

FORT STOCKTON INDEPENDENT SCHOOL DISTRICT
Annual Financial Report
Year Ended August 31, 2025

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CERTIFICATE OF THE BOARD

FORT STOCKTON INDEPENDENT SCHOOL DISTRICT
Name of School District

PECOS
County

186-902
County -
District
Number

We, the undersigned, certify that the attached annual financial report of the above-named School District was reviewed and

 X approved disapproved for the year ended August 31, 2025, at a meeting of the Board of Trustees of such School District
(Check One)

on the _____ day of _____, 20__.

Ursula Sanchez
Signature of Board Secretary

Florentino Garcia, III
Signature of Board President

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

FINANCIAL SECTION



A Limited Liability Partnership

Michael E. Oliphant, CPA
Wayne Barr, CPA
Cathryn A. Pitcock, CPA
Megan Solsbery, CPA

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Members of
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Texas Society of CPAs

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Fort Stockton Independent School District
101 West Division
Fort Stockton, TX 79735

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Fort Stockton 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 Fort Stockton Independent School District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Emphasis of Matter

The District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, described in Note I., O. to the financial statements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America 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 Fort Stockton Independent School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fort Stockton Independent School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and net pension liability and contributions information and net OPEB liability and contributions information for the Teacher Retirement System of Texas 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

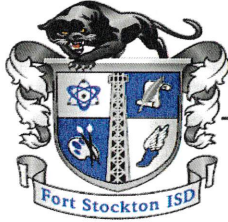
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fort Stockton Independent School District's basic financial statements. The other supplementary information listed in the table of contents and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying other supplementary information and the schedule of expenditures of federal awards are/is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2026, on our consideration of the Fort Stockton Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fort Stockton Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fort Stockton Independent School District's internal control over financial reporting and compliance.

Eckert & Company, LLP

January 15, 2026



FORT STOCKTON

INDEPENDENT SCHOOL DISTRICT

101 W DIVISION
FORT STOCKTON, TEXAS 79735
432-336-4000
432-336-4008 FAX

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Fort Stockton Independent School District's financial performance provides an overview of the District's financial activities for the year ended August 31, 2025. It should be read in conjunction with the District's basic financial statements and independent auditor's report.

Financial Highlights

The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the end of the current year by \$104,130,032 (net position). Of this amount, \$35,965,816 (unrestricted) may be used to meet the District's ongoing obligations.

The District's total net position increased by \$13,411,621 or 15%. This amount consists of a \$16,763,299 increase attributable to current year operations and a \$3,351,678 decrease attributable to adjustments and restatements as described in Note IV., H. to the financial statements. The District's statement of activities shows total revenues of \$167,245,805 and total expenses of \$150,482,506.

The total fund balance of the General Fund is \$53,840,694 which is an increase of \$10,993,680 or 26% compared to the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

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

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

The statement of activities presents information showing how the District's net position changed during the current year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future years.



MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

Overview of the Financial Statements - Continued

The governmental activities of the District include all activities related to public elementary and secondary education within the jurisdiction of the District.

The component unit column of the government-wide financial statements presents the financial information of the Fort Stockton Education Foundation which is a component unit of the District. The component unit is reported in a separate column to emphasize that it is legally separate from the District.

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

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the current year.

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

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Debt Service Fund, and the Capital Projects Fund, all of which are considered to be major funds. Data from other governmental funds are combined into a single, aggregated presentation.

The District adopts an annual appropriated budget for its General Fund and Debt Service Fund. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with the budget for each fund.

Fiduciary Funds - Fiduciary Funds account for assets held by the District in a trustee capacity or resources held for the benefit of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those Funds are not available to support the District's own programs.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

Government-Wide Financial Analysis

Net Position - A summary of the District's net position is presented below:

NET POSITION

	Governmental Activities	
	August 31,	
	2025	2024
Current and Other Assets	\$ 161,952,536	\$ 112,176,041
Capital Assets	136,106,557	91,208,894
Total Assets	<u>\$ 298,059,093</u>	<u>\$ 203,384,935</u>
Deferred Outflows of Resources	<u>\$ 5,827,425</u>	<u>\$ 7,228,842</u>
Other Liabilities	\$ 84,058,135	\$ 44,240,053
Long-Term Liabilities Outstanding	<u>108,548,280</u>	<u>67,744,522</u>
Total Liabilities	<u>\$ 192,606,415</u>	<u>\$ 111,984,575</u>
Deferred Inflows of Resources	<u>\$ 7,150,071</u>	<u>\$ 7,910,791</u>
Net Position		
Net Investment in Capital Assets	\$ 65,536,051	\$ 60,003,940
Restricted	2,628,165	3,285,108
Unrestricted	<u>35,965,816</u>	<u>27,429,363</u>
Total Net Position	<u><u>\$ 104,130,032</u></u>	<u><u>\$ 90,718,411</u></u>

A large portion of the District's net position (\$65,536,051) reflects the District's investment in capital assets, less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide public elementary and secondary education within the jurisdiction of the District; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net position (\$2,628,165) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$35,965,816) may be used to meet the District's ongoing obligations.

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

Government-Wide Financial Analysis - Continued

Governmental Activities - Governmental activities increased the District's net position by \$16,763,299 and \$21,799,269 for the fiscal years ended August 31, 2025 and 2024, respectively. Key elements of these increases are as follows:

CHANGES IN NET POSITION

	Governmental Activities	
	Year Ended August 31,	
	2024	2024
Revenues		
Program Revenues		
Charges for Services	\$ 351,200	\$ 301,648
Operating Grants and Contributions	6,321,942	5,074,775
Capital Grants and Contributions	0	1,574,537
General Revenues		
Maintenance and Operations Taxes	23,177,667	25,791,770
Debt Service Taxes	14,484,399	17,359,800
State Aid - Formula Grants	117,072,513	84,241,753
Chapter 313 Payment	806,146	1,436,150
Investment Earnings	4,474,295	4,864,364
Other	557,643	671,439
Total Revenues	<u>\$ 167,245,805</u>	<u>\$ 141,316,236</u>
Expenses		
Instruction and Instructional-Related Services	\$ 127,900,846	\$ 96,803,980
Instructional and School Leadership	2,938,481	2,804,377
Support Services - Student (Pupil)	7,213,118	6,865,906
Administrative Support Services	1,937,086	1,691,520
Support Services - Nonstudent Based	6,979,283	6,100,764
Ancillary Services	372,699	3,343,574
Debt Service	2,874,821	1,596,534
Intergovernmental Charges	266,172	310,312
Total Expenses	<u>\$ 150,482,506</u>	<u>\$ 119,516,967</u>
Change in Net Position	\$ 16,763,299	\$ 21,799,269
Net Position - Beginning	90,718,411	68,768,464
Adjustments and Restatements	<u>(3,351,678)</u>	<u>150,678</u>
Net Position - Ending	<u>\$ 104,130,032</u>	<u>\$ 90,718,411</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

Financial Analysis of the District's Funds

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

The District's governmental funds reported combined ending fund balances of \$76,147,438, an increase of \$9,703,657 or 15% in comparison with the prior year. These fund balances are reported in various governmental funds as follows:

General Fund \$53,840,694. Of this balance \$40,520 is nonspendable representing inventories, \$15,153,568 is committed for future construction, equipment purchases, and instruction, and \$107,949 is assigned for campus discretionary expenditures.

Debt Service Fund \$2,253,321. This balance is restricted for payment of long-term debt principal and interest.

Capital Projects Fund \$20,053,423. This balance is restricted for construction costs.

General Fund Budget

The original budget for the General Fund was \$38,675,105, and the final amended budget was \$157,556,482 which represents a \$118,881,377 increase in appropriations. A large part of this increase is due to higher enrollment of virtual students, which led to increased payments to the provider. Variances between the original budget and the final amended budget are reflected in Exhibit E-1 in the required supplementary information section of the audit report.

The District has adopted a budget for the General Fund in the amount of \$67,464,351 for the fiscal year 2026, which is a decrease of \$90,092,131 from the fiscal year 2025.

Capital Assets and Debt

Capital Assets - Financial statement footnote III., E. discloses the District's capital asset activity for the year ended August 31, 2025.

Long-Term Debt - Financial statement footnote III., H. discloses the District's debt activity for the year ended August 31, 2025.

Requests for Information

The financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Maria Gomez, Director of Financial Services, Fort Stockton Independent School District, 101 West Division, Fort Stockton, TX 79735.

