

**PITTSBURG
INDEPENDENT SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED**

AUGUST 31, 2025

PITTSBURG INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2025

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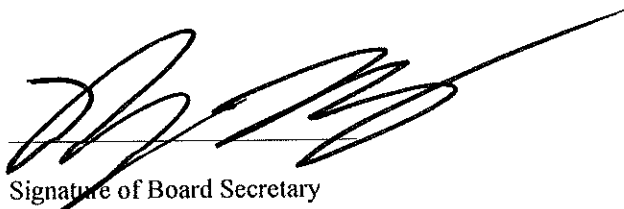
CERTIFICATE OF BOARD

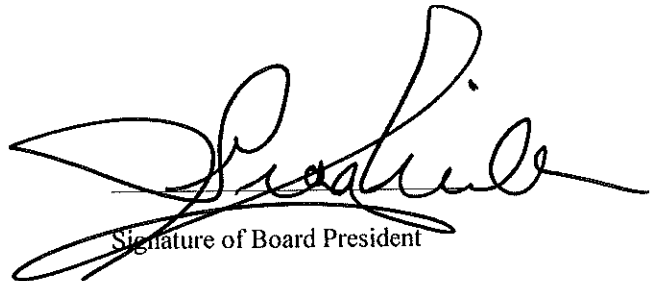
Pittsburg Independent School District
Name of School District

Camp
County

032-902
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 17th day of November, 2025.


Signature of Board Secretary


Signature of Board President

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



INDEPENDENT AUDITOR'S REPORT

Board of Trustees

Pittsburg Independent School District
Pittsburg, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pittsburg 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 District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Emphasis of Matter

As discussed in Note S to the financial statements, in fiscal year 2025, the Government implemented Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. The implementation resulted in a change in the accounting principle for compensated absences, including the recognition and measurement of sick leave liabilities. As a result, the beginning net position of the government-wide statements have been restated to reflect the cumulative effect of the accounting change. Our opinion is not modified with respect to this matter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule-general fund, and net pension liability and contributions to TRS and net OPEB liability and contributions to OPEB on pages 4-12, 21 and 53-60 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual non-major fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole. 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. The information is in Exhibits identified in the Table of Contents as J-1, J-2, J-3, J-4 and L-1. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

Arnold, Walker, Arnold & Co., P.C.

Arnold, Walker, Arnold & Co., P.C.
October 9, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the PITTSBURG Independent School District we offer readers of the PITTSBURG Independent School District's financial statements this narrative overview and analysis of the financial activities of the PITTSBURG Independent School District for the year ended August 31, 2025. The information presented here should be read in conjunction with the District's financial statements.

FINANCIAL HIGHLIGHTS

The District's total combined net position was \$33.3 million at August 31, 2025. During the year, the District's total revenues exceeded expenses by \$6.9 million as compared to \$5.9 million the prior year. Total expenses of the District were \$36 million for the year. Revenues were \$43 million, an increase of \$4.5 million. The increase includes \$1.8 million of insurance recovery related to fire damage to District buildings. Property tax revenue increased \$4.1 million because of an increase in the tax rate and taxable value. The debt service tax rate was increased because of the new debt. State Aid revenue decreased \$353 thousand because of a decrease in enrollment. Expenses increased \$3.5 million mainly because of an increase in renovations costs related to fire damage to the administration and transportation warehouse building. Net pension and OPEB liabilities decreased \$1.2 million as compared to the prior year which decreased \$954 thousand.

The District issued new bonds of \$91.7 million this year to construct and renovate facilities at the Jr. High and High School campuses. These projects are underway and construction in progress is about \$12.3 million at year end.

Under accounting standards as per GASB 68, the District's portion of the net pension liability has been recorded on the government-wide statements. The District's portion of this liability and the related deferred outflow and inflow as of August 31, 2025 is a net liability of \$5.8 million which is an increase of \$202 thousand from the prior year.

Under accounting standards as per GASB 75, the District's portion of the net OPEB liability for TRS Care has been recorded in the government-wide statements. The District's portion of this liability and the related deferred outflow and inflow as of August 31, 2025 is a net liability of \$10.7 million which is a decrease of \$1.4 million from the prior year.

The District reported unassigned fund balance in the general fund of \$11.1 million at August 31, 2025, which is a decrease of approximately \$2.4 million. At the beginning of the year, the District had insurance recovery funds of \$2.74 million that was expended in the current year to complete renovations to the administration and transportation building. Total revenue in the general fund was down \$2 million. Local revenue was down mainly due to a decrease in insurance recovery related to a fire at the administration and transportation building. Renovation of this building is complete. Expenditures of the general fund increased \$6 million. \$4.5 million of the increase is related to repairs and renovations from the damage. Instructional costs were up \$418 thousand due to increased payroll costs. State revenue was down \$410 thousand because of decreased enrollment.

Approximately \$19 million of new fixed assets were added this year as construction is underway on the Jr. High and High School project. \$4 million was paid on debt principal.

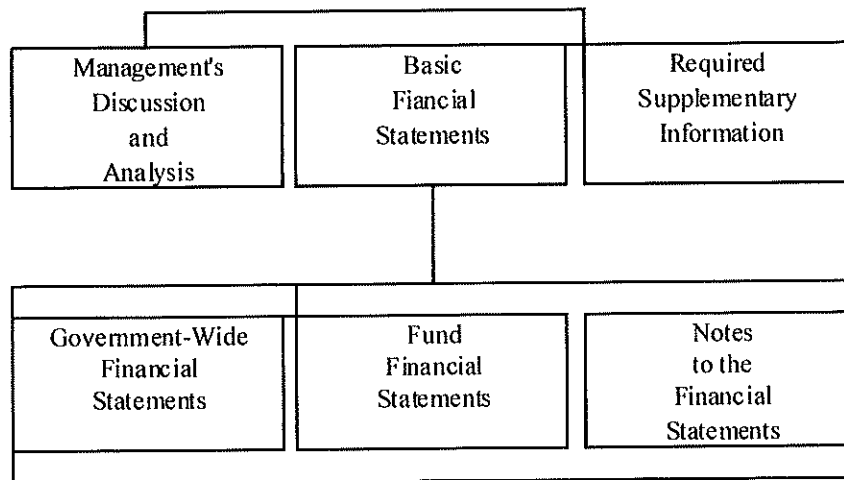
Approximately 97% of the taxes levied for 2024-2025 were collected by fiscal year end.

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 *custodian* for the benefit of others, to whom the resources in question belong.

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



Summary ⇐⇒ Detail

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-2 summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-2. Major Features of the District's Government-wide Fund Financial Statements

<i>Type of Statements</i>	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
<i>Scope</i>	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the district that are not proprietary or fiduciary	Activities the district operates similar to private businesses: self insurance	Instances in which the district is the trustee or agent for someone else's resources
<i>Required financial statements</i>	*Statement of net position	*Balance sheet	*Statement of net position	*Statement of fiduciary net position
	*Statement of activities	*Statement of revenues, Expenditures & changes in fund balances	*Statement of revenues, expenses and changes in fund net position	*Statement of changes in fiduciary net position
			*Statement of cash flows	
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of asset-liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	all assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon after	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

(A) The District has no proprietary funds.

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, consideration should be given to additional non-financial 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 two 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 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, additional information is provided that explains the relationship (or differences) between them.
- *Custodial funds*-The District is the trustee, or *custodian*, 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 custodial activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These activities are excluded 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 approximately \$33.3 million at August 31, 2025.

Table A-1
The District's Net Position
(in thousands of dollars)

	Governmental Activities	
	2025	2024
Current and other assets	101,617	20,659
Capital and non-current assets	56,306	39,043
TOTAL ASSETS	157,923	59,702
Deferred resource outflow related to TRS	1,872	3,384
Deferred resource outflow related to TRS OPEB	2,137	1,036
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,009	4,420
Long-term liabilities	119,976	26,086
Other liabilities	1,469	1,211
TOTAL LIABILITIES	121,445	27,297
Unavailable revenue-property taxes	-	250
Deferred resource inflow related to TRS	363	720
Deferred resource inflow related to TRS OPEB	6,784	8,681
TOTAL DEFERRED INFLOWS OF RESOURCES	7,147	9,651
Net position		
Invested in capital assets		
net of related debt	(48,063)	25,703
Restricted	87,981	7,678
Unrestricted	(6,578)	(6,207)
TOTAL NET POSITION	33,340	27,174

Net investment in capital assets reflects the book value of the District's capital assets in excess of the debt which financed those assets. This is negative presently because of unspent bond proceeds. Recording the OPEB liability, and the pension liability and deferred outflows and inflows related to them decreases unrestricted net position by \$10.7 million and \$5.8 million respectively.

The \$88 million is restricted as follows:

Restricted for federal & state programs	642
Restricted for debt service	2,941
Restricted for capital projects	84,398
	<u>87,981</u>

Net position of the District's governmental activities increased \$6.9 million. The increase was the result of several factors. First, the increase of governmental fund balances was \$81 million with the issuance of \$91.6 million of bonds with a premium of \$3.2 million. Second, the District paid \$4 million principal on long-term debt and acquired capital assets through purchase or construction of approximately \$18 million. Third, the District recorded depreciation of \$2 million. The net pension liability increased \$202 thousand. The net OPEB liability decreased \$1.4 million.

Changes in net position.

The District's total revenues were \$43 million.

The total cost of all programs was \$36 million.

Net position increased by \$6.9 million from the excess of revenues over expenses. Reasons for these differences are described on page 4.

Table A-2
The District's Changes in Net Position
(in thousands of dollars)

	Governmental Activities	
	2025	2024
Revenues		
<u>Program Revenues</u>		
Charges for Services	192	210
Operating Grants and Contributions	7,370	7,627
<u>General Revenues</u>		
Property Taxes	14,233	10,071
State aid - formula	14,964	15,317
Investment earnings	4,076	583
Insurance Recovery	1,780	4,115
Other	337	530
Total Revenues	<u>42,952</u>	<u>38,453</u>
Expenses		
Instruction and instructional related	17,121	17,325
Instructional leadership/school administration	2,460	2,305
Guidance, social work, health, transportation	2,268	2,263
Food services	1,986	1,822
Extracurricular activities	1,431	1,430
General Administration	1,436	1,278
Plant maintenance and security	3,826	4,954
Data processing services	466	505
Debt service	4,566	382
Other governmental charges	479	267
Total Expenses	<u>36,039</u>	<u>32,531</u>
Increase (Decrease) in Net Position	6,913	5,922
Beginning Net Position	27,174	21,252
Prior Period Adjustment	1,372	-
Restatement for Implimentation of GASB 101	(2,119)	-
Ending Net Position	<u>33,340</u>	<u>27,174</u>

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 \$36 million.
- However, the amount that taxpayers paid for these activities through property taxes was only \$14 million.
- Some of the cost was paid by those who directly benefited from the programs \$192 thousand, state aid of \$15 million, and operating grants of \$7.4 million.

