         |                       |                                                     |                                                      |
| ****The volatility drag results from the conversion between arithmetic and geometric mean returns. |                       |                                                     |                                                      |

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

|                                                                  | <u>1% Decrease in Discount Rate</u><br><u>(6.00%)</u> | <u>Discount Rate</u><br><u>(7.00%)</u> | <u>1% Increase in Discount Rate</u><br><u>(8.00%)</u> |
|------------------------------------------------------------------|-------------------------------------------------------|----------------------------------------|-------------------------------------------------------|
| Junction ISD's proportionate share of the net pension liability: | \$ 3,285,191                                          | \$ 2,056,775                           | \$ 1,038,945                                          |

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** At August 31, 2025, Junction Independent School District reported a liability of \$2,056,775 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to Junction Independent School District. The amount recognized by Junction

Independent School 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 Junction Independent School District were as follows:

|                                                                        |                     |
|------------------------------------------------------------------------|---------------------|
| District's Proportionate share of the collective net pension liability | \$ 2,056,775        |
| State's proportionate share that is associated with the District       | <u>3,365,708</u>    |
| Total                                                                  | <u>\$ 5,422,483</u> |

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

At August 31, 2024 the employer's proportion of the collective net pension liability was .0033671165% which was a 0.0001011310% increase from its proportion measured as of August 31, 2023.

**Changes In Actuarial Assumptions Since the Prior Actuarial Valuation** – The actuarial assumptions and methods are the same as used in the determination of the prior year's net pension liability.

**Changes in Benefits** - The 2023 Texas Legislature passed Senate Bill 10 (SB10), which provided a stipend payment to certain retirees and variable ad hoc cost-of-living adjustments (COLA) to certain retirees in early fiscal year 2024. Due to its timing, the legislation and payments were not reflected in the August 31, 2023 actuarial valuation. Under the roll forward method, an adjustment was made to reflect the legislation in the rolled forward liabilities for the current measurement year, August 31, 2024. SB 10 and House Joint Resolution 2 (HJR 2) of the 88th Regular Legislative Session appropriated payments of \$1,645 billion for on-time stipends and \$3,355 billion for COLAs. This appropriation is treated as a supplemental contribution and included in other additions. Since the Legislature appropriated funds for this one-time stipend and COLA, there was no impact on the Net Pension Liability of TRS.

For the year ended August 31, 2025, Junction Independent School District recognized pension expense of \$402,258 and revenue of \$402,258 for support provided by the State in the Government Wide Statement of Activities.

At August 31, 2025, Junction Independent School District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources: (The amounts shown below will be the cumulative layers from the current and prior years combined.)

|                                                                                                                        | Deferred Outflows of Resources | Deferred Inflows of Resources |
|------------------------------------------------------------------------------------------------------------------------|--------------------------------|-------------------------------|
| Differences between expected and actual economic experience                                                            | \$ 113,367                     | \$ 16,058                     |
| Changes in actuarial assumptions                                                                                       | 106,196                        | 14,237                        |
| Difference between projected and actual investment earnings                                                            | 12,503                         | -                             |
| Changes in proportion and difference between the employer's contributions and the proportionate share of contributions | 133,710                        | 61,087                        |
| Contributions paid to TRS subsequent to the measurement date [to be calculated by employer]                            | 198,421                        |                               |
| Total                                                                                                                  | \$ 564,197                     | \$ 91,382                     |

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

| Year ended August 31: | Pension Expense Amount |
|-----------------------|------------------------|
| 2026                  | \$ 34,743              |

|            |           |
|------------|-----------|
| 2027       | 254,825   |
| 2028       | 40,380    |
| 2029       | ( 59,899) |
| 2030       | 4,344     |
| Thereafter | 1         |

## I. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN

**Summary of Significant Accounting Policies.** 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.

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

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

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

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

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

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

| TRS-Care Monthly Premium Rates              |          |              |
|---------------------------------------------|----------|--------------|
|                                             | Medicare | Non-Medicare |
| Retiree or Surviving Spouse                 | \$ 135   | \$ 200       |
| Retiree and Spouse                          | 529      | 689          |
| Retiree or Surviving Spouse<br>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 salary. Section 1575.204 establishes a public school contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the school. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act which is 0.75 percent of each active employee's pay for fiscal year 2024. The following table shows contributions to the TRS-Care plan by type of contributor as reported for the district by TRS for the TRS measurement year. The district and member contributions reported are included in the calculation of the district's proportionate share of the Net TRSCare liability for the measurement period.

| <b><u>Contribution Rates</u></b>                       |    |                    |
|--------------------------------------------------------|----|--------------------|
|                                                        |    | <b><u>2024</u></b> |
| Active Employee                                        |    | 0.65%              |
| Non-Employer Contributing Entity (State)               |    | 1.25%              |
| Employers                                              |    | 0.75%              |
| Federal/private Funding by employer                    |    | 1.25%              |
| District's Measurement Year Employer Contributions     | \$ | 45,054             |
| District's Measurement Year Member Contributions       | \$ | 14,394             |
| District's Measurement Year NECE (State) Contributions | \$ | 56,452             |

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 employers hire a TRS retiree, they are required to pay to TRS Care, a monthly surcharge of \$535 per retiree.