Basic Financial Statements

FORT STOCKTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2025

EXHIBIT A-1

Data Control Codes		1	4
		Primary Government	Component Unit
		Governmental	Fort Stockton
		Activities	Education
			Foundation
ASSETS			
1110	Cash and Cash Equivalents	\$ 105,260,609	\$ 8,935
1120	Current Investments	-	3,220,139
1220	Property Taxes - Delinquent	2,515,282	-
1230	Allowance for Uncollectible Taxes	(496,858)	-
1240	Due from Other Governments	54,615,168	-
1250	Accrued Interest	7,526	-
1290	Other Receivables	10,289	2,035
1300	Inventories	40,520	-
	Capital Assets:		
1510	Land	1,398,866	-
1520	Buildings, Net	62,114,952	-
1530	Furniture and Equipment, Net	7,559,094	-
1580	Construction in Progress	65,033,645	-
1000	Total Assets	298,059,093	3,231,109
DEFERRED OUTFLOWS OF RESOURCES			
1705	Deferred Outflow Related to TRS Pension	2,502,110	-
1706	Deferred Outflow Related to TRS OPEB	3,325,315	-
1700	Total Deferred Outflows of Resources	5,827,425	-
LIABILITIES			
2110	Accounts Payable	82,188,639	-
2140	Interest Payable	271,461	-
2150	Payroll Deductions and Withholdings	28,130	-
2160	Accrued Wages Payable	1,502,362	-
2200	Accrued Expenses	57,656	-
2300	Unearned Revenue	9,887	-
	Noncurrent Liabilities:		
2501	Due Within One Year: Bonds, Note, etc.	8,771,980	-
	Due in More than One Year:		
2502	Bonds, Note, etc.	84,945,349	-
2540	Net Pension Liability (District's Share)	8,751,908	-
2545	Net OPEB Liability (District's Share)	6,079,043	-
2000	Total Liabilities	192,606,415	-
DEFERRED INFLOWS OF RESOURCES			
2605	Deferred Inflow Related to TRS Pension	921,495	-
2606	Deferred Inflow Related to TRS OPEB	6,228,576	-
2600	Total Deferred Inflows of Resources	7,150,071	-
NET POSITION			
3200	Net Investment in Capital Assets	65,536,051	-
3850	Restricted for Debt Service	2,628,165	-
3900	Unrestricted	35,965,816	323,109
3000	Total Net Position	\$ 104,130,032	\$ 323,109

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

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

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
11 Instruction	\$ 126,175,408	\$ -	\$ 2,901,457
12 Instructional Resources and Media Services	50,138	-	20,325
13 Curriculum and Instructional Staff Development	1,675,300	-	857,311
21 Instructional Leadership	407,435	-	29,991
23 School Leadership	2,531,046	-	53,626
31 Guidance, Counseling, and Evaluation Services	1,007,491	-	124,926
33 Health Services	298,347	-	16,200
34 Student (Pupil) Transportation	1,524,077	-	59,063
35 Food Services	2,633,913	18,509	1,710,661
36 Extracurricular Activities	1,749,290	87,766	20,378
41 General Administration	1,937,086	-	19,685
51 Facilities Maintenance and Operations	5,489,925	244,925	64,890
52 Security and Monitoring Services	434,373	-	57,318
53 Data Processing Services	1,054,985	-	84,940
61 Community Services	372,699	-	29,071
72 Debt Service - Interest on Long-Term Debt	2,134,487	-	272,100
73 Debt Service - Bond Issuance Cost and Fees	740,334	-	-
99 Other Intergovernmental Charges	266,172	-	-
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 150,482,506	\$ 351,200	\$ 6,321,942
Component Unit:			
1C Fort Stockton Education Foundation	\$ 9,849	\$ -	\$ -
[TC] TOTAL COMPONENT UNIT:	\$ 9,849	\$ -	\$ -

Data Control Codes	General Revenues:
	Taxes:
MT	Property Taxes, Levied for General Purposes
DT	Property Taxes, Levied for Debt Service
SF	State Aid - Formula Grants
IE	Investment Earnings
MI	Miscellaneous Local and Intermediate Revenue
SI	District Funding of Foundation
TR	Total General Revenues and Special Items
CN	Change in Net Position
NB	Net Position - Beginning
PA	Adjustments and Restatements
NE	Net Position - Ending

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

Net (Expense) Revenue and Changes in Net Position	
6	9
Primary Government	Component Unit
Governmental	Education
Activities	Foundation
<hr/>	
\$ (123,273,951)	\$ -
(29,813)	-
(817,989)	-
(377,444)	-
(2,477,420)	-
(882,565)	-
(282,147)	-
(1,465,014)	-
(904,743)	-
(1,641,146)	-
(1,917,401)	9,849
(5,180,110)	-
(377,055)	-
(970,045)	-
(343,628)	-
(1,862,387)	-
(740,334)	-
(266,172)	-
(143,809,364)	9,849
<hr/>	
-	(9,849)
<hr/>	
-	(9,849)
<hr/>	
23,177,667	-
14,484,399	-
117,072,513	-
4,474,295	232,457
1,363,789	8,250
-	3,000,000
160,572,663	3,240,707
<hr/>	
16,763,299	3,230,858
90,718,411	251
(3,351,678)	-
\$ 104,130,032	\$ 3,231,109
<hr/>	

FORT STOCKTON INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2025

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS			
1110 Cash and Cash Equivalents	\$ 78,666,212	\$ 2,210,434	\$ 24,345,361
1220 Property Taxes - Delinquent	1,781,562	733,720	-
1230 Allowance for Uncollectible Taxes	(405,964)	(90,894)	-
1240 Due from Other Governments	53,804,258	-	-
1250 Accrued Interest	7,526	-	-
1260 Due from Other Funds	2,037,882	42,887	-
1290 Other Receivables	10,289	-	-
1300 Inventories	40,520	-	-
1000 Total Assets	<u>\$ 135,942,285</u>	<u>\$ 2,896,147</u>	<u>\$ 24,345,361</u>
LIABILITIES			
2110 Accounts Payable	\$ 79,355,474	\$ -	\$ 2,734,834
2150 Payroll Deductions and Withholdings Payable	28,130	-	-
2160 Accrued Wages Payable	1,260,071	-	-
2170 Due to Other Funds	42,887	-	1,557,104
2200 Accrued Expenditures	29,894	-	-
2300 Unearned Revenue	9,537	-	-
2000 Total Liabilities	<u>80,725,993</u>	<u>-</u>	<u>4,291,938</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	1,375,598	642,826	-
2600 Total Deferred Inflows of Resources	<u>1,375,598</u>	<u>642,826</u>	<u>-</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	40,520	-	-
Restricted Fund Balance:			
3480 Retirement of Long-Term Debt	-	2,253,321	-
3490 Other Restricted Fund Balance	-	-	20,053,423
Committed Fund Balance:			
3510 Construction	9,243,731	-	-
3530 Capital Expenditures for Equipment	3,569,837	-	-
3545 Other Committed Fund Balance	2,340,000	-	-
Assigned Fund Balance:			
3590 Other Assigned Fund Balance	107,949	-	-
3600 Unassigned Fund Balance	38,538,657	-	-
3000 Total Fund Balances	<u>53,840,694</u>	<u>2,253,321</u>	<u>20,053,423</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 135,942,285</u>	<u>\$ 2,896,147</u>	<u>\$ 24,345,361</u>

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

Other Funds		Total Governmental Funds	
\$	38,602	\$	105,260,609
	-		2,515,282
	-		(496,858)
	810,910		54,615,168
	-		7,526
	-		2,080,769
	-		10,289
	-		40,520
\$	849,512	\$	164,033,305
\$	98,331	\$	82,188,639
	-		28,130
	242,291		1,502,362
	480,778		2,080,769
	27,762		57,656
	350		9,887
	849,512		85,867,443
	-		2,018,424
	-		2,018,424
	-		40,520
	-		2,253,321
	-		20,053,423
	-		9,243,731
	-		3,569,837
	-		2,340,000
	-		107,949
	-		38,538,657
	-		76,147,438
\$	849,512	\$	164,033,305

FORT STOCKTON 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	\$ 76,147,438
1 Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	136,106,557
2 Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	(93,717,329)
3 Interest on long-term debt is recognized when due in the governmental funds but is accrued as incurred in the government-wide financial statements.	(271,461)
4 Included in the items related to debt are the recognition of the District's proportionate share of the net pension liability required by GASB 68 and the related deferred outflows and deferred inflows of resources.	(7,171,293)
5 Included in the items related to debt are the recognition of the District's proportionate share of the net other postemployment benefits liability required by GASB 75 and the related deferred outflows and deferred inflows of resources.	(8,982,304)
6 Property taxes levied but not available are not revenues in the governmental funds but are accrued when earned in the government-wide financial statements.	2,018,424
29 Net Position of Governmental Activities	<u><u>\$ 104,130,032</u></u>