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

	Total Cost of Services		Net Cost of Services	
	2025	2024	2025	2024
Instruction	17,121	17,325	13,940	13,237
School administration	2,460	2,305	2,026	1,871
Plant Maintenance & Operations	3,826	4,954	2,455	4,624
Debt Service-Interest & Fiscal Charges	4,566	382	4,566	382

Debt service costs are up because of principal and interest on the new debt issued this year.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District reported fund balance in its governmental funds of approximately \$99 million reflecting a net increase of \$80.6 million. The general fund balance decreased \$2.4 million to \$11.1 million mainly due to spending \$2.7 million of insurance proceeds carried over to this year.

The food service fund balance is now \$642 thousand, a decrease of \$237 thousand because of the purchase of cafeteria equipment. The debt service fund decreased \$912 thousand because of increased debt debt payments.

The capital projects fund were created this year to account for construction funded by bonded debt. Approximately \$84 million remains to be expended.

General Fund Budgetary Highlights

Several budget amendments were made during the year. With these amendments, actual expenditures were less than budgeted by approximately \$288 thousand. Most of the variance is in function 51 where costs were less than budgeted. Actual revenues were more than budget by \$572 thousand. Fund balance decreased \$2.4 million mainly because of \$2.7 million of insurance recovery funds received the previous year that were expended this year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

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

	Governmental Activities	
	2025	2024
Land	511	511
Buildings and improvements	61,556	55,743
Furniture and equipment	9,005	8,684
Construction in progress	12,333	-
Totals at historical cost	83,405	64,938
Total accumulated depreciation	(27,099)	(25,895)
Net capital assets	56,306	39,043

The District completed the renovation of its administration building which had been heavily damaged by a fire. Construction and renovation has begun on the Jr. High and High School campuses.

Long-Term Debt

Table A-5
District's Long-Term Debt
(in thousands of dollars)

	Governmental	
	2025	2024
Bonds payable	104,415	13,341
Notes payable	-	-
Total bonds and notes payable	104,415	13,341

Principal payments of \$4 million were made this year. The District issued the Series 2024 Unlimited Tax School Buildings Bonds for Junior High and High School construction and renovation. \$67.145 million was received in September, 2024.

The District also issued the Series 2025 Unlimited Tax School Building Bonds also for Junior High and High School construction and renovation. \$22.545 million was received in July 2025.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The district's elected and appointed officials considered many factors when setting the fiscal year 2026 budget and tax rates. Most of these factors are based on State funding implications and Tax Rate Compression limits. Camp County, Texas's estimated 2025 population is 13,288 based on a 0.9% growth rate in the past year according to the most recent United States census data. Camp County, Texas is the 148th largest county in Texas. The 2010 population was 12,396 and has seen a growth of 7.12% since that time with a median age of 39 and a median household income of \$53,968.

Camp County, TX borders Upshur County, Wood County, Franklin County, Morris County and Titus County. The enrollment of students at the district was 2,166 on the first day of school for the 2025-26 school year and 2,223 on the first day of school for the 2024-25 school year, which gives a decrease of students for the 2025-26 school year as of August 2025. As of September 2025, enrollment was 2,238 which indicates an increasing enrollment. The student attendance fluctuates monthly but overall has greatly improved in the last two years. The board of trustees monitors the enrollment on a monthly basis.

The tax rate for the 2024-25 school year was set by the board of trustees at \$0.6669 for maintenance operations plus \$0.45 for debt service resulting in a total tax rate of \$1.1169 per \$100 of valuation, which increased, from the previous year due to voter approved bonds in May 2024. The total taxable value as reported by the Camp Central Appraisal District increased by \$10.30mm giving a total taxable value of \$1,336,135,144. The total appraised value of all property increased by \$123.22mm giving a total appraised value of \$2,680,286,332. The average taxable values of residences decreased from to \$99,203 to \$87,214. There will be a \$134 decrease in taxes due on an average residence compared to the previous year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the PITTSBURG Independent School District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the District's Central Business Office.

BASIC FINANCIAL STATEMENTS

GOVERNMENT WIDE STATEMENTS

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

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 21,603,648
1120 Current Investments	77,600,422
1210 Property Taxes - Current	1,904,341
1230 Allowance for Uncollectible Taxes	(952,171)
1240 Due from Other Governments	1,428,792
1260 Due from Other Funds	32,000
Capital Assets:	
1510 Land	510,557
1520 Buildings, Net	40,479,319
1530 Furniture and Equipment, Net	2,982,978
1580 Construction in Progress	12,332,762
1000 Total Assets	157,922,648
DEFERRED OUTFLOWS OF RESOURCES	
1705 Deferred Outflow Related to TRS Pension	1,872,383
1706 Deferred Outflow Related to TRS OPEB	2,136,438
1700 Total Deferred Outflows of Resources	4,008,821
LIABILITIES	
2110 Accounts Payable	382,075
2160 Accrued Wages Payable	1,060,779
2200 Accrued Expenses	22,117
2300 Unearned Revenue	3,783
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	2,119,082
Due in More than One Year:	
2502 Bonds, Notes, Loans, Leases, etc.	102,531,334
2505 Compensated Absences	1,956,793
2540 Net Pension Liability (District's Share)	7,330,031
2545 Net OPEB Liability (District's Share)	6,038,545
2000 Total Liabilities	121,444,539
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	362,950
2606 Deferred Inflow Related to TRS OPEB	6,784,133
2600 Total Deferred Inflows of Resources	7,147,083
NET POSITION	
3200 Net Investment in Capital Assets and Right-to-Use Lease Assets	(48,063,116)
Restricted:	
3820 Restricted for Federal and State Programs	641,576
3850 Restricted for Debt Service	2,940,775
3860 Restricted for Capital Projects	84,398,868
3900 Unrestricted	(6,578,256)
3000 Total Net Position	\$ 33,339,847

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

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

FOR THE YEAR ENDED AUGUST 31, 2025					Net (Expense) Revenue and Changes in Net Position
Data	Program Revenues				
Control	1	3	4	6	
Codes		Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities	
	Expenses				
Primary Government:					
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 16,699,669	\$ -	\$ 3,155,730	\$ (13,543,939)
12	Instructional Resources and Media Services	329,282	-	25,203	(304,079)
13	Curriculum and Instructional Staff Development	92,392	-	-	(92,392)
21	Instructional Leadership	174,253	-	70,541	(103,712)
23	School Leadership	2,292,070	-	369,916	(1,922,154)
31	Guidance, Counseling, and Evaluation Services	479,216	-	194,046	(285,170)
32	Social Work Services	741	-	-	(741)
33	Health Services	339,393	-	50,406	(288,987)
34	Student (Pupil) Transportation	1,441,129	-	100,813	(1,340,316)
35	Food Services	1,985,562	84,691	1,817,734	(83,137)
36	Extracurricular Activities	1,431,490	93,720	75,609	(1,262,161)
41	General Administration	1,436,468	-	100,813	(1,335,655)
51	Facilities Maintenance and Operations	3,181,921	13,167	226,828	(2,941,926)
52	Security and Monitoring Services	645,155	-	1,132,030	486,875
53	Data Processing Services	465,504	-	50,406	(415,098)
72	Debt Service - Interest on Long-Term Debt	3,439,470	-	-	(3,439,470)
73	Debt Service - Bond Issuance Cost and Fees	1,126,111	-	-	(1,126,111)
81	Capital Outlay	154,403	-	-	(154,403)
99	Other Intergovernmental Charges	325,440	-	-	(325,440)
[TP] TOTAL PRIMARY GOVERNMENT:		\$ 36,039,669	\$ 191,578	\$ 7,370,075	(28,478,016)

Data Control Codes	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	8,511,930
DT	Property Taxes, Levied for Debt Service	5,720,678
SF	State Aid - Formula Grants	14,964,633
GC	Insurance Recovery	1,780,615
IE	Investment Earnings	4,076,984
MI	Miscellaneous Local and Intermediate Revenue	336,669
TR	Total General Revenues	35,391,509
CN	Change in Net Position	6,913,493
NB	Net Position - Beginning as Previously Reported	27,174,336
PA	Adjustments and Restatement	(747,982)
	Net Position - Beginning as Restated and Adjusted	26,426,354
NE	Net Position - Ending	\$ 33,339,847

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

GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

Data Control Codes	10 General Fund	50 Debt Service Fund	60 2024 Bond A Clearing
ASSETS			
1110 Cash and Cash Equivalents	\$ 10,962,173	\$ 2,940,775	\$ 2,501,790
1120 Investments - Current	-	-	-
1210 Property Taxes - Current	1,142,605	761,736	-
1230 Allowance for Uncollectible Taxes	(571,303)	(380,868)	-
1240 Due from Other Governments	1,304,191	-	-
1260 Due from Other Funds	32,000	-	-
1000 Total Assets	<u>\$ 12,869,666</u>	<u>\$ 3,321,643</u>	<u>\$ 2,501,790</u>
LIABILITIES			
2110 Accounts Payable	\$ 47,290	\$ -	\$ 287,268
2160 Accrued Wages Payable	1,060,779	-	-
2200 Accrued Expenditures	22,362	-	-
2300 Unearned Revenue	-	-	-
2000 Total Liabilities	<u>1,130,431</u>	<u>-</u>	<u>287,268</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	571,302	380,868	-
2600 Total Deferred Inflows of Resources	<u>571,302</u>	<u>380,868</u>	<u>-</u>
FUND BALANCES			
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	2,214,522
3480 Retirement of Long-Term Debt	-	2,940,775	-
Committed Fund Balance:			
3510 Construction	315,527	-	-
3540 Self Insurance	2,589	-	-
3600 Unassigned Fund Balance	10,849,817	-	-
3000 Total Fund Balances	<u>11,167,933</u>	<u>2,940,775</u>	<u>2,214,522</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 12,869,666</u>	<u>\$ 3,321,643</u>	<u>\$ 2,501,790</u>