#### ***Actuarial Assumptions.***

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

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2021. The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2023 TRS pension actuarial valuation that was rolled forward to August 31, 2024:

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

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.

| Table 9.F.1: Actuarial Methods and Assumptions |                                                                                                                                    |
|------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|
| Component                                      | Result                                                                                                                             |
| Valuation Date                                 | August 31, 2023 rolled forward to August 31, 2024                                                                                  |
| Actuarial Cost Method                          | Individual Entry-Age Normal                                                                                                        |
| Inflation                                      | 2.30%                                                                                                                              |
| Single Discount Rate                           | 3.87% as of August 31, 2024                                                                                                        |
| Aging Factors                                  | Based on the Society of Actuaries' 2013 Study "Health Care Costs - From Birth to Death".                                           |
| Expenses                                       | Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs. |
| Salary Increases                               | 2.95% to 8.95%, including inflation                                                                                                |
| Ad Hoc Post-Employment Benefit Changes         | None                                                                                                                               |

From 2024 TRS ACFR, Note 9, page 79.

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

**Discount Rate.** A single discount rate of 3.87 percent was used to measure the total OPEB liability. This was an decrease of 0.26 percent in the discount rate since the previous year. Because the investments are held in cash and there is no intentional objective to advance fund the benefits, the Single Discount Rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate is the Bond Buyers's "20-Bond GO index" as of August 31, 2024 using the Fixed Income Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

**Discount Rate Sensitivity Analysis.** The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.87%) in measuring the Net OPEB Liability.

|                                                                  | 1% Decrease in<br>Discount Rate<br>(2.87%) | Current Single<br>Discount Rate<br>(3.87%) | 1% Increase in<br>Discount Rate<br>(4.87%) |
|------------------------------------------------------------------|--------------------------------------------|--------------------------------------------|--------------------------------------------|
| Junction ISD's proportionate<br>share of the net OPEB liability: | \$1,788,526                                | \$1,505,434                                | \$1,276,692                                |

**Healthcare Cost Trend Rates Analysis.** The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed healthcare cost trend rate.

|                                                                  | 1% Decrease | Current Healthcare Cost<br>Trend Rate | 1% Increase |
|------------------------------------------------------------------|-------------|---------------------------------------|-------------|
| Junction ISD's proportionate<br>share of the net OPEB liability: | \$1,225,953 | \$1,505,434                           | \$1,869,627 |

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs.** At August 31, 2025, Junction Independent School District reported a liability of \$1,505,434 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to Junction Independent School District. The amount recognized by Junction Independent School 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 Junction Independent School District were as follows:

|                                                                     |                  |
|---------------------------------------------------------------------|------------------|
| District's Proportionate share of the collective net OPEB liability | \$ 1,505,434     |
| State's proportionate share that is associated with the District    | <u>1,886,289</u> |

Total

\$ 3,391,723

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

On August 31, 2024, the employer's proportion of the collective net OPBE liability was .0049599949% which was an increase (decrease) of (.0000860310% from its proportion measured as of August 31, 2023.

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

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

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

For the year ended August 31, 2025, Junction Independent School District recognized OPEB expense of \$56,452 and revenue of \$56,452 for support provided by the State.

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

|                                                                                                                        | Deferred Outflows of Resources | Deferred Inflows of Resources |
|------------------------------------------------------------------------------------------------------------------------|--------------------------------|-------------------------------|
| Differences between expected and actual economic experience                                                            | \$ 288,541                     | \$ 751,293                    |
| Changes in actuarial assumptions                                                                                       | 192,678                        | 491,206                       |
| Difference between projected and actual investment earnings                                                            | -                              | 4,216                         |
| Changes in proportion and difference between the employer's contributions and the proportionate share of contributions | 274,463                        | 386,147                       |
| Contributions paid to TRS subsequent to the measurement date                                                           | 44,930                         |                               |
| Total                                                                                                                  | \$ 800,612                     | \$ 1,632,862                  |