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

FORT STOCKTON 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 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 28,321,113	\$ 14,711,551	\$ 642,047
5800 State Program Revenues	118,598,015	272,100	-
5900 Federal Program Revenues	1,745,521	-	-
5020 Total Revenues	148,664,649	14,983,651	642,047
EXPENDITURES:			
Current:			
0011 Instruction	121,354,828	-	532,917
0012 Instructional Resources and Media Services	30,572	-	9,733
0013 Curriculum and Instructional Staff Development	756,728	-	-
0021 Instructional Leadership	348,989	-	-
0023 School Leadership	2,264,990	-	-
0031 Guidance, Counseling, and Evaluation Services	805,093	-	-
0033 Health Services	260,065	-	10,200
0034 Student (Pupil) Transportation	1,379,626	-	1,271,510
0035 Food Services	2,473,771	-	11,628
0036 Extracurricular Activities	1,592,002	-	1,470,730
0041 General Administration	1,816,805	-	-
0051 Facilities Maintenance and Operations	7,251,343	-	1,609,169
0052 Security and Monitoring Services	107,448	-	261,037
0053 Data Processing Services	889,344	-	115,532
0061 Community Services	316,975	-	-
Debt Service:			
0071 Principal on Long-Term Liabilities	-	13,305,000	-
0072 Interest on Long-Term Liabilities	301,880	2,399,848	-
0073 Debt Issuance Cost and Fees	290,265	16,125	433,944
Capital Outlay:			
0081 Facilities Acquisition and Construction	5,242,479	-	37,907,987
Intergovernmental:			
0099 Other Intergovernmental Charges	266,172	-	-
6030 Total Expenditures	147,749,375	15,720,973	43,634,387
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	915,274	(737,322)	(42,992,340)
OTHER FINANCING SOURCES (USES):			
7911 Capital Related Debt Issued	-	-	41,060,000
7912 Sale of Real and Personal Property	318,145	-	-
7914 Maintenance Tax Note	10,295,000	-	-
7915 Transfers In	661,043	-	-
7916 Premium or Discount on Issuance of Bonds	-	5,695	1,373,944
8911 Transfers Out (Use)	(661,043)	-	-
7080 Total Other Financing Sources (Uses)	10,613,145	5,695	42,433,944
1200 Net Change in Fund Balances	11,528,419	(731,627)	(558,396)
0100 Fund Balance - September 1 (Beginning)	42,847,014	2,984,948	20,611,819
1300 Adjustments and Restatements	(534,739)	-	-
3000 Fund Balance - August 31 (Ending)	\$ 53,840,694	\$ 2,253,321	\$ 20,053,423

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

		Total	
Other		Governmental	
Funds		Funds	
\$	-	\$	43,674,711
	910,744		119,780,859
	2,816,437		4,561,958
	3,727,181		168,017,528
	2,547,867		124,435,612
	20,325		60,630
	845,596		1,602,324
	22,152		371,141
	-		2,264,990
	106,975		912,068
	-		270,265
	36,149		2,687,285
	-		2,485,399
	-		3,062,732
	-		1,816,805
	-		8,860,512
	57,318		425,803
	69,221		1,074,097
	21,578		338,553
	-		13,305,000
	-		2,701,728
	-		740,334
	-		43,150,466
	-		266,172
	3,727,181		210,831,916
	-		(42,814,388)
	-		41,060,000
	-		318,145
	-		10,295,000
	-		661,043
	-		1,379,639
	-		(661,043)
	-		53,052,784
	-		10,238,396
	-		66,443,781
	-		(534,739)
\$	-	\$	76,147,438

FORT STOCKTON 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	\$ 10,238,396
Current year capital outlays are expenditures in the fund financial statements, but are shown as increases in capital assets in the government-wide financial statements.	49,705,588
Current year long-term debt principal payments are expenditures in the governmental fund financial statements but are shown as reductions of long-term debt in the government-wide financial statements. In addition, in the governmental fund financial statements premiums are shown as other financing sources when debt is issued, but they are deferred and amortized in the government-wide financial statements.	12,549,396
Issuance of debt is shown as other resources in the governmental fund financial statements but is shown as an increase in long-term debt in the government-wide financial statements.	(51,355,000)
Current year losses on the disposal of capital assets are shown as a reduction in capital assets in the government-wide financial statements but are not reported in the governmental fund statements.	(453,057)
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources.	(4,354,868)
Interest on long-term debt is recognized when due in the governmental fund financial statements but is accrued as incurred in the government-wide financial statements.	(56,795)
The liability for compensated absences is recognized when due in the governmental fund financial statements but is accrued as incurred in the government-wide financial statements.	(276,460)
Current year changes due to GASB 68 include adjustments to the net pension liability, deferred resources outflows, deferred resources inflows, and the corresponding effect on pension expense.	(335,350)
Current year changes due to GASB 75 include adjustments to the net other postemployment benefits liability, deferred resources outflows, deferred resources inflows, and the corresponding effect on other postemployment benefits expense.	789,897
Property taxes levied but not available are not revenues in the governmental fund financial statements but are accrued when levied in the government-wide financial statements.	311,552
Change in Net Position of Governmental Activities	\$ 16,763,299

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

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

	Private Purpose Trust Fund	Custodial Fund
ASSETS		
Cash and Cash Equivalents	\$ -	\$ 141,294
Restricted Assets	<u>99,494</u>	<u>-</u>
Total Assets	<u>99,494</u>	<u>\$ 141,294</u>
NET POSITION		
Restricted for Student Organizations	-	141,294
Restricted for Scholarships	<u>99,494</u>	<u>-</u>
Total Net Position	<u>\$ 99,494</u>	<u>\$ 141,294</u>

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

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

	Private Purpose Trust Fund	Custodial Fund
ADDITIONS:		
Miscellaneous Revenue - Student Organizations	\$ -	\$ 212,886
Earnings from Temporary Deposits	3,859	-
Contributions and Donations	1,000	-
Total Additions	<u>4,859</u>	<u>212,886</u>
DEDUCTIONS:		
Student Organizations	-	187,943
Scholarships	2,750	-
Total Deductions	<u>2,750</u>	<u>187,943</u>
Change in Fiduciary Net Position	2,109	24,943
Total Net Position - September 1 (Beginning)	<u>97,385</u>	<u>116,351</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 99,494</u></u>	<u><u>\$ 141,294</u></u>

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

FORT STOCKTON INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements
August 31, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Fort Stockton Independent School District is a public educational agency operating under the applicable laws and regulations of the State of Texas. The District prepares its basic financial statements in conformity with accounting principles generally accepted in the United States of America applicable to state and local governments. Additionally, the District complies with the requirements of the 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.

A. Reporting Entity

The District is governed by the Board of Trustees, a seven-member group, which is elected by the public and has governance responsibilities, including fiscal accountability, over all activities related to public elementary and secondary education within the jurisdiction of the Fort Stockton Independent School District (the primary government). The accompanying financial statements present the District and its component unit, an entity for which the District is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the District.

The District reports the following component unit -

Fort Stockton Education Foundation (the Foundation) was created to provide grants to Fort Stockton Independent School District's teachers for the purpose of enhancing education for the Fort Stockton Independent School District's students. The Foundation is governed by at least three, but not to exceed nine, members who are the Foundation's board of directors. The District maintains the Foundation's accounting records. Due to the significant benefits provided by the Foundation to the District, the component unit is reported as a discretely presented component unit. The component unit's financial statements ended December 31, 2024.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities include programs supported primarily by taxes, State foundation funds, grants, and other intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges for services - payments from parties that purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment of the District and (2) grants and contributions - payments from organizations outside the District that are restricted to meeting the operational or capital requirements of a particular function or segment of the District. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

As previously discussed, the District has one discretely presented component unit which is shown in a separate column in the government-wide financial statements.

All interfund transactions between governmental funds are eliminated in the government-wide financial statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due froms on the government-wide statement of net position.

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

FORT STOCKTON INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

Governmental fund financial statements are reported using 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 in the balance sheet. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, revenues received from the state, and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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 revenue until related and authorized expenditures have been made.

The government reports the following major governmental funds:

General Fund - This Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Debt Service Fund - This Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

Capital Projects Fund - This Fund accounts for financial resources that are restricted, committed, or assigned to expenditures for capital outlay, including the acquisition or construction of capital facilities and other capital assets.

Additionally, the government reports the following fund types:

Special Revenue Funds - These Funds account for resources restricted to, or committed 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.

Fiduciary Funds - These Funds account for assets held by the District in a trustee capacity or resources held for the benefit of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those Funds are not available to support the District's own programs.

The District has the following Fiduciary Funds:

Private Purpose Trust Fund - This Fund accounts for resources used to provide scholarships for former students.