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

60 Texpool 2024 Bond A	60 Texpool 2024 Bond B	Other Funds	Total Governmental Funds
\$ -	\$ -	\$ 5,198,910	\$ 21,603,648
65,425,583	12,174,839	-	77,600,422
-	-	-	1,904,341
-	-	-	(952,171)
-	-	124,601	1,428,792
-	-	-	32,000
<u>\$ 65,425,583</u>	<u>\$ 12,174,839</u>	<u>\$ 5,323,511</u>	<u>\$ 101,617,032</u>
\$ -	\$ -	\$ 47,517	\$ 382,075
-	-	-	1,060,779
-	-	(245)	22,117
-	-	3,783	3,783
-	-	51,055	1,468,754
-	-	-	952,170
-	-	-	952,170
-	-	641,576	641,576
65,425,583	12,174,839	4,583,924	84,398,868
-	-	-	2,940,775
-	-	-	315,527
-	-	-	2,589
-	-	46,956	10,896,773
<u>65,425,583</u>	<u>12,174,839</u>	<u>5,272,456</u>	<u>99,196,108</u>
<u>\$ 65,425,583</u>	<u>\$ 12,174,839</u>	<u>\$ 5,323,511</u>	<u>\$ 101,617,032</u>

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

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$ 99,196,108
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 \$64,938,723 and the accumulated depreciation was (\$25,895,405). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position. Note: Beginning Balances related to TRS are NOT included in this amount.	25,702,757
2 Current year capital outlays and long-term debt principal payments 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 including the 2025 capital outlays and debt principal payments is to increase net position.	23,303,849
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 \$3,383,817, a Deferred Resource Inflow in the amount of \$720,154 and a net pension liability in the amount of \$8,281,942. The impact of this on Net Position is (\$5,618,279). Changes in the plan reported by TRS plan resulted in a decrease in net position in the amount of \$(202,319). 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 (\$5,820,598) .	(5,820,598)
4 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 75. At the beginning of the year, the net position related to the OPEB was a Deferred Resource Outflow in the amount of \$1,036,419, a Deferred Resource Inflow in the amount of \$8,681,014 and a net OPEB liability in the amount of \$4,463,748. The impact of this on Net Position is (\$12,108,343). Changes in the OPEB reported by TRS for this measurement period resulted in an increase in net position in the amount of \$1,422,103. 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 (\$10,686,240) .	(10,686,240)
5 Restatement for implementation of GASB 101 compensated absences of \$2,119,493 at the beginning of the year plus adjustment for current year of \$118,984.	(2,238,477)
6 The 2025 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(2,026,551)
7 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 property taxes as revenue, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.	(94,091,001)
29 Net Position of Governmental Activities	\$ 33,339,847

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

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

Data Control Codes	10 General Fund	50 Debt Service Fund	60 2024 Bond A Clearing
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 11,112,472	\$ 6,187,672	\$ 47,571
5800 State Program Revenues	16,129,182	237,374	-
5900 Federal Program Revenues	-	-	-
5020 Total Revenues	27,241,654	6,425,046	47,571
EXPENDITURES:			
Current:			
0011 Instruction	13,998,910	-	-
0012 Instructional Resources and Media Services	267,186	-	-
0013 Curriculum and Instructional Staff Development	104,589	-	-
0021 Instructional Leadership	115,909	-	-
0023 School Leadership	2,175,138	-	-
0031 Guidance, Counseling, and Evaluation Services	350,017	-	-
0032 Social Work Services	741	-	-
0033 Health Services	329,439	-	-
0034 Student (Pupil) Transportation	1,939,337	-	-
0035 Food Services	58,408	-	-
0036 Extracurricular Activities	1,229,854	-	-
0041 General Administration	1,457,029	-	-
0051 Facilities Maintenance and Operations	5,870,969	-	-
0052 Security and Monitoring Services	455,546	-	-
0053 Data Processing Services	471,420	-	-
Debt Service:			
0071 Principal on Long-Term Liabilities	-	4,015,000	-
0072 Interest on Long-Term Liabilities	-	3,320,410	-
0073 Bond Issuance Cost and Fees	-	2,000	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	3,061,574	-	7,833,049
Intergovernmental:			
0099 Other Intergovernmental Charges	325,440	-	-
6030 Total Expenditures	32,211,506	7,337,410	7,833,049
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,969,852)	(912,364)	(7,785,478)
OTHER FINANCING SOURCES (USES):			
7911 Capital Related Debt Issued	-	-	-
7915 Transfers In	2,539,171	-	10,000,000
7916 Premium or Discount on Issuance of Bonds	-	-	-
8911 Transfers Out (Use)	-	-	-
7080 Total Other Financing Sources (Uses)	2,539,171	-	10,000,000
1200 Net Change in Fund Balances	(2,430,681)	(912,364)	2,214,522
0100 Fund Balance - September 1 (Beginning)	13,598,614	3,853,139	-
3000 Fund Balance - August 31 (Ending)	\$ 11,167,933	\$ 2,940,775	\$ 2,214,522

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

60 Texpool 2024 Bond A	60 Texpool 2024 Bond B	Other Funds	Total Governmental Funds
\$ 2,303,216	\$ 536,377	\$ 154,694	\$ 20,342,002
-	-	1,213,308	17,579,864
-	-	3,636,453	3,636,453
2,303,216	536,377	5,004,455	41,558,319
-	-	1,644,904	15,643,814
-	-	-	267,186
-	-	-	104,589
-	-	70,541	186,450
-	-	92,682	2,267,820
-	-	143,640	493,657
-	-	-	741
-	-	-	329,439
-	-	-	1,939,337
-	-	2,165,207	2,223,615
-	-	-	1,229,854
-	-	-	1,457,029
-	-	-	5,870,969
-	-	1,081,624	1,537,170
-	-	-	471,420
-	-	-	4,015,000
-	-	-	3,320,410
1,124,111	-	-	1,126,111
-	-	2,114,945	13,009,568
-	-	-	325,440
1,124,111	-	7,313,543	55,819,619
1,179,105	536,377	(2,309,088)	(14,261,300)
72,290,000	19,400,000	-	91,690,000
(10,000,000)	(6,500,000)	-	(3,960,829)
3,234,111	-	-	3,234,111
(1,277,633)	(1,261,538)	6,500,000	3,960,829
64,246,478	11,638,462	6,500,000	94,924,111
65,425,583	12,174,839	4,190,912	80,662,811
-	-	1,081,544	18,533,297
\$ 65,425,583	\$ 12,174,839	\$ 5,272,456	\$ 99,196,108

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

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ 80,662,811
Current year capital outlays and long-term debt principal payments 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.	21,932,338
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(2,026,551)
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 property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.	(94,755,905)
Current year changes due to GASB 68 resulted in a net effect on the change in the ending net position as a decrease in the amount of \$(202,319).	(202,319)
Current year changes due to GASB 75 resulted in a net effect on the change in the ending net position as an increase in the amount of \$1,422,103.	1,422,103
Current year change due to GASB 101 resulted in a decrease in net position of \$(118,984).	(118,984)
Change in Net Position of Governmental Activities	\$ 6,913,493

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

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 9,407,451	\$ 10,518,936	\$ 11,112,472	\$ 593,536
5800	State Program Revenues	16,030,290	16,030,290	16,129,182	98,893
5900	Federal Program Revenues	120,000	120,000	-	(120,000)
5020	Total Revenues	25,557,741	26,669,226	27,241,654	572,428
EXPENDITURES:					
Current:					
0011	Instruction	14,014,837	14,019,114	13,998,910	20,204
0012	Instructional Resources and Media Services	273,333	269,172	267,186	1,986
0013	Curriculum and Instructional Staff Development	105,177	105,178	104,589	589
0021	Instructional Leadership	120,015	120,015	115,909	4,106
0023	School Leadership	2,071,323	2,174,943	2,175,138	(195)
0031	Guidance, Counseling, and Evaluation Services	361,120	356,545	350,017	6,528
0032	Social Work Services	1,800	1,800	741	1,059
0033	Health Services	327,315	329,441	329,439	2
0034	Student (Pupil) Transportation	1,246,518	1,955,375	1,939,337	16,038
0035	Food Services	28,084	58,674	58,408	266
0036	Extracurricular Activities	1,234,191	1,231,222	1,229,854	1,368
0041	General Administration	1,245,103	1,507,487	1,457,029	50,458
0051	Facilities Maintenance and Operations	3,251,569	5,989,701	5,870,969	118,732
0052	Security and Monitoring Services	491,481	480,481	455,546	24,935
0053	Data Processing Services	490,868	488,298	471,420	16,878
Capital Outlay:					
0081	Facilities Acquisition and Construction	1	3,086,699	3,061,574	25,125
Intergovernmental:					
0099	Other Intergovernmental Charges	295,000	325,441	325,440	1
6030	Total Expenditures	25,557,735	32,499,586	32,211,506	288,080
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	6	(5,830,360)	(4,969,852)	860,508
OTHER FINANCING SOURCES (USES):					
7915	Transfers In	-	2,539,171	2,539,171	-
1200	Net Change in Fund Balances	6	(3,291,190)	(2,430,681)	860,509
0100	Fund Balance - September 1 (Beginning)	13,598,614	13,598,614	13,598,614	-
3000	Fund Balance - August 31 (Ending)	\$ 13,598,620	\$ 10,307,424	\$ 11,167,933	\$ 860,509

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

FIDUCIARY FUND FINANCIAL STATEMENTS

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

	Total Custodial Funds
ASSETS	
Cash and Cash Equivalents	\$ 357,668
Total Assets	<u>357,668</u>
LIABILITIES	
Due to Other Funds	<u>32,000</u>
Total Liabilities	<u>32,000</u>
NET POSITION	
Restricted for Other Purposes	<u>325,668</u>
Total Net Position	<u><u>\$ 325,668</u></u>

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

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

	Total Custodial Funds
ADDITIONS:	
Received from Student Groups	\$ 443,354
Earnings from Temporary Deposits	10,796
Contributions, Gifts and Donations	112,098
Total Additions	<u>566,248</u>
DEDUCTIONS:	
Supplies and Materials	486,278
Other Deductions	28,164
Total Deductions	<u>514,442</u>
Change in Fiduciary Net Position	51,806
Total Net Position - September 1 (Beginning)	<u>273,862</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 325,668</u></u>

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

PITTSBURG INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PITTSBURG 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 promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in *Statement on Auditing Standards No. 69* of the American Institute of Certified Public Accountants; 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.

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.

PITTSBURG INDEPENDENT SCHOOL DISTRICT applies Governmental 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. The District's investments are accounted for using the cost amortization method.

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."

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 PITTSBURG INDEPENDENT SCHOOL DISTRICT non-fiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other inter-governmental 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. Direct costs are those that are clearly identifiable with a specific function. Program revenues of the District include charges for services and operating grants and contributions. 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 froms 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 froms on the government-wide Statement of Activities.

The fund financial statements provide reports on the financial condition and results of operations for two fund categories - governmental 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, as do the proprietary fund and fiduciary fund financial statements. 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 un-matured 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, that is, when they are both measurable and available. The District considers them "available" if they will be collected within 60 days of the end of the fiscal year. 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 unearned 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.

D. FUND ACCOUNTING

The District's accounts are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which are comprised of each fund's assets, liabilities, equity, revenues and expenditures.