The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Measurement Year ended August | OPEB Expense Amount |
|-------------------------------|---------------------|
| 2026                          | \$ (272,874)        |
| 2027                          | (204,691)           |
| 2028                          | ( 147,086)          |
| 2029                          | (126,939)           |
| 2030                          | ( 70,902)           |
| Thereafter                    | ( 54,686)           |

## **J. MEDICARE PART D – ON BEHALF PAYMENTS**

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which became effective

January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (“TRS-Care”) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments must be recognized as equal revenues and expenditures/expenses by the District. These payments totaled \$38,211, \$27,449 and \$25,563, for fiscal years 2025, 2024, and 2023, respectively.

#### K. HEALTH CARE COVERAGE

The District participates in TRS-Active Care sponsored by the Teacher Retirement System of Texas. TRS-Active Care (the Plan) provides health care coverage to employees (and their dependents) of participating public education entities. Optional life and long-term care insurance are also provided to active members and retirees. Authority for the Plan can be found in the Texas Insurance Code, Title 8, Subtitle H, Chapter 1579 and in the Texas Administrative Code, Title 34, Part 3, Chapter 41. The Plan began operations on September 1, 2024. This is a premium-based plan. Payments are made on a monthly basis for all covered employees.

#### L. DUE FROM OTHER GOVERNMENTS

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

| <u>FUND</u>     | <u>STATE<br/>ENTITLEMENT</u> | <u>FEDERAL<br/>GRANT</u> | <u>OTHER</u>     | <u>TOTAL</u>      |
|-----------------|------------------------------|--------------------------|------------------|-------------------|
| General         | \$ 327,334                   | \$ -                     | \$ 34,558        | \$ 361,893        |
| Special Revenue | 29,943                       | 50,151                   | -                | 80,094            |
|                 | <u>\$ 357,277</u>            | <u>\$ 50,151</u>         | <u>\$ 34,558</u> | <u>\$ 441,986</u> |

#### M. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

|                                  | <u>General<br/>Fund</u> | <u>Special<br/>Revenue<br/>Fund</u> | <u>Total</u>        |
|----------------------------------|-------------------------|-------------------------------------|---------------------|
| Property Taxes                   | \$ 5,283,621            | \$ -                                | \$ 5,283,621        |
| Penalties & Interest and Other   |                         |                                     |                     |
| Tax -related Income              | 76,354                  | -                                   | 76,354              |
| Investment Income                | 171,891                 | -                                   | 171,891             |
| Food Sales                       |                         | 37,880                              | 37,880              |
| Tuition                          | 133,603                 | -                                   | 133,603             |
| Co-curricular Student Activities | 29,419                  | -                                   | 29,419              |
| Other                            | 115,284                 | 66,500                              | 181,784             |
|                                  | <u>\$ 5,810,172</u>     | <u>\$ 104,380</u>                   | <u>\$ 5,914,551</u> |

#### N. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

The District participates in numerous State and Federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2025 may be impaired. In the opinion of the District, there were no significant contingent liabilities relating to compliance with rules and regulations governing the respective

grants, therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

## **O. LITIGATION**

The District is occasionally involved in litigation in the general course of business. Attorneys for the District indicate that the Junction Independent School District has no pending or threatened litigation as of August 31, 2025. No provision has been made in the financial statements regarding these matters.

## **P. IMPLEMENTATION OF GASB STATEMENT NO. 101, COMPENSATED ABSENCES**

Effective for the fiscal year ending August 31, 2025, the Menard Independent School District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. This statement establishes recognition and measurement guidance for liabilities related to compensated absences, including vacation, sick leave, and other paid time off, replacing previous guidance under GASB Statement No. 16.

Under GASB 101, compensated absences are recognized as a liability when:

- The leave is attributable to services already rendered,
- The leave accumulates and carries forward,
- The leave is more likely than not to be used for time off or otherwise paid out.

The liability is measured using the employee's pay rate as of the financial reporting date, and includes salary-related payments (e.g., FICA, retirement contributions) that are directly associated with the leave.

As a result of implementing GASB 101:

- The Menard Independent School District evaluated all compensated absence policies and determined which leave types meet the recognition criteria.
- A liability for compensated absences was recorded in the government-wide financial statements where applicable.
- The implementation did not result in a material change to previously reported liabilities, but enhanced consistency and comparability in accordance with updated GASB guidance.

The cumulative effect of applying GASB 101 did not require a restatement of beginning net position, as the change was applied prospectively.

Management believes the implementation of GASB 101 improves transparency and aligns with best practices in governmental financial reporting.