FORT STOCKTON INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued

Custodial Fund - This Fund reports resources that are held by the District for other parties. This Fund is used to account for the District's student activity funds.

D. Interfund Receivables and Payables

Activity between individual funds may result in amounts owed between funds which are classified as Due To and From Other Funds. Other than amounts due to or from fiduciary funds these balances are eliminated in the statement of net position.

E. Receivables and Payables

Receivables are stated at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year.

F. Inventories

All inventories are valued at cost. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

G. Capital Assets

Capital assets are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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.

Capital assets are depreciated or amortized using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	10-40
Vehicles	5-10
Furniture and Equipment	5-15

H. Restricted Assets

Restricted assets for the Private Purpose Trust Fund consist of cash and cash equivalents held to provide scholarships.

FORT STOCKTON INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

I. Long-Term Obligations

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

In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

J. Pensions

In accordance with accounting guidance prescribed by GASB Statement No. 68, 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.

K. Other Postemployment Benefits (OPEB)

In accordance with accounting guidance prescribed by GASB Statement No. 75, the fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS-Care plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, OPEB expense, and information about assets, liabilities, and additions to/deductions from TRS-Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan, and all cash is held in a cash account.

L. Compensated Absences

On voluntary separation from employment employees, who have been employed by the District for 20 years including the last 15 consecutive years, are eligible for payment of local leave provided the required notice of intent to separate from employment is provided. The District pays for a maximum of 90 days at a rate of \$200 per day for a professional employee and \$100 per day for any other employee.

The liability for amounts expected to be liquidated and paid with current resources is reported in the governmental fund financial statements. The portion of the liability that is not expected to be liquidated with current resources is reported as a long-term liability in the government-wide financial statements in accordance with GASB Statement No. 101, *Compensated Absences*.

FORT STOCKTON INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

M. Net Position on the Statement of Net Position

Net position on the statement of net position includes the following:

Net Investment in Capital Assets - This component of net position represents the difference between capital assets net of accumulated depreciation and the outstanding balance of debt, excluding any unspent debt proceeds, which is directly attributable to the acquisition, construction, or improvement of those assets.

Restricted for Debt Service - This component of net position represents the difference between assets and liabilities of the Debt Service Fund that consists of assets with constraints placed on their use by creditors.

Unrestricted - This is the difference between assets/deferred outflows of resources and liabilities/deferred inflows of resources that is not reported as Net Investment in Capital Assets or Restricted for Debt Service.

N. Fund Balance/Equity

In the fund financial statements, governmental funds report the following classifications of fund balance:

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

Restricted - Amounts that can be spent only for specific purposes because usage restraints have been imposed by external sources such as creditors (through a debt covenant), grantors, contributors, or laws or regulations of other governments.

Committed - Amounts that can be used only for specific purposes determined by a formal action of the Board of Trustees, the District's highest level of decision-making authority. Commitments may be modified or rescinded only through formal action by the Board of Trustees.

Assigned - Amounts that are intended for a specific purpose but do not meet the definition of restricted or committed. The intent can be expressed by the Board of Trustees or by a Board designee.

Unassigned - Amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the General Fund.

The details of the fund balances are included in the governmental funds balance sheet.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Trustees has provided otherwise in its commitment or assignment actions.

In the General Fund, the District strives to maintain a yearly fund balance in the general operating fund in which the total fund balance is five months of operating expenditures.

Restricted net position for the Private Purpose Trust Fund represents funds held to provide scholarships for former students, and restricted net position for the Custodial Fund represents funds held by the District in a custodial capacity for student organizations.

FORT STOCKTON INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

O. Implementation of New Accounting Standard

The District implemented the provisions of GASB Statement No. 101, *Compensated Absences*. This statement updates the recognition and measurement guidance for compensated absences, including vacation, sick leave, and other forms of paid leave. The standard requires governments to recognize a liability for leave when earned, if (1) the leave is attributable to services already rendered, (2) the leave accumulates, and (3) the leave is more likely than not to be used for time off or otherwise paid to the employee. Implementation of GASB Statement No. 101 resulted in the evaluation and adjustment of the District's compensated absences liability to reflect amounts expected to be paid at applicable salary rates, based on historical usage and payment experience.

P. Property Tax Revenues

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all 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 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

The District recognizes as tax revenues those taxes that are measurable and available. Measurable means the amount can be determined, and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they are collected within the current period.

Taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectibles are based upon historical experience. 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.

Q. Interfund Transfers

Permanent relocations of resources between funds of the reporting entity are classified as interfund transfers. For purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

R. Use of Estimates

The preparation of basic financial statements in conformity with GAAP in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and the disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budget

Formal budgetary accounting is employed for all required governmental fund types and is presented on the modified accrual basis of accounting consistent with generally accepted accounting principles.

The official school budget is prepared for adoption for required governmental fund types prior to August 20 of the preceding fiscal year for the subsequent fiscal year beginning September 1. The budget is formally adopted by the Board of Trustees at a public meeting held at least ten days after public notice has been given.

FORT STOCKTON INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2025

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY - Continued

A. Budget - Continued

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and the Debt Service Fund. The remaining Special Revenue Funds adopt project-length budgets which do not correspond to the District's fiscal year. Each annual budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles. The budget was amended throughout the year by the Board of Trustees. Such amendments are before the fact and are reflected in the official minutes of the Board.

B. Excess Expenditures Over Appropriations

Expenditures exceeded appropriations by an insignificant amount in one function as shown on Exhibit E-1.

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments - District

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

In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy.

Custodial Credit Risk - Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits and investments in certificates of deposit may not be returned to it. The District's policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments, other than the following: The State of Texas requires that a financial institution secure deposits and investments made by state and local governments by pledging securities in excess of the highest cash balance of the government. The District is not exposed to custodial credit risk for its deposits since they are covered by depository insurance and pledged securities held by a third party in the District's name.

Concentration of Credit Risk: The investment policy of the District contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent five percent or more of the total entity investments represent a concentration risk.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At August 31, 2025, the District was not significantly exposed to credit risk.

FORT STOCKTON INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2025

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

A. Deposits and Investments - District - Continued

Interest Rate Risk: The District's investment policy limits its investment portfolio to maturities of one year or less as a means of limiting its exposure to fair value losses arising from fluctuating interest rates. However, the Board may specifically authorize a longer maturity for a given investment.

Foreign Currency Risk: Not applicable

At August 31, 2025, the District's investments with respective maturities and credit ratings consisted of the following:

	<u>Fair Value</u>	<u>Percent</u>	<u>Weighted Average Maturity</u>	<u>Credit Rating</u>
<u>Public Funds Investment Pools</u>				
LOGIC	<u>\$ 105,202,388</u>	<u>100%</u>	51 Days	AAAm

Public Funds Investment Pools

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

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

B. Investments - Foundation

At December 31, 2024, the Foundation's investments with respective maturities and credit ratings consisted of the following:

	<u>Fair Value</u>	<u>Percent</u>	<u>Weighted Average Maturity</u>	<u>Credit Rating</u>
<u>Investments</u>				
Mutual Funds	\$ 2,134,288	66%	-	-
Exchange Traded Funds	971,625	30%	-	-
Stocks	<u>114,226</u>	<u>4%</u>	-	-
Total Investments	<u>\$ 3,220,139</u>	<u>100%</u>		

FORT STOCKTON INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2025

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

B. Investments - Foundation

At December 31, 2024, the Foundation had the following investments subject to the fair value measurement:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Investment by Fair Value Level</u>	<u>Fair Value</u>			
Equity Securities				
Mutual Funds	\$ 2,134,288	\$ 2,134,288	\$ -	\$ -
Exchange Traded Funds	971,625	971,625	-	-
Stocks	114,226	114,226	-	-
Total Investments	<u>\$ 3,220,139</u>	<u>\$ 3,220,139</u>	<u>\$ -</u>	<u>\$ -</u>

The Foundation categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of assets. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for identical securities.

C. 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 other governments are summarized as follows:

	State Entitlements	Federal Grants	Other	Total
General Fund	\$ 53,682,456	\$ 0	\$ 121,802	\$ 53,804,258
Special Revenue Funds	0	455,550	355,360	810,910
Totals	<u>\$ 53,682,456</u>	<u>\$ 455,550</u>	<u>\$ 477,162</u>	<u>\$ 54,615,168</u>

FORT STOCKTON INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2025

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

D. Interfund Balances and Transfers

1. The following is a summary of amounts due from and due to other funds:

	<u>Due From</u>	<u>Due To</u>	<u>Purpose</u>
General Fund			
Debt Service Fund	\$ 0	\$ 42,887	Operating Advance
Capital Projects Fund	1,557,104	0	Operating Advance
Nonmajor Governmental Funds	<u>480,778</u>	<u>0</u>	Operating Advance
	<u>\$ 2,037,882</u>	<u>\$ 42,887</u>	
 Debt Service Fund			
General Fund	42,887	0	Operating Advance
 Capital Projects Fund			
General Fund	0	1,557,104	Operating Advance
 Nonmajor Governmental Funds			
General Fund	<u>0</u>	<u>480,778</u>	Operating Advance
 Totals	<u><u>\$ 2,080,769</u></u>	<u><u>\$ 2,080,769</u></u>	

All amounts due are expected to be repaid within one year.