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. **Debt Service Funds** -- The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.
3. **Capital Projects Fund** – The proceeds from long-term debt financing and revenue and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

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

Governmental Funds:

1. **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.
2. **Capital Projects Fund** – The proceeds from long-term debt financing and revenue and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

Fiduciary Funds:

1. **Custodial Fund** - The District accounts for resources held for others in a custodial capacity in custodial funds. These funds are used to account for assets held by the District as an agent for student and other organizations. These funds were previously reported in an agency fund. This change resulted in reporting the detail of additions to and deductions from custodial funds causing a change in the fund net position whereas these details were not reported for agency funds. This change is a result of the implementation of GASB 84. The District's Custodial Fund is made up of student group funds.

E. OTHER ACCOUNTING POLICIES

1. 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.
2. Capital assets, which include land, buildings, furniture and equipment is reported in the applicable governmental activities column 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 and the component units are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building Improvements	20-50
Vehicles	10
Office Equipment	10
Computer Equipment	5

3. Some cash and investments are restricted for future debt payments.
4. In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Commitments of fund balance represent tentative management plans that are subject to change.
5. When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.
6. 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 insure accuracy in building a Statewide data base for policy development and funding plans.
7. School Districts are required to report all expenses by function, except certain indirect expenses. General administration and data processing service functions (data control codes 41 and 53, respectively) include expenses that are indirect expenses of other functions. These indirect expenses are not allocated to other functions.
8. Investments are carried at fair value.
9. Fund balance measures the net financial resources available to finance expenditures of future periods.

The District's Unassigned General Fund Balance will be maintained to provide the District with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The Unassigned General Fund balance may only be appropriated by resolution of the Board of Trustees.

Fund balance of the District may be committed for a specific source by formal action of the Pittsburg ISD Board of Trustees. Amendments or modifications of the committed fund balance must also be approved by formal action of the Pittsburg ISD Board of Trustees.

When it is appropriate for fund balance to be assigned, the Board delegates authority to the Superintendent.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

10. The District implemented GASB 101 for Uncompensated Absences payable for unused personal time off days. The balance owed at September 1, 2024 is recorded as a restatement of beginning net position on the government wide statement of activities. The adjustment necessary to arrive at the balance at August 31, 2025 is expensed during the current year on the statement of activities.

11. **Deferred Outflows/Inflows of Resources**—The District implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and GASB Statement No. 65, Items Previously Reported as Assets and Liabilities for the year ended August 31, 2013. The District implemented GASB Statement No. 68 Accounting and Financial Reporting for Pensions for the year ended August 31, 2015. The District implemented GASB Statement No. 75 Accounting and Financial Reporting for Other Post-Employment Benefits for the year ended August 31, 2018. In addition to assets, the statement of net 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 a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three types of items that qualify for reporting in this category, deferred charge for refunding bonded indebtedness and deferred outflows related to TRS as per GASB 68 related to pension accounting, and related to TRS OPEB related to TRS Care. These will be recognized as an outflow of resources in the subsequent years as they are amortized.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has three types of items that qualify for reporting in this category, property taxes and deferred inflows related to TRS, and related to TRS Care. These amounts will be recognized as an inflow of resources in the subsequent years as collected.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the beginning of the year were as follows:

<u>Capital Assets at the Beginning of the year</u>	<u>Historic Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Value at the Beginning of the Year</u>	<u>Change in Net Position</u>
District				
Land	510,557	-	510,557	
Buildings & Improvements	55,743,363	(20,271,244)	35,472,119	
Furniture & Equipment	8,684,803	(5,624,161)	3,060,642	
Construction in Progress	-	-	-	
Change in Net Position	64,938,723	(25,895,405)		<u>39,043,318</u>

<u>Long-term Liabilities</u> <u>at the Beginning of the year</u>	<u>Payable at the</u> <u>Beginning of the</u> <u>Year</u>	
District		
Bonds Payable	13,340,561	
Loans Payable	-	
	<u> </u>	<u>(13,340,561)</u>
Net Adjustment to Net Position		<u><u>25,702,757</u></u>

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

Exhibit C-4 provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net position balance and the change in net position. The details of this adjustment are as follows:

	<u>Amount</u>	<u>Adjustments to</u> <u>Changes in Net</u> <u>Position</u>	<u>Adjustments to</u> <u>Net Position</u>
<u>Current year Capital Outlay</u>			
Land	-	-	-
Buildings & Improvements	5,263,732	5,263,732	5,263,732
Furniture & Equipment	320,844	320,844	320,844
Construction in Progress	12,332,762	12,332,762	12,332,762
Total Capital Outlay	<u>17,917,338</u>	<u>17,917,338</u>	<u>17,917,338</u>
<u>Debt Principal Payments</u>			
Bond Principal	4,015,000	4,015,000	4,015,000
Loan Principal	-	-	-
Total Principal Payments	<u>4,015,000</u>	<u>4,015,000</u>	<u>4,015,000</u>
Total Adjustment to Net Position		<u><u>21,932,338</u></u>	<u><u>21,932,338</u></u>

Another element of the reconciliation on Exhibit C-4 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. The details for this element are as follows:

	Amount	Adjustments to Change in Net Position	Adjustments to Net Position
<u>Adjustments to Revenue and Deferred Revenue</u>			
Taxes Collected from Prior Year Levies	341,985	(341,985)	-
Uncollected taxes (assumed collectible) from Current Year Levy	580,414	580,414	580,414
Uncollected Taxes (assumed collectible) from Prior Year Levy	371,756	-	371,756
Effect of prior year tax entries	48,837	48,837	-
<u>Debt Activity</u>			
Debt issued this year	(91,690,000)	(91,690,000)	(91,690,000)
Premium on debt issued	(3,234,111)	(3,234,111)	(3,234,111)
Arbitrage liability	(241,458)	(241,458)	(241,458)
Premium amortization	122,398	122,398	122,398
Total		<u>(94,755,905)</u>	<u>(94,091,001)</u>

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Food Service Fund which is included in the Special Revenue Funds. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds if they are considered major funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit C-5 and the other two reports are in Exhibit J-2 and J-3.

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.

	August 31, 2025
	<u>Fund Balance</u>
Appropriated Budget Funds - Food Service Special Revenue Fund	641,576
Nonappropriated Budget Funds	<u>46,956</u>
All Special Revenue Funds	<u><u>688,532</u></u>

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

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 allowing foreign currency investments.

As of August 31, 2025, the following are the District's cash and cash equivalents with respective maturities and credit rating:

Type of Deposit	Fair Value	Percent	Maturity in Less than 1 year	Maturity in 1-10 Years	Maturity in Over 10 Years	Credit Rating
Cash, Money Markets and FDIC Insured Accounts	\$ 21,961,316	100.0%	\$ 21,961,316	-	-	N/A
Total Cash and Cash Equivalents	<u>\$ 21,961,316</u>	<u>100%</u>	<u>\$ 21,961,316</u>	<u>\$ -</u>	<u>\$ -</u>	

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

- Depository: Pilgrim Bank
- The market value of securities pledged as of the date of the highest combined balance on deposit was \$25,726,187.
- The highest combined balances of cash, savings, and time deposit accounts amounted to \$24,512,037 and occurred during the month of January, 2025.
- Total amount of FDIC coverage at the time of the highest combined balance was \$500,000.

Investments

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 and its agencies; (2) guaranteed or secured certificates of deposit issued by state and national banks domiciled in Texas; (3) obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality not less than an "A"; (4) No load money market funds with a weighted average maturity of 90 days or less; (5) fully collateralized repurchase agreements; (6) commercial paper having a stated maturity of 270 days or less from the date of issuance and is not rated less than A-1 or P-1 by two nationally recognized credit rating agencies OR one nationally recognized credit agency and is fully secured by an irrevocable letter of credit; (7) secured corporate bonds rated not lower than "AA-" or the equivalent; (8) public funds investment pools; and (9) guaranteed investment contracts for bond proceeds investment only, with a defined termination date and secured by U.S. Government direct or agency obligations approved by the Texas public Funds Investment Act in an amount equal to the bond proceeds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. PITTSBURG INDEPENDENT SCHOOL DISTRICT is in substantial compliance with the requirements of the Act and with local policies.

Additional policies and contractual provisions governing investments for PITTSBURG 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 in commercial paper, corporate bonds, mutual bond funds to the top ratings issued by nationally recognized statistical rating organizations (NRSROs). As of August 31, 2025, the district's investments in commercial paper were rated, AAAM by Standard & Poor's.

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. This includes securities in securities lending transactions. 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 limits investments to less than 5% of its total investments. The District further limits investments in a single issuer when they would cause investment risks to be significantly greater in the governmental and business-type activities, individual major funds, aggregate non-major funds and fiduciary fund types than they are in the primary government. Usually this limitation is 20%.

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

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 allowing foreign investments.

As of August 31, 2025, Pittsburg Independent School District had the following investments:

<u>Investment Type</u>	<u>Amortized Cost</u>
Texpool Investment Pool	<u>\$77,600,422</u>
Total Investment Pools	<u>\$77,600,422</u>
Total Investments	<u>\$77,600,422</u>

The Texpool Investment Pool is organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The Texas Comptroller of Public Accounts is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company ("Trust Company"), which is authorized to operate TexPool.

The Texpool Board is composed of participants and other knowledgeable individuals representing public schools, public junior colleges, cities, counties, and other local governments. The purpose of the Advisory Board is to gather and exchange information from participants and nonparticipants relating to the operation of Texpool Investment Pool. Texpool Investment Pool employs an independent third-party bank, State Street Bank, to perform custody and valuation services. Investment advisory services are provided by Federated Hermes. An independent auditor, Padgett Stratemann & Co. LLP, provides an annual audit of Texpool's financial statements.

PITTSBURG INDEPENDENT SCHOOL DISTRICT has no investments measured at the Net Asset Value (NAV) per Share.