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REQUIRED SUPPLEMENTARY  
SCHEDULES

JUNCTION INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - GENERAL FUND  
YEAR ENDED AUGUST 31, 2025

| Data                            |                                                  |                  |              |
|---------------------------------|--------------------------------------------------|------------------|--------------|
| Control                         |                                                  | Budgeted Amounts |              |
| Codes                           |                                                  | Original         | Final        |
| REVENUES:                       |                                                  |                  |              |
| 5700                            | Total Local and Intermediate Sources             | \$ 6,000,918     | \$ 6,000,918 |
| 5800                            | State Program Revenues                           | 1,977,970        | 1,977,970    |
| 5900                            | Federal Program Revenues                         | 25,000           | 25,000       |
| 5020                            | Total Revenue                                    | 8,003,888        | 8,003,888    |
| EXPENDITURES:                   |                                                  |                  |              |
| Current:                        |                                                  |                  |              |
| 0011                            | Instruction                                      | 4,370,563        | 4,660,563    |
| 0012                            | Instructional Resources and Media Services       | 72,208           | 72,208       |
| 0013                            | Curriculum and Instructional Staff Development   | 102,476          | 102,476      |
| 0023                            | School Leadership                                | 484,164          | 502,164      |
| 0031                            | Guidance Counseling and Evaluation Services      | 171,689          | 189,689      |
| 0033                            | Health Services                                  | 84,317           | 84,317       |
| 0034                            | Student (Pupil) Transportation                   | 203,367          | 431,032      |
| 0035                            | Food Services                                    | 38,700           | 66,700       |
| 0036                            | Cocurricular/Extracurricular Activities          | 736,586          | 826,586      |
| 0041                            | General Administration                           | 417,340          | 435,340      |
| 0051                            | Plant Maintenance and Operations                 | 941,893          | 1,090,893    |
| 0052                            | Security and Monitoring Services                 | 82,500           | 132,500      |
| 0053                            | Data Processing Services                         | 196,267          | 196,267      |
| 0061                            | Community Service                                | 212,709          | 287,709      |
| Debt Service:                   |                                                  |                  |              |
| 0071                            | Debt Service - Principal on long-term debt       | 90,000           | 98,000       |
| 0072                            | Interest on Long Term Debt                       | -                | -            |
| 0081                            | Capital Outlay                                   | 150,000          | 150,000      |
| Intergovernmental:              |                                                  |                  |              |
| 0093                            | Payments to Fiscal Agent/Member Districts of SSA | 230,000          | 290,000      |
| 0099                            | Other Intergovernment Charges                    | 250,000          | 250,000      |
| 6030                            | Total Expenditures                               | 8,834,779        | 9,866,444    |
| 1100                            | Excess (Deficiency) Revenues Over Expenditures   | (830,891)        | (1,862,556)  |
| OTHER FINANCING SOURCES (USES): |                                                  |                  |              |
| 7913                            | Proceeds from Capital Lease                      | -                | -            |
| 7915                            | Operating Transfers In                           | 1,000            | 1,000        |
| 8911                            | Operating Transfers Out                          | (1,000)          | (71,000)     |
|                                 | Total Other Financing Sources (Uses)             | -                | (70,000)     |
| 1200                            | Net Change in Fund Balances                      | (830,891)        | (1,932,556)  |
| 0100                            | Fund Balance - September 1 (Beginning)           | 5,373,575        | 5,373,575    |
| 1300                            | Prior Period Adjustment(s)                       | -                | -            |
| 3000                            | Fund Balance - August 31 (Ending)                | \$ 4,542,684     | \$ 3,441,019 |

The accompanying notes are an integral part of this statement.

| Actual Amounts<br>(GAAP Basis) | Variance With<br>Final Budget<br>Positive or (Negative) |
|--------------------------------|---------------------------------------------------------|
| \$ 5,810,172                   | \$ (190,746)                                            |
| 2,330,306                      | 352,336                                                 |
| -                              | (25,000)                                                |
| 8,140,478                      | 136,590                                                 |
| 4,566,981                      | 93,582                                                  |
| 59,375                         | 12,833                                                  |
| 82,345                         | 20,131                                                  |
| 495,352                        | 6,812                                                   |
| 185,235                        | 4,454                                                   |
| 78,317                         | 6,000                                                   |
| 415,460                        | 15,572                                                  |
| 49,494                         | 17,206                                                  |
| 812,232                        | 14,354                                                  |
| 427,492                        | 7,848                                                   |
| 1,061,933                      | 28,960                                                  |
| 77,020                         | 55,480                                                  |
| 194,335                        | 1,932                                                   |
| 269,289                        | 18,420                                                  |
| 53,739                         | 44,261                                                  |
| 34,426                         | (34,426)                                                |
| 106,018                        | 43,982                                                  |
| 286,290                        | 3,710                                                   |
| 234,168                        | 15,832                                                  |
| 9,489,501                      | 376,943                                                 |
| (1,349,023)                    | 513,533                                                 |
| 139,530                        | 139,530                                                 |
| -                              | (1,000)                                                 |
| (64,874)                       | 6,126                                                   |
| 74,656                         | 144,656                                                 |
| (1,274,367)                    | 658,189                                                 |
| 5,373,575                      | -                                                       |
| -                              | -                                                       |
| \$ 4,099,208                   | \$ 658,189                                              |