2. Interfund transfers consist of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	General Fund - Child Nutrition	<u><u>\$ 661,043</u></u>	Subsidize Food Services

FORT STOCKTON INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2025

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

E. Capital Assets

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

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets				
Land	\$ 1,398,866	\$ 0	\$ 0	\$ 1,398,866
Buildings and Improvements	133,011,264	1,671,787	0	134,683,051
Furniture and Equipment	15,075,448	3,765,606	2,318,806	16,522,248
Construction in Progress	<u>20,765,450</u>	<u>44,268,195</u>	<u>0</u>	<u>65,033,645</u>
Total Capital Assets	<u>\$ 170,251,028</u>	<u>\$ 49,705,588</u>	<u>\$ 2,318,806</u>	<u>\$ 217,637,810</u>
Less Accumulated Depreciation				
Buildings and Improvements	\$ (69,257,706)	\$ (3,310,393)	\$ 0	\$ (72,568,099)
Furniture and Equipment	<u>(9,784,428)</u>	<u>(1,044,475)</u>	<u>(1,865,749)</u>	<u>(8,963,154)</u>
Total Accumulated Depreciation	<u>\$ (79,042,134)</u>	<u>\$ (4,354,868)</u>	<u>\$ (1,865,749)</u>	<u>\$ (81,531,253)</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 91,208,894</u></u>	<u><u>\$ 45,350,720</u></u>	<u><u>\$ 453,057</u></u>	<u><u>\$ 136,106,557</u></u>

Depreciation expense was charged to governmental activities functions as follows:

Instruction	\$ 2,480,705
Curriculum and Instructional Staff Development	101,980
Instructional Leadership	50,246
School Leadership	365,454
Guidance, Counseling, and Evaluation Services	130,178
Health Services	39,475
Student (Pupil) Transportation	143,674
Food Services	216,862
Extracurricular Activities	150,257
General Administration	159,999
Facilities Maintenance and Operations	370,779
Security Monitoring Services	8,585
Data Processing Services	90,782
Community Services	<u>45,892</u>
Total	<u><u>\$ 4,354,868</u></u>

FORT STOCKTON INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2025

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

F. Deferred Outflows and Inflows of Resources

A deferred outflow of resources is a consumption of a government's net position (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period.

A deferred inflow of resources is an acquisition of a government's net position (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period.

Deferred outflows and inflows of resources are reported as described below:

Deferred Outflows (Statement of Net Position)

District's proportionate share of Teacher Retirement System of Texas (TRS) pension plan deferred outflows as detailed in financial statement footnote IV., A.

District's proportionate share of Teacher Retirement System of Texas (TRS) OPEB plan deferred outflows as detailed in financial statement footnote IV., B.

Deferred Inflows (Statement of Net Position)

District's proportionate share of Teacher Retirement System of Texas (TRS) pension plan deferred inflows as detailed in financial statement footnote IV., A.

District's proportionate share of Teacher Retirement System of Texas (TRS) OPEB plan deferred inflows as detailed in financial statement footnote IV., B.

Deferred Inflows (Balance Sheet - Governmental Funds)

Unavailable revenue - property taxes.

G. Unearned Revenue

Unearned revenue at year end consisted of the following:

	General Fund	Special Revenue Funds	Total
Food Service (Local)	\$ 9,537	\$ 0	\$ 9,537
Math Academies Grant	<u>0</u>	<u>350</u>	<u>350</u>
Totals	<u><u>\$ 9,537</u></u>	<u><u>\$ 350</u></u>	<u><u>\$ 9,887</u></u>

FORT STOCKTON INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2025

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

H. Long-Term Debt

The District's long-term liabilities consist of bonded indebtedness, unamortized bond premiums, maintenance tax notes, compensated absences, net pension liability, and net other postemployment benefits liability. The current requirements for general obligation bonds principal and interest are accounted for in the Debt Service Fund. The current requirements for maintenance tax notes are accounted for in the General Fund. The current requirements for compensated absences, net pension liability, and net other postemployment benefits liability are accounted for in the General and Special Revenue Funds.

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
General Obligation Bonds	\$ 48,285,000	\$ 41,060,000	\$ 13,305,000	\$ 76,040,000	\$ 7,135,000
Unamortized Bond Premiums	3,533,326	1,379,639	624,035	4,288,930	-
Maintenance Tax Note, Series 2024 (Direct Placement)	0	10,295,000	0	10,295,000	340,000
Compensated Absences ¹	2,816,939	276,460 ²	0	3,093,399	1,296,980
Subtotals	\$ 54,635,265	\$ 53,011,099	\$ 13,929,035	\$ 93,717,329	\$ 8,771,980
Net Pension Liability	10,939,738	749,746	2,937,576	8,751,908	-
Net OPEB Liability	4,986,457	1,710,641	618,055	6,079,043	-
Totals	<u>\$ 70,561,460</u>	<u>\$ 55,471,486</u>	<u>\$ 17,484,666</u>	<u>\$ 108,548,280</u>	<u>\$ 8,771,980</u>

¹ The compensated absences category's beginning balance was restated due to the implementation of GASB Statement No. 101.

² The change in the compensated absences liability is presented as a net change.

The District's outstanding bond issues, which are payable from the Debt Service Fund, are as follows:

Series	General Obligation Bonds Description	Interest Rate	Maturity Date	Original Amount Issued	Amount Outstanding August 31, 2025
2023	Unlimited Tax School Building Bonds	4%-5%	2053	\$ 32,465,000	\$ 23,180,000
2024	Unlimited Tax School Building Bonds	4%-5%	2054	17,120,000	11,800,000
2025	Unlimited Tax School Building Bonds	5%	2044	41,060,000	41,060,000
Total Bonds Payable				<u>\$ 90,645,000</u>	<u>\$ 76,040,000</u>

On August 27, 2025, the District issued Unlimited Tax School Building Bonds, Series 2025. Issued for the design, construction, renovation, improvement, acquisition, and equipment of school facilities in the District; the purchase of new school buses; and to pay the costs associated with the issuance of the Bonds in the original amount of \$41,060,000. Due in variable installments through August 15, 2044, with an interest rate of 5%.

FORT STOCKTON INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2025

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

H. Long-Term Debt - Continued

The District's outstanding maintenance tax note, which is payable from the General Fund, is as follows:

Maintenance Tax Notes (Direct Placement)		Interest Rate	Maturity Date	Original Amount Issued	Amount Outstanding August 31, 2025
Series	Description				
2024	Maintaining, Improving, and Equipping School Facilities	4%-5%	2044	<u>\$ 10,295,000</u>	<u>\$ 10,295,000</u>

On December 15, 2024, the District issued Fort Stockton Independent School District Maintenance Tax Notes, Series 2024. Issued for the maintenance, repair, improvement, and equipment of school facilities in the District; and to pay the costs associated with the issuance of the Notes in the original amount of \$10,295,000. Due in variable installments through August 15, 2044, with an interest rate of 4% to 5%.

During each year while bonds and notes are outstanding, the District is required to levy and collect sufficient ad valorem taxes to provide for the payment of principal and interest as it becomes due. In case of default by the District in the payment of principal of and/or interest on the bonds, and in accordance with Texas Education Code 45.061, the Comptroller will withhold the amount paid, plus interest, under guarantee, from the first state money payable to the District in the following order: foundation school fund, available school fund.