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 and Debt Service Funds 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 consisted of the following individual fund balances:

Due to General Fund from:	
Trust and Agency Funds	<u>32,000</u>
	<u>32,000</u>

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at August 31, 2025, were as follows:

	Property Taxes	Other Governments	Due From Other Funds	Other	Total Receivables
Governmental Activities:					
General Fund	1,142,605	1,304,191	32,000	-	2,478,796
Major Debt Service Fund	761,736	-	-	-	761,736
Nonmajor Governmental Funds	-	124,601	-	-	124,601
Total - Governmental Activities	<u>1,904,341</u>	<u>1,428,792</u>	<u>32,000</u>	<u>-</u>	<u>3,365,133</u>
Amounts not scheduled for collection during the subsequent year	<u>952,171</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>952,171</u>

Payables at August 31, 2025, were as follows:

	Accounts	Loans, Leases, and Bonds Payable- Current Year	Salaries and Benefits	Due to Other Funds	Due to Other Governments	Total Payables
Governmental Activities:						
General Fund	47,290	-	1,083,141	-	-	1,130,431
Major Capital Projects	287,268	-	-	-	-	287,268
Nonmajor Gov. Funds	47,517	-	(245)	-	-	47,272
Total - Gov. Activities	<u>382,075</u>	<u>-</u>	<u>1,082,896</u>	<u>-</u>	<u>-</u>	<u>1,464,971</u>
Amounts not scheduled for payment during the subsequent year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

F. CAPITAL ASSET ACTIVITY

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

	Primary Government				Ending Balance
	Beginning Balance	Additions	Retirements	Adjustments	
Governmental Activities:					
District:					
Land	510,557	-	-	-	510,557
Buildings and Improvements	55,743,363	5,263,732	(822,136)	1,371,511	61,556,470
Construction in Progress	-	12,332,762	-	-	12,332,762
Furniture and Equipment	8,684,803	320,844	-	-	9,005,647
Totals at Historic Cost	64,938,723	17,917,338	(822,136)	1,371,511	83,405,436
Less Accumulated Depreciation for:					
Buildings and Improvements	(20,271,244)	(1,628,043)	822,136	-	(21,077,151)
Furniture and Equipment	(5,624,161)	(398,508)	-	-	(6,022,669)
Total Accumulated Depreciation	(25,895,405)	(2,026,551)	822,136	-	(27,099,820)
Governmental Activities Capital Assets, Net	39,043,318	15,890,787	-	1,371,511	56,305,616

Depreciation expense was charged to governmental functions as follows:

Instruction	1,064,973
Instructional Resources & Media Services	51,020
Student (Pupil) Transportation	244,323
Food Services	207,110
Cocurricular/ Extracurricular Activities	205,001
General Administration	234,111
Plant Maintenance and Operations	20,013
Total Depreciation Expense	2,026,551

The construction in progress is related to new construction and renovations at the Jr. High and High School Campuses. Approximately \$84 million remains to complete these projects. The District has construction contracts totalling \$82 million with Jackson Construction to do these projects.

G. BONDS PAYABLE

Bonded indebtedness of the District is reflected as a long-term liability. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund.

The Pittsburg Independent School District Unlimited Tax School Building Bonds, Series 2013 were issued in July, 2013 pursuant to Sections 45-001 and 45-003(b)(1), Texas Education Code, as amended. Proceeds from the sale of the bonds are being used to construct, renovate, and equip school buildings and to acquire sites, and to pay the cost of issuing the bonds. Interest ranges from 2.00% to 3.50%. Interest is repaid annually beginning in fiscal year 2015 and principal will begin being repaid in fiscal year 2019 and will continue until maturity in fiscal year 2031.

The Pittsburg Independent School District Unlimited Tax School Building Bonds, Series 2016 were issued in August, 2016 pursuant to Sections 45-001 and 45-003(b)(1), Texas Education Code, as amended. Proceeds from the sale of the bonds are being used to construct, renovate, and equip school buildings and to acquire sites, and to pay the cost of issuing the bonds. Interest ranges from 2.00% to 3.00%. Interest is repaid annually beginning in fiscal year 2017 and principal will begin being repaid in fiscal year 2017 and will continue until maturity in fiscal year 2036.

The Pittsburg Independent School District Unlimited Tax School Building Bonds, Series 2017 were issued in June, 2017 pursuant to Sections 45-001 and 45-003(b)(1), Texas Education Code, as amended. Proceeds from the sale of the bonds are being used to construct, renovate, and equip school buildings and to acquire sites, and to pay the cost of issuing the bonds. Interest is 3.00%. Interest is repaid annually beginning in fiscal year 2017 and principal will begin being repaid in fiscal year 2018 and will continue until maturity in fiscal year 2031.

The Pittsburg Independent School District Unlimited Tax School Building Bonds, Series 2024 were issued in September, 2024 pursuant to Sections 45-001 and 45-003(b)(1), Texas Education Code, as amended. Proceeds from the sale of the bonds are being used to construct, renovate, and equip school buildings and to acquire sites, and to pay the cost of issuing the bonds. Interest is 5.00%. Interest is repaid annually beginning in fiscal year 2025 and principal will begin being repaid in fiscal year 2025 and will continue until maturity in fiscal year 2054.

The Pittsburg Independent School District Unlimited Tax School Building Bonds, Series 2025 were issued in July, 2025 pursuant to Sections 45-001 and 45-003(b)(1), Texas Education Code, as amended. Proceeds from the sale of the bonds are being used to construct, renovate, and equip school buildings and to acquire sites, and to pay the cost of issuing the bonds. Interest is 5.00%. Interest is repaid annually beginning in fiscal year 2025 and principal will begin being repaid in fiscal year 2030 and will continue until maturity in fiscal year 2054.

G. BONDS PAYABLE (cont'd)

A summary of changes in long-term debt for the year ended August 31, 2025 is as follows:

Unlimited Tax School Building						
Bonds Series 2013	2.00%-3.50%	9,450,000	5,665,000	-	(725,000)	4,940,000
Unlimited Tax School Building						
Bonds Series 2016	2.00%-3.00%	9,175,000	6,575,000	-	(350,000)	6,225,000
Unlimited Tax School Building						
Bonds Series 2017	3.00%	1,485,000	825,000	-	(110,000)	715,000
Unlimited Tax School Building						
Bonds Series 2024	5.00%	67,145,000	-	67,145,000	(2,830,000)	64,315,000
Arbitrage liability-Series 2024			-	241,458	-	241,458
Unlimited Tax School Building						
Bonds Series 2025	5.00%	24,545,000	-	24,545,000	-	24,545,000
Unamortized Premium-Series						
2024		2,296,171	-	2,296,171	(76,539)	2,219,632
Unamortized Premium-Series						
2025		937,940	-	937,940	-	937,940
Unamortized Premium	Variable	720,741	275,561	-	(45,859)	229,702
			<u>13,340,561</u>	<u>95,165,569</u>	<u>(4,137,398)</u>	<u>104,368,732</u>

An arbitrage liability related to the 2024 bonds has been calculated and recorded. No payment or filing is due to the IRS until 60 days after the IRS installment calculation date of September 17, 2029.

There is no material accrued interest on bonds at August 31, 2025.

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

Debt service requirements are as follows:

Year Ended	General Obligations		Total
	Principal	Interest	Requirements
August 31			
2026	1,715,000	4,460,950	6,175,950
2027	1,795,000	4,395,087	6,190,087
2028	1,985,000	4,320,462	6,305,462
2029	2,180,000	4,236,117	6,416,117
2030	2,215,000	4,387,451	6,602,451
2031-2035	12,245,000	19,269,310	31,514,310
2036-2040	14,510,000	16,275,710	30,785,710
2041-2045	18,410,000	12,218,117	30,628,117
2046-2050	23,170,000	7,458,152	30,628,152
2051-2054	22,515,000	1,985,658	24,500,658
Total	<u>100,740,000</u>	<u>79,007,014</u>	<u>179,747,014</u>

H. CHANGES IN LONG-TERM LIABILITIES

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds and Notes Payable:					
Unlimited Tax Refunding					
Bonds, Series 2013	5,665,000	-	(725,000)	4,940,000	755,000
Unlimited Tax School Building					
Bonds, Series 2016	6,575,000	-	(350,000)	6,225,000	355,000
Unlimited Tax School Building					
Bonds, Series 2017	825,000	-	(110,000)	715,000	110,000
Unamortized Premium	275,561	3,234,111	(122,398)	3,387,274	122,398
Unlimited Tax School Building					
Bonds, Series 2024	-	67,145,000	(2,830,000)	64,315,000	495,000
Unlimited Tax School Building					
Bonds, Series 2025	-	24,545,000	-	24,545,000	-
Arbitrage Liability	-	241,458	-	241,458	-
Compensated Absences	-	2,238,477	-	2,238,477	281,684
Total Governmental Activities	<u>13,340,561</u>	<u>97,404,046</u>	<u>(4,137,398)</u>	<u>106,607,209</u>	<u>2,119,082</u>

The District has no unused lines of credit. No assets have been pledged as collateral for debt.

Compensated absences is \$2,283,477 at August 31, 2025. \$281,384 is included as a current liability due within one year.

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

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard 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/pages/about_publications; by writing to TRS at attention Finance Division, PO Box 149676, Austin, TX, 78714-0185, or by calling 1-800-223-8778.

Benefits Provided. TRS provides service and disability retirement, as well as death and survivor benefit 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 post-employment 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).

One-Time Stipends

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

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

Cost-of-Living Adjustment

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

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

Texas Government Code, Title 8, 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 16, Section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6 percent of the member's annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent of the aggregate annual compensation paid to members of the System during the fiscal year.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2019 thru 2025. Contribution rates can be found in the TRS 2023 ACFR, Note 11, on page 87.

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.

	<u>Contribution Rates</u>	
	2024	2025
Member	8.25%	8.25%
Non-Employer Contributing Entity (State)	8.25%	8.25%
Employers	8.25%	8.25%
District's Measurement Year Employer Contributions		\$ 878,650
District's Measurement Year Member Contributions		\$ 1,537,480
District's Measurement Year NECE (State) Contributions		\$ 1,186,299

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

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 are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds. In addition to the employer contributions listed above, there is a surcharge and employer is subject to: All public schools must contribute 1.9 percent of the members' 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, 2023 are disclosed below: (From TRS Annual Comprehensive Financial Report 2023, p. 89.)

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

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 2023 TRS ACFR, Note 11, page 89.

Table 11.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
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 Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."
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 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 22, 2023.

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

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

The long-term rate of return on pension plan investments is 7.00 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2024 (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
Global Equity			
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
Stable Value			
Government Bonds	16.0	1.9	0.4
Absolute Return*	0.0	3.0	0.0
Stable Value Hedge Funds	5.0	4.0	0.2
Real Return			
Real Estate	15.0	6.6	1.2
Energy, Natural Resources & Infrastruc	6.0	5.6	0.4
Commodities	0.0	2.5	0.0
Risk Parity	8.0	4.0	0.4
Asset Allocation Leverage			
Cash	2.0	1.0	0.0
Asset Allocation Leverage	(6.0)	1.3	(0.1)
Inflation Expectation			2.4
Volatility Drag ****			0.7
Expected Return	100%		7.90%

*Absolute Return includes Credit Sensitive Investments

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

***Capital Market Assumptions come from Aon Hewitt (as of 12/31/23).

****The volatility drag results from the conversion between arithmetic and geometrics mean return

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.