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

|                                                                                                                          | FY 2025             | FY 2024             | FY 2023             | FY 2022             | FY 2021             | FY 2020             | FY 2019             | FY 2018             | FY 2017             | FY 2016             |
|--------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                                                                                                                          | Plan Year 2024      | Plan Year 2023      | Plan Year 2022      | Plan Year 2021      | Plan Year 2020      | Plan Year 2019      | Plan Year 2018      | Plan Year 2017      | Plan Year 2016      | Plan Year 2015      |
| Districts Proportion of the<br>Net Pension Liability (Asset)                                                             | 0.000033671165      | 0.000034104738      | 0.000034682475      | 0.0030741294%       | 0.0027909898%       | 0.0030743798%       | 0.0028959135%       | 0.0031053423%       | .00281438075%       | 0.0030904000%       |
| Districts Proportionate Share of the<br>Net Pension Liability (Asset)                                                    | \$ 2,056,775        | \$ 2,342,666        | \$ 2,059,009        | \$ 782,872          | \$ 1,494,797        | \$ 1,598,159        | \$ 1,593,981        | \$ 992,921          | \$ 1,063,513        | \$ 1,092,415        |
| State's Proportionate Share of the<br>Net Pension Liability (Asset)<br>associated with the District                      | 3,365,708           | 3,808,259           | 3,591,822           | 1,606,108           | 3,545,339           | 3,196,276           | 3,387,437           | 2,038,944           | 2,563,782           | 2,426,742           |
| Total                                                                                                                    | <u>\$ 5,422,483</u> | <u>\$ 6,150,925</u> | <u>\$ 5,650,831</u> | <u>\$ 2,388,980</u> | <u>\$ 5,040,136</u> | <u>\$ 4,794,435</u> | <u>\$ 4,981,418</u> | <u>\$ 3,031,865</u> | <u>\$ 3,627,295</u> | <u>\$ 3,519,157</u> |
| District's Covered-Employee Payroll                                                                                      | \$ 5,333,549        | \$ 5,114,670.36     | \$ 4,901,141        | \$ 5,027,192        | \$ 4,382,146        | \$ 4,009,415        | \$ 3,822,427        | \$ 3,031,865        | \$ 3,627,295        | \$ 3,519,157        |
| District's Proportionate Share of the<br>Net Pension Liability (Asset)<br>as a percentage of covered<br>Employee Payroll | 38.56%              | 45.80%              | 42.01%              | 15.57%              | 34.11%              | 39.86%              | 41.70%              | 32.75%              | 29.32%              | 31.04%              |
| Plan Fiduciary Net Position as a Percentage<br>of the Total Pension Liability                                            | 77.51%              | 73.15%              | 75.62%              | 88.79%              | 75.54%              | 75.24%              | 73.74%              | 82.17%              | 78.00%              | 78.43%              |

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

|                                                                        | 2025         | 2024         | 2023         | 2022         | 2021         | 2020         | 2019         | 2018         | 2017         | 2016         |
|------------------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Contractually Required Contribution                                    | \$ 234,561   | \$ 43,225    | \$ 175,215   | \$ 161,760   | \$ 132,412   | \$ 115,442   | \$ 106,029   | \$ 98,730    | \$ 90,912    | \$ 89,420    |
| Contribution in Relation to the<br>Contractually Required Contribution | (234,561)    | (43,225)     | (175,215)    | (161,760)    | (132,412)    | (115,442)    | (106,029)    | (98,730)     | (90,912)     | (89,420)     |
| Contribution Deficiency (Excess)                                       | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  |
| District's Covered-Employee Payroll                                    | \$ 5,333,549 | \$ 5,114,670 | \$ 4,901,141 | \$ 5,027,192 | \$ 4,426,010 | \$ 4,382,146 | \$ 4,009,415 | \$ 3,822,427 | \$ 3,031,865 | \$ 3,627,295 |
| Contributions as a percentage of<br>covered-Employee Payroll           | 4.40%        | 3.57%        | 3.57%        | 3.22%        | 2.99%        | 2.63%        | 2.64%        | 2.58%        | 3.00%        | 2.47%        |