The combined annual debt service requirements are as follows:

Year Ending August 31,	General Obligation Bonds		Maintenance Tax Notes (Direct Placement)		Total
	Principal	Interest	Principal	Interest	
2026	\$ 7,135,000	\$ 3,391,388	\$ 340,000	\$ 491,750	\$ 10,526,388
2027	2,900,000	3,294,488	355,000	474,750	6,194,488
2028	2,845,000	3,150,863	375,000	457,000	5,995,863
2029	2,870,000	3,007,988	390,000	438,250	5,877,988
2030	2,920,000	2,863,238	410,000	418,750	5,783,238
2031-2035	15,420,000	12,044,937	2,385,000	1,764,500	27,464,937
2036-2040	17,315,000	7,991,063	3,040,000	1,105,750	25,306,063
2041-2045	18,225,000	3,254,677	3,000,000	313,600	21,479,677
2046-2050	4,335,000	770,962	0	0	5,105,962
2051-2054	2,075,000	176,240	0	0	2,251,240
Totals	<u>\$ 76,040,000</u>	<u>\$ 39,945,844</u>	<u>\$ 10,295,000</u>	<u>\$ 5,464,350</u>	<u>\$ 115,985,844</u>

FORT STOCKTON INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2025

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

H. Long-Term Debt - Continued

On August 14, 2025, the District deposited cash on hand of \$6,906,006 into an escrow fund to advance refund, through an in-substance defeasance, \$5,845,000 of the Unlimited Tax School Building Bonds, Series 2023. These funds are invested in U.S. Treasury Securities, and the escrow fund is not authorized to substitute assets that are not essentially risk-free. As a result, this portion of the Series 2017 bonds are considered to be defeased, and the escrow assets and the liability for the bonds have been removed from these financial statements. The District achieved a cash flow benefit of \$1,204,994 from the reduction in interest. At August 31, 2025, \$5,845,000 of the defeased bonds remained outstanding. This balance is scheduled to be paid in full on February 1, 2033.

On August 6, 2024, the District deposited cash on hand of \$7,337,751 into an escrow fund to advance refund, through an in-substance defeasance, \$7,255,000 of the Unlimited Tax School Building Bonds, Series 2017. These funds are invested in U.S. Treasury Securities, and the escrow fund is not authorized to substitute assets that are not essentially risk-free. As a result, this portion of the Series 2017 bonds are considered to be defeased, and the escrow assets and the liability for the bonds have been removed from these financial statements. The District achieved a cash flow benefit of \$938,618 from the reduction in interest. At August 31, 2025, \$6,755,000 of the defeased bonds remained outstanding. This balance is scheduled to be paid in full on February 1, 2026.

On August 6, 2024, the District deposited cash on hand of \$1,489,638 into an escrow fund to advance refund, through an in-substance defeasance, \$1,475,000 of the Unlimited Tax School Building Bonds, Series 2018. These funds are invested in U.S. Treasury Securities, and the escrow fund is not authorized to substitute assets that are not essentially risk-free. As a result, this portion of the Series 2018 bonds are considered to be defeased, and the escrow assets and the liability for the bonds have been removed from these financial statements. The District achieved a cash flow benefit of \$50,987 from the reduction in interest. At August 31, 2025, \$975,000 of the defeased bonds remained outstanding. This balance is scheduled to be paid in full on February 1, 2026.

On April 11, 2023, the District deposited cash on hand of \$3,020,009 into an escrow fund to advance refund, through an in-substance defeasance, \$2,985,000 of the Unlimited Tax School Building Bonds, Series 2018. These funds are invested in U.S. Treasury Securities, and the escrow fund is not authorized to substitute assets that are not essentially risk-free. As a result, this portion of the Series 2018 bonds are considered to be defeased, and the escrow assets and the liability for the bonds have been removed from these financial statements. The District achieved a cash flow benefit of \$611,100 from the reduction in interest. At August 31, 2025, \$2,985,000 of the defeased bonds remained outstanding. This balance is scheduled to be paid in full on February 1, 2026.

I. Outstanding Encumbrances

There were no outstanding encumbrances that were provided for in the subsequent year's budget.

J. Revenues from Local and Intermediate Sources

Local and intermediate source revenues consists of the following:

	General Fund	Debt Service Fund	Capital Projects Fund	Total
Property Taxes	\$ 23,264,776	\$ 14,461,267	\$ 0	\$ 37,726,043
Chapter 313 Agreements	806,146	0	0	806,146
Other Local Sources	4,143,916	250,284	642,047	5,036,247
Cocurricular, Enterprising Services, or Activities	106,275	0	0	106,275
Totals	<u>\$ 28,321,113</u>	<u>\$ 14,711,551</u>	<u>\$ 642,047</u>	<u>\$ 43,674,711</u>

FORT STOCKTON INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2025

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

K. General Fund Federal Source Revenues

<u>Program or Source</u>	<u>Federal Assistance Listing Number</u>	<u>Amount</u>
School Health and Related Services (SHARS)	--	\$ 9,383
School Breakfast Program	10.553	351,527
National School Lunch Program - Cash Assistance	10.555	1,138,825
USDA Commodities	10.555	147,021
COVID-19 Supply Chain Assistance	10.555	32,632
Warehouse Distribution Fees	10.560	1,645
Indirect Costs		
ESEA, Title I - ESF Focused Support	84.010A	7,502
IDEA - Part B, Formula	84.027A	39,340
IDEA - Part B, Preschool	84.173A	1,355
ESEA, Title II, Part A - Supporting Effective Instruction	84.367A	11,732
ESEA, Title III, Part A - English Language Acquisition	84.365A	1,274
ESEA, Title IV, Part A, Subpart 1	84.424A	<u>3,285</u>
Total		<u><u>\$ 1,745,521</u></u>

IV. OTHER INFORMATION

A. 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 - The Fort Stockton Independent School District participates in a multiple-employer, cost-sharing, 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 workload and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the System.

FORT STOCKTON INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2025

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

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 that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://www.trs.texas.gov/learning-resources/publications>; by writing to TRS at attention Finance Division; P.O. Box 149676, Austin, TX 78714-0185; or by calling (800)223-8778.

Benefits Provided - TRS provides service and disability retirement, as well as death and survivor benefits to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3% (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered under a previous rule. There are no automatic postemployment benefit changes; including automatic COLAs. Ad hoc postemployment 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 Section 821.006 prohibits benefit improvements, if, as a result of the particular action, the time required to amortize TRS unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. Actuarial implications of the funding provided in the manner are determined by the System's actuary.

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

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

FORT STOCKTON INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2025

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

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. The following table shows contribution rates by type of contributor for the fiscal years 2024 and 2025:

	Contribution Rates	
	<u>2024</u>	<u>2025</u>
Member	8.25%	8.25%
Non-Employer Contributing Entity (State)	8.25%	8.25%
Employers	8.25%	8.25%
District 2024 Fiscal Year Employer Contributions		\$ 809,249
District 2024 Fiscal Year Member Contributions		1,611,483
TRS 2024 Measurement Year NECE On-Behalf Contributions		1,098,223

The actual contributions during the District's 2025 fiscal year were \$912,950 from the employer and \$1,717,949 from the member.

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.

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

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

FORT STOCKTON INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2025

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

Actuarial Assumptions -

The total pension liability in the August 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2023 Rolled Forward to August 31, 2024
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-Term Expected Rate	7.00%
Municipal Bond Rate as of August 2024	3.87% The source for the rate is the Bond Buyers 20 Index which represents the estimated yield of a portfolio of 20 general obligation bonds maturing in 20 years based on a survey of municipal bond traders.
Last Year Ending August 31 in Projection Period (100 Years)	2123
Inflation	2.30%
Salary Increases	2.95% to 8.95% Including Inflation
Ad hoc Postemployment 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 21, 2023.

Discount Rate - A single discount rate of 7% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7%. 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 9.54% of payroll in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

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

FORT STOCKTON INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2025

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

The long-term expected rate of return on pension plan investments is 7%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2024, are presented in the following Asset Allocations table:

<u>Asset Class</u>	<u>Target Allocation² %</u>	<u>Long-Term Expected Geometric Real Rate of Return³</u>	<u>Expected Contribution to Long-Term Portfolio Returns</u>
Global Equity			
USA	18.0%	4.4%	1.0%
Non-U.S. Developed	13.0%	4.2%	0.8%
Emerging Markets	9.0%	5.2%	0.7%
Private Equity	14.0%	6.7%	1.2%
Stable Value			
Government Bonds	16.0%	1.9%	0.4%
Stable Value Hedge Funds	5.0%	3.0%	0.2%
Absolute Return ¹	0.0%	4.0%	0.0%
Real Return			
Real Estate	15.0%	6.6%	1.2%
Energy, Natural Resources, and Infrastructure	6.0%	5.6%	0.4%
Commodities	0.0%	2.5%	0.0%
Risk Parity	8.0%	4.0%	0.4%
Asset Allocation Leverage			
Cash	2.0%	1.0%	0.0%
Asset Allocation Leverage	-6.0%	1.3%	-0.1%
Inflation Expectation			2.4%
Volatility Drag ⁴			-0.7%
Expected Return	100.0%		7.9%

¹ Absolute Return includes Credit Sensitive Investments.

² Target Allocation are based on the FY 2024 policy model.

³ Capital Market Assumptions (CMA) come from 2024 SAA Study CMA Survey (as of December 31, 2023).