	1% Decrease in Discount Rate (6.00%)	Current Single Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the net pension liability:	\$ 11,706,059	\$ 7,330,031	\$ 3,702,619

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2025, PITTSBURG INDEPENDENT SCHOOL DISTRICT reported a liability of \$7,330,031 for its proportionate share of the TRS's net pension liability.

This liability reflects a reduction for State pension support provided to PITTSBURG INDEPENDENT SCHOOL DISTRICT. The amount recognized by PITTSBURG 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 PITTSBURG INDEPENDENT SCHOOL DISTRICT were as follows:

District's Proportionate share of the collective net pension liability	\$ 7,330,031
State's Proportionate share that is associated with the District	<u>12,858,834</u>
Total	<u>\$ 20,188,865</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 plan relative to the contributions of all employers to the plan for the period September 1, 2023 through August 31, 2024.

At August 31, 2024 the employer's proportion of the collective net pension liability was 0.0001199% which was a decrease of 6.5% 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.

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

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

For the year ended August 31, 2025, PITTSBURG INDEPENDENT SCHOOL DISTRICT recognized pension expense of \$1,388,618 and revenue of \$1,186,299 for support provided by the State in the Government Wide Statement of Activities.

At August 31, 2025, PITTSBURG 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 actuarial experience	\$ 404,021	\$ 57,229
Changes in actuarial assumptions	\$ 378,465	\$ 50,739
Net Difference between projected and actual investment earnings	\$ 44,557	\$ -
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	\$ 166,690	\$ 254,982
Contributions paid to TRS subsequent to the measurement date [to be calculated by the employer]	\$ 878,650	\$ -
Total	\$ 1,872,383	\$ 362,950

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 by the district in pension expense as follows:

Year ended August 31:	Pension Expense Amount
2026	(40,121)
2027	788,904
2028	73,444
2029	212,735
2030	21,291
Thereafter	-

J. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

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 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.

Plan Description. The PITTSBURG INDEPENDENT SCHOOL DISTRICT participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined benefit other post-employment (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 Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the internet at http://www.trs.texas.gov/Pages/about_publications.aspx; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Components of the net OPEB liability of the TRS-Care plan as of August 31, 2024 as presented in the TRS 2023 ACFR (p. 76) are as follows:

Table 9.E.1: Net OPEB Liability

Components to Liability	Amount
Total OPEB Liability	\$35,168,178,563
Less: Plan Fiduciary Net Position	(4,816,646,311)
Net OPEB Liability	\$ 30,351,532,252
Net Position as a Percentage of Total of	
OPEB Liability	13.79%

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 presented in the following table:

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

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

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

Contribution Rates

	<u>2024</u>
Active employee	0.65%
Non-Employer Contributing Entity (State)	1.25%
Employers	0.75%
Federal/private Funding Remitted by Employers	1.25%
District's Measurement Year Employer Contributions	\$ 139,770
District's Measurement Year Member Contributions	\$ 121,138
District's Measurement Year NECE (State) Contributions	\$ 226,438

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

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$21.3 million in fiscal year 2023 provided by Rider 14 of the Senate Bill GAA of the 87th Legislature. These amounts were re-appropriated from amounts received by the pension and TRS-Care funds in excess of the state's actual obligation and then transferred to TRS-Care.

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	
Expenses	Based on the Society of Actuaries 2013 Study "Health Care Costs from Birth to Death" Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Salary Increase	2.95% to 8.95%, including inflation.
Ad Hoc Post-Employment Benefit Change	None

From 2024 TRS ACFR, Note 9, page 79.

The initial medical trend rates were 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. There was an initial prescription drug trend rate of 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 increase of 0.22 percent in the discount rate since the previous year. The Discount Rate can be found in the 2024 TRS ACFR on page 80. 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 Fidelity "20-year Municipal GO AA Index" as of August 31, 2024, using the Fixed Income Market Data/Yield Curve/ Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

Sensitivity of the Net OPEB Liability:

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 Discount Rate (2.87%)	Current Single Discount Rate (3.87%)	1% Increase in Discount Rate (4.87%)
District's proportionate share of the Net OPEB Liability	\$ 7,148,776	\$ 6,038,545	\$ 5,649,435

Healthcare Cost Trend Rates Sensitivity 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 Trend Rate	1% Increase
District's proportionate share of the Net OPEB Liability	\$ 4,917,489	\$ 6,038,545	\$ 7,499,267

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At August 31, 2025, PITTSBURG INDEPENDENT SCHOOL DISTRICT reported a liability of \$6,038,545 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with PITTSBURG INDEPENDENT SCHOOL DISTRICT were as follows:

District's Proportionate share of the collective net OPEB liability	\$ 6,038,545
State's proportionate share that is associated with the District	7,566,215
Total	<u>\$ 13,604,760</u>

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

At August 31, 2024 the employer's proportion of the collective net OPEB liability was 0.0001990% compared to the 0.0002163% as of August 31, 2023. This is a decrease of 8%.

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: These can be found in the 2024 TRS ACFR on page 80.

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.

Changes in Benefit Terms: There were no changes in benefit terms since the prior measurement date.

For the year ended August 31, 2025, PITTSBURG INDEPENDENT SCHOOL DISTRICT recognized OPEB expense of (\$1,648,541) and revenue of \$226,438 for support provided by the State.

At August 31, 2025, PITTSBURG INDEPENDENT SCHOOL DISTRICT reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experience	\$ 1,157,386	\$ 3,013,561
Changes in actuarial assumptions	772,862	1,970,307
Net Difference between projected and actual investment earnings	-	16,910
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	66,420	1,783,355
Contributions paid to TRS subsequent to the measurement date [to be calculated by employer]	139,770	-
Total	\$ 2,136,438	\$ 6,784,133

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 OPEBs will be recognized by the district in OPEB expense as follows:

Year ended August 31:	OPEB Expense Amount
2026	(1,399,467)
2027	(1,125,973)
2028	(943,093)
2029	(645,333)
2030	(413,125)
Thereafter	(260,474)

K. HEALTH CARE COVERAGE - RETIREES AND ACTIVE EMPLOYEES

Retiree Health Care Coverage

Plan Description. PITTSBURG INDEPENDENT SCHOOL DISTRICT participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit post-employment health care plan administered by the Teacher Retirement System of Texas. TRS-Care provides health care coverage for certain persons (and their dependents) who retire under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Texas Insurance Code Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, by phoning the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet Website, www.trs.state.tx.us under the TRS Publications heading.

Funding Policy. Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The Contribution Rate for the State was 1.25% for 2025, 2024, and 2023. The contribution rate for the district was 0.55% for each of these three years. The contribution rate for active employees was 0.65% of the district payroll for each of the three years. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. For staff members funded by federal programs, the federal programs are required to contribution 1.0 %.

Medicare Part D. The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal year ended August 31, 2025, 2024, and 2023 the subsidy payments received by TRS-Care on-behalf of the District were \$123,705, \$98,441, and \$96,719 respectively. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements of the District.

Active Employee Health Care Coverage

Plan Description. The District participates in TRS Active Care sponsored by the Teacher Retirement System of Texas and administered through BCBS and Express Scripts (pharmacy). TRS-Active Care 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, 2002. This is a premium-based plan. Payments are made on a monthly basis for all covered employees.

L. HEALTH CARE COVERAGE

During the year ended August 31, 2025, employees of the Pittsburg Independent School District were covered by a health insurance plan (the Plan) with TRS ActiveCare. The District contributed \$200 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay contributions for dependents. All contributions were paid to a third party administrator. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

Total annual premiums paid by the District for health care premiums 2024-2025 totaled \$547,800. There were no non-medical expenses in this total so this \$547,800 is the total maintenance of effort for 2024-2025.

Maintenance of Effort	
Total District Premium Paid for 2024-2025	547,800
Subtract non-medical expenditures	-
2024-2025 Maintenance of Effort	<u>547,800</u>

Changes in the balances of the claim liabilities during the past year for the workers' compensation plan are as follows:

	Year Ended August 31, 2024	Year Ended August 31, 2025
Unpaid claims, beginning of the year	1,688	1,658
Incurred claims (including IBNR'S)	192	159
Claim Payments	(222)	(266)
Unpaid claims, end of fiscal year	<u>1,658</u>	<u>1,551</u>

M. UNEARNED REVENUE

Unearned revenue at yearend consisted of the following:

	General Fund	Nonmajor Governmental Fund	Total
State Instructional Materials	-	3,783	3,783
Other	-	-	-
Total Unearned Revenue	<u>-</u>	<u>3,783</u>	<u>3,783</u>

N. 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 and are reported on the combined financial statements as Due from State Agencies.

<u>FUND</u>	<u>STATE ENTITLEMENTS</u>	<u>FEDERAL GRANTS</u>	<u>OTHER</u>	<u>TOTAL</u>
General	1,304,191	-	-	1,304,191
Special Revenue	-	124,601	-	124,601
Debt Service	-	-	-	-
Total	<u>1,304,191</u>	<u>124,601</u>	<u>-</u>	<u>1,428,792</u>

O. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

	General	Nonmajor	Major	Major	
	Fund	Governmental	Debt Service	Capital Project	Total
	Fund	Fund	Fund	Funds	
Property Taxes	8,390,540	-	5,554,802	-	13,945,342
Penalties, Interest and Other Tax-related Income	207,694	-	63,157	-	270,851
Investment Income	550,103	70,003	569,713	2,887,164	4,076,983
Food Sales	-	84,691	-	-	84,691
Co-curricular	93,720	-	-	-	93,720
Gifts	-	-	-	-	-
Insurance Recovery	1,780,615	-	-	-	1,780,615
Other	89,800	-	-	-	89,800
Total	<u>11,112,472</u>	<u>154,694</u>	<u>6,187,672</u>	<u>2,887,164</u>	<u>20,342,002</u>

P. DEFERRED INFLOWS OF RESOURCES

In the government wide statements and the governmental fund financial statements the amount of property taxes receivable expected to be collected in the future is reflected as a deferred inflow of resources and will be recognized as such each year as it is collected.

Q. RISK MANAGEMENT

The District is exposed to various risk of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2025, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

R. COMMITMENTS AND CONTINGENCIES

The District has no significant commitments or contingencies at August 31, 2025 other than the construction in progress on the Jr. High and High School Campuses with Jackson Construction.

S. PRIOR PERIOD ADJUSTMENT-COMPENSATED ABSENCES PAYABLE

GASB 101 was adopted this year to record compensated absences payable. The balance owed at September 1, 2024 of \$2,119,493 was recorded as a restatement of beginning net position on the government wide statement of activities. The adjustment needed to arrive at the August 31, 2025 balance of \$2,238,477 required an increase to expenses of \$118,984 on the statement of activities.