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

|                                                                                                                    | FY 2025<br>Plan Year 2024 | FY 2024<br>Plan Year 2023 | FY 2023<br>Plan Year 2022 | FY 2022<br>Plan Year 2021 | FY 2021<br>Plan Year 2020 | FY 2020<br>Plan Year 2019 | FY 2019<br>Plan Year 2018 | FY 2018<br>Plan Year 2017 |
|--------------------------------------------------------------------------------------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Districts Proportion of the Net OPEB Liability (Asset)                                                             | 0.0049599949%             | 0.0050460259%             | 0.0054611921%             | 0.0051786477%             | 0.0048827090%             | 0.0048256842%             | 0.0046222618%             | 0.0058230304%             |
| Districts Proportionate Share of the Net OPEB Liability (Asset)                                                    | \$ 1,505,434              | \$ 1,117,105              | \$ 1,307,628              | \$ 1,997,636              | \$ 1,856,138              | \$ 2,282,126              | \$ 2,307,938              | \$ 2,532,217              |
| State's Proportionate Share of the Net OPEB Liability (Asset)<br>associated with the District                      | 1,886,289                 | 1,347,958                 | 1,595,101                 | 2,676,387                 | 2,494,205                 | 3,032,434                 | 3,177,367                 | 2,883,387                 |
| Total                                                                                                              | <u>\$ 3,391,723</u>       | <u>\$ 2,465,063</u>       | <u>\$ 2,902,729</u>       | <u>\$ 4,674,023</u>       | <u>\$ 4,350,343</u>       | <u>\$ 5,314,560</u>       | <u>\$ 5,485,305</u>       | <u>\$ 5,415,604</u>       |
| District's Covered-Employee Payroll                                                                                | \$ 5,333,549              | \$ 5,114,670              | \$ 4,901,141              | \$ 5,027,192              | \$ 4,382,146              | \$ 4,009,415              | \$ 3,822,427              | \$ 3,671,634              |
| District's Proportionate Share of the Net Pension Liability (Asset)<br>as a percentage of covered-Employee Payroll | 28.23%                    | 21.84%                    | 26.68%                    | 39.74%                    | 42.36%                    | 56.92%                    | 60.38%                    | 68.97%                    |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability                                         | 13.70%                    | 14.94%                    | 11.52%                    | 6.18%                     | 4.99%                     | 2.66%                     | 1.57%                     | 0.91%                     |

JUNCTION INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S OPEB CONTRIBUTIONS  
TEACHER RETIREMENT SYSTEM  
FOR THE YEAR ENDED AUGUST 31, 2025

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|                                                                     | <u>2025</u>  | <u>2024</u>  | <u>2023</u>  | <u>2022</u>  | <u>2021</u>  | <u>2020</u>  | <u>2019</u>  | <u>2018</u>  |
|---------------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Contractually Required Contribution                                 | \$ 52,573    | \$ 38,361    | \$ 43,765    | \$ 40,555    | \$ 40,557    | \$ 37,134    | \$ 33,928    | \$ 32,191    |
| Contribution in Relation to the Contractually Required Contribution | (52,573)     | (38,361)     | (43,765)     | (40,555)     | (40,557)     | (37,134)     | (33,928)     | (32,191)     |
| Contribution Deficiency (Excess)                                    | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  |
| District's Covered-Employee Payroll                                 | \$ 5,333,549 | \$ 5,114,670 | \$ 4,901,141 | \$ 5,027,192 | \$ 4,426,010 | \$ 4,382,146 | \$ 4,009,415 | \$ 3,822,427 |
| Contributions as a percentage of covered-Employee Payroll           | 0.99%        | 0.75%        | 0.89%        | 0.81%        | 0.92%        | 0.85%        | 0.85%        | 0.84%        |

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

**A. Notes to Schedules for the TRS Pension**

**Changes in Benefits** - The Texas 2023 Legislature passed Senate Bill 10 (SB 10), which provided a stipend payment to certain retirees and variable ad hoc cost-of-living adjustments (COLA) to certain retirees in early fiscal year 2024. Due to its timing, the legislation and payments were not reflected in the August 31, 2023 actuarial valuation. Under the roll forward method, an adjustment was made to reflect the legislation in the rolled forward liabilities for the current measurement year, August 31, 2024. SB 10 and House joint Resolution 2 (HJR 2) of the 88th Regular Legislative Session appropriated payments of \$1,645 billion for one-time stipends and \$3,355 billion for COLAs. This appropriation is treated as a supplemental contribution and included in other additions. Since the Legislature appropriated funds for this one-time stipend and COLA, there was no impact on the Net Pension Liability of TRS.