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

FORT STOCKTON INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2025

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

Discount Rate Sensitivity Analysis - The following table presents the District's net pension liability of the plan using the discount rate of 7%, and what the net pension liability would be if it were calculated using a discount rate that is 1% lower (6%) or 1% higher (8%) than the current rate:

	1% Decrease in Discount Rate (6%)	Discount Rate (7%)	1% Increase in Discount Rate (8%)
District's Proportionate Share of the Net Pension Liability	<u>\$ 13,979,015</u>	<u>\$ 8,751,908</u>	<u>\$ 4,420,878</u>

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At August 31, 2025, the Fort Stockton Independent School District reported a net pension liability of \$8,751,908 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's Proportionate Share of the Collective Net Pension Liability	\$ 8,751,908
State's Proportionate Share that is Associated with the District	<u>11,904,142</u>
Total	<u>\$ 20,656,050</u>

The net pension liability was measured as 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 0.0143276189% which was a decrease of 0.0015985447% from its proportion measured as of August 31, 2023.

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

Changes of Benefit Terms - The 2023 Texas Legislature passed Senate Bill 10 (SB10), which provided a stipend payment to certain retirees and variable ad hoc cost-of-living adjustments (COLA) to certain retirees in early fiscal year 2024. Due to its timing, the legislation and payments were not reflected in the August 31, 2023 actuarial valuation. Under the roll forward method, an adjustment was made to reflect the legislation in the rolled forward liabilities for the current measurement year, August 31, 2024. SB 10 and House Joint Resolution 2 (HJR 2) of the 88th Regular Legislative Session appropriated payments of \$1.645 billion for 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.

For the year ended August 31, 2025, the Fort Stockton Independent School District recognized pension expense of \$1,422,744 and revenue of \$1,422,744 for support provided by the State in the government-wide statement of activities.

FORT STOCKTON INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2025

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Actuarial Experience	\$ 482,393	\$ 68,331
Changes in Actuarial Assumptions	451,880	60,582
Net Difference Between Projected and Actual Investment Earnings	53,200	-
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	601,687	792,582
Contributions Paid to TRS Subsequent to the Measurement Date	<u>912,950</u>	<u>-</u>
Totals	<u>\$ 2,502,110</u>	<u>\$ 921,495</u>

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 Ending August 31,	Pension Expense Amount
2026	\$ 3,204
2027	931,178
2028	93,966
2029	(294,859)
2030	(65,824)
Thereafter	0

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

FORT STOCKTON INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2025

IV. OTHER INFORMATION - Continued

B. Defined Other Postemployment Benefit Plans - Continued

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

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

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

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

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in 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 postemployment benefit changes, including automatic COLAs.

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

TRS-Care Monthly Premium Rates

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

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

FORT STOCKTON INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2025

IV. OTHER INFORMATION - Continued

B. Defined Other Postemployment Benefit Plans - Continued

Texas Insurance Code, Section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of salary. Section 1575.204 establishes a public school contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the school. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act which is 0.75% of each active employee's pay for fiscal year 2024. 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. The following table shows contributions to the TRS-Care plan by type of contributor:

	Contribution Rates	
	<u>2024</u>	<u>2025</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
District 2024 Employer Contributions		\$ 181,961
District 2024 Member Contributions		126,966
TRS 2024 Measurement Year NECE On-Behalf Contributions		227,957

The actual contributions during the District's 2025 fiscal year were \$195,308 from the employer and \$135,354 from the member.

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.

Actuarial Assumptions - The actuarial valuation was performed as of August 31, 2023. Update procedures were used to rolled 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 demographics 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

FORT STOCKTON INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2025

IV. OTHER INFORMATION - Continued

B. Defined Other Postemployment Benefit Plans - Continued

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

The following table discloses the actuarial methods and assumptions that were applied to this measurement period:

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

The initial medical trend rate was 6.75% 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 retiree. The initial prescription drug trend rate was 7.25% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 11 years.

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

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%)	Discount Rate (3.87%)	1% Increase in Discount Rate (4.87%)
District's Proportionate Share of the Net OPEB Liability	<u>\$ 7,222,187</u>	<u>\$ 6,079,043</u>	<u>\$ 5,155,365</u>

FORT STOCKTON INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2025

IV. OTHER INFORMATION - Continued

B. Defined Other Postemployment Benefit Plans - Continued

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 1% lower or 1% higher than the assumed healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net OPEB Liability	<u>\$ 4,950,478</u>	<u>\$ 6,079,043</u>	<u>\$ 7,549,675</u>

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs - At August 31, 2025, the Fort Stockton Independent School District reported a liability of \$6,079,043 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's Proportionate Share of the Collective Net OPEB Liability	\$ 6,079,043
State's Proportionate Share that is Associated with the District	<u>7,616,958</u>
Total	<u>\$ 13,696,001</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 through August 31, 2024.

At August 31, 2024, the employer's proportion of the collective net OPEB liability was 0.0200287838% which was a decrease of 0.0024953301% from its proportion measured as of August 31, 2023.

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

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

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

For the year ended August 31, 2025, the Fort Stockton Independent School District recognized OPEB expense of \$(990,064) and revenue of \$(990,064) for support provided by the State.

FORT STOCKTON INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2025

IV. OTHER INFORMATION - Continued

B. Defined Other Postemployment Benefit Plans - Continued

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Actuarial Experience	\$ 1,165,148	\$ 3,033,772
Changes in Actuarial Assumptions	778,046	1,983,521
Net Difference Between Projected and Actual Investment Earnings	-	17,023
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	1,186,813	1,194,260
Contributions Paid to TRS Subsequent to the Measurement Date	<u>195,308</u>	<u>-</u>
Totals	<u><u>\$ 3,325,315</u></u>	<u><u>\$ 6,228,576</u></u>

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 Ending August 31,	OPEB Expense Amount
2026	\$ (752,849)
2027	(477,523)
2028	(571,546)
2029	(613,269)
2030	(369,155)
Thereafter	(314,227)

C. Medicare Part D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. Under Medicare Part D, TRS-Care receives retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the years ended August 31, 2025, August 31, 2024, and August 31, 2023, the subsidy payments received by TRS-Care on behalf of the District were \$148,330, \$100,846, and \$98,164, respectively. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements.

FORT STOCKTON INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2025

IV. OTHER INFORMATION - Continued

D. Health Care Coverage

The District participates in TRS-Active Care sponsored by the Teacher Retirement System of Texas. TRS-Active Care (the Plan) provides health care coverage to employees (and their dependents) of participating public education entities. Optional life and long-term care insurance are also provided to active members and retirees. Authority for the Plan can be found in the Texas Insurance Code, Title 8, Subtitle H, Chapter 1579 and in the Texas Administrative Code, Title 34, Part 3, Chapter 41. The Plan began operations on September 1, 2002. This is a premium-based plan. Payments are made on a monthly basis for all covered employees.

E. Risk Management

The District's risk management program includes coverage, through various third-party insurance providers, to protect the District against losses related to torts, errors and omissions, theft and damage or destruction of property, errors and omissions, injuries to employees, and natural disasters. For the year ended August 31, 2025, there were no significant reductions in coverage from the previous fiscal year, and there were no significant settlements exceeding insurance coverage for each of the past three fiscal years.

F. Contingencies

The District participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required, and the collectibility of any related receivable may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

G. Tax Abatements

The Fort Stockton Independent School District's Board of Trustees approved Agreements with Barilla Solar, LLC, Buckthorn Westex and Taygete Energy Project, LLC, and, for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes pursuant to the Chapter 313 of the Texas Tax Code. Value limitation agreements are a part of a state program originally created in 2001 which allows school districts to limit the taxable value of an approved project for Maintenance and Operations (M&O) for a period of years specified in statute. The project(s) must be consistent with the state's goal to "encourage large scale capital investments in this state." Chapter 313 grants eligibility to companies engaged in manufacturing, research and development, renewable electric energy production, clean coal projects, nuclear power generation, and Texas Priority projects. Barilla Solar, LLC, RE Roserock, Buckthorn Westex, Taygete Energy Project, LLC, and West Texas Solar Project II, LLC, qualified for tax limitation agreements under the Texas Tax Code §313.024(b)(5), as renewable energy electric generation projects.

The applications, the Agreements, and state reporting requirement documentation can be viewed at the Texas Comptroller's website: <https://www.comptroller.texas.gov/economy/local/ch313/agreement-docs.php>. The Agreements and all supporting documentation were assigned Texas Comptroller Application No. 326, 1012, 1063, 1306, and 1377, respectively.