T. PRIOR PERIOD ADJUSTMENT-GENERAL FIXED ASSETS

The government wide statement of activities reflects a prior period adjustment to beginning net position to record building construction/renovation completed the prior year on the administration building related to fire damage that was inadvertently not capitalized. This resulted in an increase to beginning net position of \$1,371,511.

U. LITIGATION

The District has no pending litigation at August 31, 2025.

V. SUBSEQUENT EVENTS

Administration has evaluated subsequent events through October 9, 2025, the financial statement issuance date.

REQUIRED SUPPLEMENTAL INFORMATION

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

	FY 2025 Plan Year 2024	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022
District's Proportion of the Net Pension Liability (Asset)	0.000119988%	0.000120569%	0.000124163%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 7,330,031	\$ 8,281,942	\$ 7,371,228
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	12,858,834	15,055,252	13,716,636
Total	<u>\$ 20,188,865</u>	<u>\$ 23,337,194</u>	<u>\$ 21,087,864</u>
District's Covered Payroll	\$ 18,636,120	\$ 18,756,369	\$ 18,232,195
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	39.33%	44.16%	40.42%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.51%	73.15%	75.62%

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

<u>FY 2022</u> <u>Plan Year 2021</u>	<u>FY 2021</u> <u>Plan Year 2020</u>	<u>FY 2020</u> <u>Plan Year 2019</u>	<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year 2017</u>	<u>FY 2017</u> <u>Plan Year 2016</u>	<u>FY 2016</u> <u>Plan Year 2015</u>
0.000120633%	0.000115178%	0.000125969%	0.000138776%	0.000143897%	0.000139912%	0.000148755%
\$ 3,072,111	\$ 6,168,717	\$ 6,548,237	\$ 7,638,580	\$ 4,601,057	\$ 5,264,387	\$ 5,258,291
6,003,393	12,447,908	11,229,480	12,925,145	7,919,255	9,458,989	9,183,457
<u>\$ 9,075,504</u>	<u>\$ 18,616,625</u>	<u>\$ 17,777,717</u>	<u>\$ 20,563,725</u>	<u>\$ 12,520,312</u>	<u>\$ 14,723,376</u>	<u>\$ 14,441,748</u>
\$ 17,793,964	\$ 16,640,876	\$ 15,769,366	\$ 14,436,458	\$ 14,947,189	\$ 14,825,629	\$ 14,453,288
17.26%	37.07%	41.53%	52.91%	30.78%	35.51%	36.38%
88.79%	75.54%	72.54%	73.74%	82.17%	78.00%	78.43%

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

	2025	2024	2023
Contractually Required Contribution	\$ 878,650	\$ 865,949	\$ 808,111
Contribution in Relation to the Contractually Required Contribution	(878,650)	(865,949)	(808,111)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 18,636,120	\$ 18,756,369	\$ 18,232,195
Contributions as a Percentage of Covered Payroll	4.71%	4.62%	4.43%

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

2022	2021	2020	2019	2018	2017	2016
\$ 750,806	\$ 680,315	\$ 636,311	\$ 599,766	\$ 631,249	\$ 621,337	\$ 574,786
(750,806)	(680,315)	(636,311)	(599,766)	(631,249)	(621,337)	(574,786)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 17,793,964	\$ 16,640,876	\$ 15,769,366	\$ 14,436,458	\$ 14,947,189	\$ 14,825,629	\$ 14,453,282
4.21%	4.09%	4.04%	4.20%	4.22%	4.19%	3.98%

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

	FY 2025 Plan Year 2024	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.000199%	0.0002163%	0.0002147%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 6,038,545	\$ 4,463,748	\$ 5,140,082
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	7,566,215	5,386,198	6,270,092
Total	<u>\$ 13,604,760</u>	<u>\$ 9,849,946</u>	<u>\$ 11,410,174</u>
District's Covered Payroll	\$ 18,636,120	\$ 18,756,369	\$ 18,232,195
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	32.40%	23.80%	28.19%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	13.97%	14.94%	11.52%

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

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

<u>FY 2022</u> <u>Plan Year 2021</u>	<u>FY 2021</u> <u>Plan Year 2020</u>	<u>FY 2020</u> <u>Plan Year 2019</u>	<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year 2017</u>
0.0002148%	0.00021497%	0.00021262%	0.000237363%	0.000278184%
\$ 8,285,915	\$ 8,171,869	\$ 10,055,036	\$ 11,851,785	\$ 12,097,164
11,101,280	10,981,034	13,360,895	12,325,010	11,243,664
<u>\$ 19,387,195</u>	<u>\$ 19,152,903</u>	<u>\$ 23,415,931</u>	<u>\$ 24,176,795</u>	<u>\$ 23,340,828</u>
\$ 17,793,964	\$ 16,640,876	\$ 15,769,366	\$ 14,436,458	\$ 14,947,189
46.57%	49.11%	63.76%	82.09%	80.93%
6.18%	4.99%	2.66%	1.57%	0.91%

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

	2025	2024	2023
Contractually Required Contribution	\$ 139,770	\$ 140,673	\$ 136,741
Contribution in Relation to the Contractually Required Contribution	(139,770)	(140,673)	(136,741)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 18,636,120	\$ 18,756,369	\$ 18,232,195
Contributions as a Percentage of Covered Payroll	0.75%	0.75%	0.75%

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

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

2022	2021	2020	2019	2018
\$ 133,454	\$ 124,807	\$ 118,270	\$ 108,274	\$ 112,099
(133,454)	(124,807)	(118,270)	(108,274)	(112,099)
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 17,793,964	\$ 16,640,876	\$ 15,769,366	\$ 14,436,458	\$ 14,947,189
0.75%	0.75%	0.75%	0.75%	0.75%

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

A. Notes to Schedules for the TRS Pension

Changes of Benefit terms.

The Texas 2023 Legislature passed legislation that provides a one-time stipend to certain retired teachers. The stipend was paid to retirees beginning in September of 2024. The Legislature appropriated funds to pay for this one-time stipend so there will be no impact on the Net Pension Liability of TRS. In addition, the Legislature also provided for a cost of living adjustment (COLA) to retirees which was approved during the November 2024 election which will be paid January 2025. Therefore, this contingent liability was not reflected as of August 31, 2024.

Changes of Assumptions.

There were no changes in assumptions.

B. Notes to Schedules for the TRS OPEB Plan

Changes in Benefits.

There were no changes in benefits.

Changes in Assumptions.

The single discount rate changed from 4.13 percent as of August 31, 2023 to 3.87 percent as of August 31, 2024. This change decreased the total OPEB liability.

COMBINING SCHEDULES

NON-MAJOR GOVERNMENTAL FUNDS

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

Data Control Codes		211	224	225	240
		ESEA I, A Improving Basic Program	IDEA - Part B Formula	IDEA - Part B Preschool	National Breakfast and Lunch Program
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 528,912
1240	Due from Other Governments	-	-	-	124,601
1000	Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 653,513</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ 12,182
2200	Accrued Expenditures	-	-	-	(245)
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,937</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	641,576
3470	Capital Acquisition and Contractual Obligation	-	-	-	-
3600	Unassigned Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>641,576</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 653,513</u>

EXHIBIT E-1 (Cont'd)

244 Career and Technical - Basic Grant	255 ESEA II, A Training and Recruiting	263 Title III, A English Lang. Acquisition	270 ESEA V, B, 2 Rural & Low Income	289 Other Federal Special Revenue Funds	410 State Instructional Materials	429 Other State Special Revenue Funds	480 D. Julian Pilgrim Trust
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,783	\$ -	\$ 45,598
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,783	\$ -	\$ 45,598
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	3,783	-	-
-	-	-	-	-	3,783	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	45,598
-	-	-	-	-	-	-	45,598
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,783	\$ -	\$ 45,598

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

Data Control Codes		481 Pilgrim's Pride Corp	Total Nonmajor Special Revenue Funds	692 2024 Bond Clearing B	Total Nonmajor Governmental Funds
ASSETS					
1110	Cash and Cash Equivalents	\$ 1,358	\$ 579,651	\$ 4,619,259	\$ 5,198,910
1240	Due from Other Governments	-	124,601	-	124,601
1000	Total Assets	<u>\$ 1,358</u>	<u>\$ 704,252</u>	<u>\$ 4,619,259</u>	<u>\$ 5,323,511</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ 12,182	\$ 35,335	\$ 47,517
2200	Accrued Expenditures	-	(245)	-	(245)
2300	Unearned Revenue	-	3,783	-	3,783
2000	Total Liabilities	<u>-</u>	<u>15,720</u>	<u>35,335</u>	<u>51,055</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	641,576	-	641,576
3470	Capital Acquisition and Contractual Obligation	-	-	4,583,924	4,583,924
3600	Unassigned Fund Balance	1,358	46,956	-	46,956
3000	Total Fund Balances	<u>1,358</u>	<u>688,532</u>	<u>4,583,924</u>	<u>5,272,456</u>
4000	Total Liabilities and Fund Balances	<u>\$ 1,358</u>	<u>\$ 704,252</u>	<u>\$ 4,619,259</u>	<u>\$ 5,323,511</u>

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

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 110,227
5800 State Program Revenues	-	-	-	7,951
5900 Federal Program Revenues	890,392	527,681	11,047	1,809,783
5020 Total Revenues	890,392	527,681	11,047	1,927,961
EXPENDITURES:				
Current:				
0011 Instruction	688,690	527,681	11,047	-
0021 Instructional Leadership	70,541	-	-	-
0023 School Leadership	55,872	-	-	-
0031 Guidance, Counseling, and Evaluation Services	75,289	-	-	-
0035 Food Services	-	-	-	2,165,207
0052 Security and Monitoring Services	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	890,392	527,681	11,047	2,165,207
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	(237,246)
OTHER FINANCING SOURCES (USES):				
8911 Transfers Out (Use)	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	(237,246)
0100 Fund Balance - September 1 (Beginning)	-	-	-	878,822
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ 641,576

244 Career and Technical - Basic Grant	255 ESEA II, A Training and Recruiting	263 Title III, A English Lang. Acquisition	270 ESEA V, B, 2 Rural & Low Income	289 Other Federal Special Revenue Funds	410 State Instructional Materials	429 Other State Special Revenue Funds	480 D. Julian Pilgrim Trust
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	123,733	1,081,624	-
47,977	136,593	46,792	95,110	71,078	-	-	-
47,977	136,593	46,792	95,110	71,078	123,733	1,081,624	-
47,977	136,593	46,792	58,300	2,727	123,733	-	-
-	-	-	-	-	-	-	-
-	-	-	36,810	-	-	-	-
-	-	-	-	68,351	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,081,624	-
-	-	-	-	-	-	-	154,402
47,977	136,593	46,792	95,110	71,078	123,733	1,081,624	154,402
-	-	-	-	-	-	-	(154,402)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	(154,402)
-	-	-	-	-	-	-	200,000
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,598