**Changes in Assumptions** - There were no changes in assumptions.

**B. Notes to Schedules for the TRS OPEB Plan**

**Changes of Benefit** – There were no changes in benefit terms since the prior measurement date.

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

## REQUIRED TEA SCHEDULES

JUNCTION INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FISCAL YEAR ENDED AUGUST 31, 2025

| For Years Ended<br>August 31   | (1)         | (2)          | (3)                                                    | (10)                             |
|--------------------------------|-------------|--------------|--------------------------------------------------------|----------------------------------|
|                                | Tax Rates   |              | Assessed/Appraised<br>Value For School<br>Tax Purposes | Beginning<br>Balance<br>9/1/2024 |
|                                | Maintenance | Debt Service |                                                        |                                  |
| 2016 and prior years           | Various     | Various      | Various                                                | 28,288                           |
| 2017                           | 0.95330     | -            | 369,543,556                                            | 7,057                            |
| 2018                           | 0.99330     | -            | 359,259,040                                            | 6,163                            |
| 2019                           | 1.03330     | -            | 395,431,950                                            | 7,506                            |
| 2020                           | 0.97000     | -            | 404,961,949                                            | 9,382                            |
| 2021                           | 0.88920     | -            | 416,025,225                                            | 9,265                            |
| 2022                           | 0.87200     | -            | 522,233,197                                            | 26,232                           |
| 2023                           | 0.85460     | -            | 597,031,011                                            | 39,246                           |
| 2024                           | 0.85460     | -            | 597,742,680                                            | 101,960                          |
| 2025 (School year under audit) | 0.66920     | -            | 790,649,302                                            |                                  |
| 1000 TOTALS                    |             |              |                                                        | <u>235,100</u>                   |

8000 Total Taxes Refunded Under Section 26.1115, Tax Code

| (20)<br>Current<br>Year's<br>Total Levy | (31)<br>Maintenance<br>Total<br>Collections | (32)<br>Debt Service<br>Total<br>Collections | (40)<br>Entire<br>Year's<br>Adjustments | (50)<br>Ending<br>Balance<br>8/31/2025 | (99)<br>Taxes Refunded<br>Under Section<br>26.115c |
|-----------------------------------------|---------------------------------------------|----------------------------------------------|-----------------------------------------|----------------------------------------|----------------------------------------------------|
|                                         | 2,034                                       | -                                            | (3,604)                                 | 22,650                                 |                                                    |
|                                         | 543                                         | -                                            | (308)                                   | 6,206                                  |                                                    |
|                                         | 540                                         | -                                            | (321)                                   | 5,302                                  |                                                    |
|                                         | 1,378                                       | -                                            | (334)                                   | 5,795                                  |                                                    |
|                                         | 1,499                                       | -                                            | (380)                                   | 7,503                                  |                                                    |
|                                         | 1,997                                       | -                                            | (16)                                    | 7,253                                  |                                                    |
|                                         | 13,161                                      | -                                            | 142                                     | 13,213                                 |                                                    |
|                                         | 16,888                                      | -                                            | (2,671)                                 | 19,687                                 |                                                    |
|                                         | 61,056                                      | -                                            | (22,659)                                | 18,245                                 |                                                    |
| <u>5,291,025</u>                        | <u>5,184,526</u>                            | <u>-</u>                                     | <u>(8,903)</u>                          | <u>97,596</u>                          |                                                    |
| <u><u>5,291,025</u></u>                 | <u><u>5,283,621</u></u>                     | <u><u>-</u></u>                              | <u><u>(39,054)</u></u>                  | <u><u>203,449</u></u>                  |                                                    |
|                                         |                                             |                                              |                                         |                                        | <u><u>50,026</u></u>                               |

JUNCTION INDEPENDENT SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
CHILD NUTRITION PROGRAM  
YEAR ENDED AUGUST 31, 2025

| Data                            |                                                |                  |                 |
|---------------------------------|------------------------------------------------|------------------|-----------------|
| Control                         |                                                | Budgeted Amounts |                 |
| Codes                           |                                                | Original         | Final           |
| REVENUES:                       |                                                |                  |                 |
| 5700                            | Total Local and Intermediate Sources           | \$ 29,635        | \$ 29,635       |
| 5800                            | State Program Revenues                         | 15,500           | 15,500          |
| 5900                            | Federal Program Revenues                       | 369,283          | 299,283         |
| 5020                            | Total Revenue                                  | <u>414,418</u>   | <u>344,418</u>  |
| EXPENDITURES:                   |                                                |                  |                 |
| Current:                        |                                                |                  |                 |
| 0035                            | Food Services                                  | <u>415,418</u>   | <u>415,418</u>  |
| 6030                            | Total Expenditures                             | <u>415,418</u>   | <u>415,418</u>  |
| 1100                            | Excess (Deficiency) Revenues Over Expenditures | <u>(1,000)</u>   | <u>(71,000)</u> |
| OTHER FINANCING SOURCES (USES): |                                                |                  |                 |
| 7915                            | Operating Transfers In                         | 1,000            | 71,000          |
| 8911                            | Operating Transfers Out                        | -                | -               |
|                                 | Total Other Financing Sources (Uses)           | <u>1,000</u>     | <u>71,000</u>   |
| 1200                            | Net Change in Fund Balances                    | <u>-</u>         | <u>-</u>        |
| 0100                            | Fund Balance - September 1 (Beginning)         | 1,870            | 1,870           |
| 1300                            | Cumulative Effect - Change in Accounting       | -                | -               |
| 3000                            | Fund Balance - August 31 (Ending)              | <u>\$ 1,870</u>  | <u>\$ 1,870</u> |

The accompanying notes are an integral part of this statement.

| Actual Amounts<br>(GAAP Basis) |                 | Variance With<br>Final Budget<br>Positive or (Negative) |                 |
|--------------------------------|-----------------|---------------------------------------------------------|-----------------|
| \$                             | 37,879          | \$                                                      | 8,244           |
|                                | 18,742          |                                                         | 3,242           |
|                                | 274,584         |                                                         | (24,699)        |
|                                | <u>331,205</u>  |                                                         | <u>(13,213)</u> |
|                                |                 |                                                         |                 |
|                                | <u>395,079</u>  |                                                         | <u>20,339</u>   |
|                                | <u>395,079</u>  |                                                         | <u>20,339</u>   |
|                                |                 |                                                         |                 |
|                                | <u>(63,874)</u> |                                                         | <u>7,126</u>    |
|                                |                 |                                                         |                 |
|                                | 64,874          |                                                         | (6,126)         |
|                                | -               |                                                         | -               |
|                                | <u>64,874</u>   |                                                         | <u>(6,126)</u>  |
|                                |                 |                                                         |                 |
|                                | <u>1,000</u>    |                                                         | <u>1,000</u>    |
|                                |                 |                                                         |                 |
|                                | 1,870           |                                                         | -               |
|                                | -               |                                                         | -               |
|                                |                 |                                                         |                 |
| \$                             | <u>2,870</u>    | \$                                                      | <u>1,000</u>    |

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

Data  
Codes

**Section A: Compensatory Education Programs**

|      |                                                                                                                            |           |
|------|----------------------------------------------------------------------------------------------------------------------------|-----------|
| AP 1 | 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. | \$554,015 |
| AP4  | List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.        | \$855,134 |

**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.            | \$16,295 |
| AP8 | List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25,35) | \$36,575 |

OVERALL COMPLIANCE, INTERNAL CONTROLS  
AND FEDERAL AWARDS SECTION

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENTAL AUDITING STANDARDS**

Independent Auditor's Report

Board of Trustees  
Junction Independent School District  
1700 College St.  
Junction, TX 76849

Members of the Board:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Junction Independent School District, as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise Junction Independent School District's basic financial statements, and have issued our report thereon dated November 7, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Junction Independent School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Junction Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Junction Independent School 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 may exist that have not been identified.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Junction Independent School District's financial statements are free of 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 determination of financial statement amounts. 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 purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Ede & Company, LLC  
Certified Public Accountants  
Uvalde, Texas

November 7, 2025

## SCHOOLS FIRST QUESTIONNAIRE

JUNCTION INDEPENDENT SCHOOL DISTRICT

Fiscal Year 2025

|     |                                                                                                                                                                                                                                                                |     |
|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
| SF1 | Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?                                                                                                                                                         | Yes |
| SF2 | Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreements ?                                                                                                      | 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?                                                                           | Yes |
| SF4 | Was the school district issued a warrant hold? (Yes even if cleared within 30 days.)                                                                                                                                                                           | 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 in effect at the 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.                                                                                                                                                       | N/A |