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

Data Control Codes	481 Pilgrim's Pride Corp	Total Nonmajor Special Revenue Funds	692 2024 Bond Clearing B	Total Nonmajor Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ 110,227	\$ 44,467	\$ 154,694
5800 State Program Revenues	-	1,213,308	-	1,213,308
5900 Federal Program Revenues	-	3,636,453	-	3,636,453
5020 Total Revenues	-	4,959,988	44,467	5,004,455
EXPENDITURES:				
Current:				
0011 Instruction	1,364	1,644,904	-	1,644,904
0021 Instructional Leadership	-	70,541	-	70,541
0023 School Leadership	-	92,682	-	92,682
0031 Guidance, Counseling, and Evaluation Services	-	143,640	-	143,640
0035 Food Services	-	2,165,207	-	2,165,207
0052 Security and Monitoring Services	-	1,081,624	-	1,081,624
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	154,402	1,960,543	2,114,945
6030 Total Expenditures	1,364	5,353,000	1,960,543	7,313,543
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,364)	(393,012)	(1,916,076)	(2,309,088)
OTHER FINANCING SOURCES (USES):				
8911 Transfers Out (Use)	-	-	6,500,000	6,500,000
1200 Net Change in Fund Balance	(1,364)	(393,012)	4,583,924	4,190,912
0100 Fund Balance - September 1 (Beginning)	2,722	1,081,544	-	1,081,544
3000 Fund Balance - August 31 (Ending)	\$ 1,358	\$ 688,532	\$ 4,583,924	\$ 5,272,456

REQUIRED T.E.A. SCHEDULES

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

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2016 and prior years	Various	Various	\$ Various
2017	1.040000	0.200000	702,385,403
2018	1.040000	0.200000	735,461,774
2019	1.040000	0.200000	799,590,968
2020	0.970000	0.200000	835,799,573
2021	0.943700	0.200000	903,823,118
2022	0.887800	0.200000	984,332,046
2023	0.854600	0.200000	1,146,908,401
2024	0.669200	0.200000	1,194,702,140
2025 (School year under audit)	0.669200	0.450000	1,263,013,251
1000 TOTALS			
8000 Total Taxes Refunded Under Section 26.1115, Tax Code			

(10) Beginning Balance 9/1/2024	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2025	(99) Taxes Refunded Under Section 26.1115c
\$ 410,509	\$	\$ 37,508	\$ 7,213	\$	\$ 365,788	
51,723		4,532	872		46,319	
68,489		6,205	1,193		61,091	
74,687		7,758	1,492		65,437	
89,309		8,742	1,802		78,765	
182,913		14,204	3,013		165,696	
229,258		21,602	4,867		202,789	
344,569		66,646	15,597		262,326	
377,550		106,816	31,923		238,811	
	14,106,595	8,116,527	5,486,830	(85,919)	417,319	
<u>\$ 1,829,007</u>	<u>\$ 14,106,595</u>	<u>\$ 8,390,540</u>	<u>\$ 5,554,802</u>	<u>\$ (85,919)</u>	<u>\$ 1,904,341</u>	

\$ 610

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 79,001	\$ 79,001	\$ 110,227	\$ 31,226
5800 State Program Revenues	9,000	9,000	7,951	(1,049)
5900 Federal Program Revenues	1,810,002	1,888,478	1,809,783	(78,695)
5020 Total Revenues	1,898,003	1,976,479	1,927,961	(48,518)
EXPENDITURES:				
Current:				
0035 Food Services	1,898,003	2,165,207	2,165,207	-
6030 Total Expenditures	1,898,003	2,165,207	2,165,207	-
1200 Net Change in Fund Balances	-	(188,728)	(237,246)	(48,518)
0100 Fund Balance - September 1 (Beginning)	878,822	878,822	878,822	-
3000 Fund Balance - August 31 (Ending)	\$ 878,822	\$ 690,094	\$ 641,576	\$ (48,518)

PITTSBURG INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 7,302,902	\$ 5,737,799	\$ 6,187,672	\$ 449,873
5800 State Program Revenues	1	1	237,374	237,373
5020 Total Revenues	7,302,903	5,737,800	6,425,046	687,246
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Liabilities	6,909,541	4,015,000	4,015,000	-
0072 Interest on Long-Term Liabilities	387,863	3,320,410	3,320,410	-
0073 Bond Issuance Cost and Fees	5,500	2,000	2,000	-
6030 Total Expenditures	7,302,904	7,337,410	7,337,410	-
1200 Net Change in Fund Balances	(1)	(1,599,610)	(912,364)	687,246
0100 Fund Balance - September 1 (Beginning)	3,853,139	3,853,139	3,853,139	-
3000 Fund Balance - August 31 (Ending)	\$ 3,853,138	\$ 2,253,529	\$ 2,940,775	\$ 687,246

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

Section A: Compensatory Education Programs

AP1	Did your district expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the district have written policies and procedures for its state compensatory education program?	Yes
AP3	Total state allotment funds received for state compensatory education programs during the district's fiscal year.	2632091
AP4	Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24,26,28,29,30)	2276187

Section B: Bilingual Education Programs

AP5	Did your district expend any bilingual education program state allotment funds during the district's fiscal year?	Yes
AP6	Does the district have written policies and procedures for its bilingual education program?	Yes
AP7	Total state allotment funds received for bilingual education programs during the district's fiscal year.	280019
AP8	Actual direct program expenditures for bilingual education programs during the district's fiscal year. (PIC 25)	204880

REPORTS ON INTERNAL CONTROL, COMPLIANCE, & FEDERAL AWARDS



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

Board of Trustees
Pittsburg Independent School District
Pittsburg, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Pittsburg 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 District's basic financial statements, and have issued our report thereon dated October 9, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Purpose of this Report

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

Arnold, Walker, Arnold & Co., P.C.

Arnold, Walker, Arnold & Co., P.C.

October 9, 2025

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

Board of Trustees
Pittsburg Independent School District
Pittsburg, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Arnold, Walker, Arnold & Co., P.C.

Arnold, Walker, Arnold & Co., P.C.

October 9, 2025

PITTSBURG INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2025

I. Summary of the Auditor's Results:

- a. The type of report issued on the financial statements of the Pittsburgh Independent School District was an unmodified opinion.
- b. Where applicable, a statement that control deficiencies in internal control were disclosed by the audit of the financial statements and whether they were material weaknesses. NONE
- c. A statement as to whether the audit disclosed any noncompliance which is material to the financial statements of the auditee. NONE
- d. Where applicable, a statement that control deficiencies in internal control over major programs were disclosed by the audit and whether any such conditions were material weaknesses. NONE
- e. The type of report the auditor issued on compliance for major programs. unmodified opinion
- f. A statement as to whether the audit disclosed any audit findings which the auditor is required to report under "Uniform Guidance under section 200.516 Audit Findings paragraph (a)" as required by Title 2 U.S. code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). : NONE
- g. An identification of major programs: National School Lunch & Breakfast Federal Assistance Listing Number 10.553 and 10.555.
- h. The dollar threshold used to distinguish between Type A and Type B programs. \$750,000
- i. A statement as to whether the auditee qualified as a low-risk auditee. Yes

II. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with *Generally Accepted Government Auditing Standards*.

NONE

III. Findings and Questioned Costs for Federal Awards Including Audit Findings as Described in I.f Above

None

PITTSBURG INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2025

PRIOR YEAR'S FINDINGS/ NONCOMPLIANCE

N/A

STATUS OF PRIOR YEAR'S FINDINGS/ NONCOMPLIANCE

N/A

PITTSBURG INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2025

CORRECTIVE ACTION

N/A

The contact at the District is Julie Wetzel at (903) 856-3628.

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

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal Assistance Listing No.	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through Texas Education Agency</u>			
ESEA, Title II, Part A, Teacher Principal Training	84.367 A	251694501032902	\$ 136,593
ESEA, Title V, Part B,2 - Rural & Low Income Prog.	84.358 B	251696001032902	95,110
ESEA, Title I, Part A - Improving Basic Programs	84.010 A	25610101032902	890,392
*IDEA - Part B, Formula	84.027 A	256600010329026600	527,681
*IDEA - Part B, Preschool	84.173 A	256610010329026610	11,047
Total Special Education Cluster (IDEA)			538,728
Career and Technical - Basic Grant	84.048 A	25420006032902	47,977
Title III, Part A - English Language Acquisition	84.365 A	25671001032902	46,792
Other Federally Funded Special Revenue Funds	84.424 A	25680101032902	71,078
Total Passed Through Texas Education Agency			1,826,670
TOTAL U.S. DEPARTMENT OF EDUCATION			1,826,670
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the Texas Department of Agriculture</u>			
*School Breakfast Program	10.553	N/A	306,330
*National School Lunch Program - Cash Assistance	10.555	N/A	1,314,695
*National School Lunch Prog. - Non-Cash Assistance	10.555	N/A	163,476
Total Assistance Listing Number 10.555			1,478,171
Total Child Nutrition Cluster			1,784,501
Child & Adult Care Food Program - Cash Assistance	10.558	N/A	25,282
Total Passed Through the Texas Department of Agriculture			1,809,783
TOTAL U.S. DEPARTMENT OF AGRICULTURE			1,809,783
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 3,636,453
*Clustered Programs			

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

PITTSBURG INDEPENDENT SCHOOL DISTRICT

NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2025

- For all Federal programs, the District uses the fund types specified in Texas Education Agency's *Financial Accountability System Resource Guide*.
- **General Fund** - is used to account for , among other things, resources related to the United States Department of Defense ROTC program and the United States Department of Education's Impact Aid.
- **Special Revenue Funds** - are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.
- The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund or, in some instances, in the General Fund which are Governmental Fund type funds.

With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned.
- The period of performance for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 90 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Performance of Federal Funds, 3 CFR Section 200.343(b).
- Assistance Listing numbers for commodity assistance are the Assistance Listing numbers of the programs under which USDA donated the commodities.
- Indirect cost reimbursement for federal programs for this fiscal year was received in the amount of \$0
- The District did not elect to use the 10% de minimis indirect cost rate.
- Reconciliation Information:

Amount reported on the Schedule of Expenditures of Federal awards.	\$ 3,636,453
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SHARS Revenue reported in the General Fund	-
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Federal Program Revenue Reported on Exhibit C-3	<u>3,636,453</u>
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Total Federal Program Revenue	<u><u>\$3,636,453</u></u>
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SCHOOLS FIRST QUESTIONNAIRE

PITTSBURG INDEPENDENT SCHOOL DISTRICT

Fiscal Year 2025

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