The applicants have been required to meet a series of capital investment, job creation, and wage requirements specified by state law. At the time of the applications' approval, it was determined by both the District's Board of Trustees and the Texas Comptroller's Office that the projects would meet these standards. After approval, the applicant companies must maintain a viable presence in the District for the entire period of the value limitation plus a period of years thereafter. In addition, there are specific reporting requirements, which are monitored on an annual and biennial basis in order to ensure relevant job, wage, and operational requirements are being met.

FORT STOCKTON INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2025

IV. OTHER INFORMATION - Continued

G. Tax Abatements - Continued

In the event that any company terminates its Agreement without the consent of the District, or in the event that the any company or its successor-in-interest fails to comply in any material respect with the terms of the Agreement or to meet any material obligations under the Agreement, then the District shall be entitled to the recapture of all ad valorem tax revenue lost as a result of the Agreement together with the payment of penalty and interest on that recaptured ad valorem tax revenue. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code §33.01(a), or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code §33.01(c), or its successor statute. The Agreement provides an administrative procedure to determine any company liability. Ultimately, enforcement of any payment obligation is through the local state district court.

Project Name	A Project Value 2024	B Project's Value Limitation Amount 2024	C Amount of Applicant's M&O Taxes Paid 2024	D Amount of Applicant's M&O Taxes Reduced 2024	E Company Revenue Loss Payment to School District 2024	F Company Supplemental Payment to School District 2024	G Net Benefit (Loss) to the School District 2024 (C+E+F)
Barilla Solar, LLC	\$ 13,612,560	\$ 13,612,560	\$ 91,299	\$ 0	\$ 0	\$ 0	\$ 91,299
Barilla Solar, LLC	75,580,470	30,000,000	201,210	305,708	0	122,283	323,493
Buckthorn Westex	80,387,900	30,000,000	201,210	337,952	0	135,181	336,391
Taygete Energy Project, LLC	176,205,000	30,000,000	201,210	980,597	0	279,720	480,930
Taygete Energy Project, LLC	166,050,080	30,000,000	201,210	912,487	0	268,962	470,172

H. Adjustments and Restatements to Net Position/Fund Balance

The financial statements reflect changes within the financial reporting entity described below, which resulted in adjustments and restatements to beginning fund balance and net position as follows:

	August 31, 2024 as Previously Reported	Prior Year Restatement (A)	Prior Year Correction (B)	Prior Year Correction (C)	August 31, 2024 as Restated
Government-Wide					
Governmental Activities	<u>\$ 90,718,411</u>	<u>\$ (2,816,939)</u>	<u>\$ 4,278,121</u>	<u>\$ (4,812,860)</u>	<u>\$ 87,366,733</u>
Governmental Funds					
Major Funds					
General Fund	\$ 42,847,014	\$ 0	\$ 4,278,121	\$ (4,812,860)	\$ 42,312,275
Debt Service Fund	2,984,948	0	0	0	2,984,948
Construction Fund	<u>20,611,819</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>20,611,819</u>
Total Governmental Funds	<u>\$ 66,443,781</u>	<u>\$ 0</u>	<u>\$ 4,278,121</u>	<u>\$ (4,812,860)</u>	<u>\$ 65,909,042</u>

(A) Restate beginning balance for compensated absences due to the implementation of GASB Statement No. 101.

(B) Correction to prior year due from state.

(C) Correction to prior year account payable

FORT STOCKTON INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2025

IV. OTHER INFORMATION - Continued

I. Litigation

The District is involved in litigation relating to allegations of retaliation and defamation by a former employee. The District's liability, if any, cannot be determined at this time.

J. Commitments

The District issued bonds during the 2023, 2024 and 2025 fiscal years for the purpose of acquiring, constructing, renovating, and equipping school facilities in the original amount of \$90,645,000. As of August 31, 2025, the District has \$20,018,426 remaining to be expended on these projects.

K. Subsequent Events

The District's management has evaluated subsequent events through January 15, 2026, the date which the financial statements were available for issue.

Required Supplementary Information

FORT STOCKTON 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	\$ 27,448,500	\$ 27,039,846	\$ 28,321,113	\$ 1,281,267
5800 State Program Revenues	6,520,548	115,415,579	118,598,015	3,182,436
5900 Federal Program Revenues	1,492,000	1,592,000	1,745,521	153,521
5020 Total Revenues	35,461,048	144,047,425	148,664,649	4,617,224
EXPENDITURES:				
Current:				
0011 Instruction	15,330,643	121,490,676	121,354,828	135,848
0012 Instructional Resources and Media Services	41,641	41,641	30,572	11,069
0013 Curriculum and Instructional Staff Development	900,874	908,943	756,728	152,215
0021 Instructional Leadership	370,755	368,227	348,989	19,238
0023 School Leadership	2,287,921	2,337,283	2,264,990	72,293
0031 Guidance, Counseling, and Evaluation Services	841,197	841,197	805,093	36,104
0033 Health Services	320,579	289,020	260,065	28,955
0034 Student (Pupil) Transportation	1,348,614	1,591,091	1,379,626	211,465
0035 Food Services	2,438,100	2,538,100	2,473,771	64,329
0036 Extracurricular Activities	1,590,679	1,647,336	1,592,002	55,334
0041 General Administration	1,715,497	1,875,178	1,816,805	58,373
0051 Facilities Maintenance and Operations	5,207,150	9,957,117	7,251,343	2,705,774
0052 Security and Monitoring Services	222,980	183,050	107,448	75,602
0053 Data Processing Services	1,081,861	1,047,894	889,344	158,550
0061 Community Services	300,000	315,729	316,975	(1,246)
Debt Service:				
0072 Interest on Long-Term Liabilities	-	302,000	301,880	120
0073 Debt Issuance Cost and Fees	-	295,000	290,265	4,735
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	10,377,000	5,242,479	5,134,521
Intergovernmental:				
0091 Contracted Instructional Services Between Schools	3,526,614	-	-	-
0099 Other Intergovernmental Charges	300,000	300,000	266,172	33,828
6030 Total Expenditures	37,825,105	156,706,482	147,749,375	8,957,107
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,364,057)	(12,659,057)	915,274	13,574,331
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	-	318,145	318,145
7914 Maintenance Tax Note	-	10,295,000	10,295,000	-
7915 Transfers In	850,000	850,000	661,043	(188,957)
8911 Transfers Out (Use)	(850,000)	(850,000)	(661,043)	188,957
7080 Total Other Financing Sources (Uses)	-	10,295,000	10,613,145	318,145
1200 Net Change in Fund Balances	(2,364,057)	(2,364,057)	11,528,419	13,892,476
0100 Fund Balance - September 1 (Beginning)	42,847,014	42,847,014	42,847,014	-
1300 Adjustments and Restatements	-	-	(534,739)	(534,739)
3000 Fund Balance - August 31 (Ending)	\$ 40,482,957	\$ 40,482,957	\$ 53,840,694	\$ 13,357,737

FORT STOCKTON 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)	0.014327619%	0.015926164%	0.014491079%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 8,751,908	\$ 10,939,738	\$ 8,602,981
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	11,904,142	12,484,977	11,909,945
Total	<u>\$ 20,656,050</u>	<u>\$ 23,424,715</u>	<u>\$ 20,512,926</u>
District's Covered Payroll	\$ 19,533,117	\$ 18,494,473	\$ 17,555,534
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	44.81%	59.15%	49.00%
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.

FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015
0.013926944%	0.013711955%	0.014897116%	0.013790172%	0.013497369%	0.012993204%	0.0145095%
\$ 3,546,700	\$ 7,343,843	\$ 7,743,986	\$ 7,590,445	\$ 4,315,732	\$ 4,909,939	\$ 5,128,915
5,749,159	12,329,826	11,272,368	12,360,197	7,711,828	9,040,309	8,653,973
\$ 9,295,859	\$ 19,673,669	\$ 19,016,354	\$ 19,950,642	\$ 12,027,560	\$ 13,950,248	\$ 13,782,888
\$ 17,342,865	\$ 17,121,613	\$ 15,770,073	\$ 15,196,298	\$ 15,089,681	\$ 14,201,131	\$ 14,050,238
20.45%	42.89%	49.11%	49.95%	28.60%	34.57%	36.50%
88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%

FORT STOCKTON 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	\$ 912,950	\$ 809,249	\$ 818,519
Contribution in Relation to the Contractually Required Contribution	(912,950)	(809,249)	(818,519)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 20,823,619	\$ 19,533,117	\$ 18,494,473
Contributions as a Percentage of Covered Payroll	4.38%	4.14%	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
\$ 676,814	\$ 595,233	\$ 566,393	\$ 522,596	\$ 464,829	\$ 442,365	\$ 412,827
(676,814)	(595,233)	(566,393)	(522,596)	(464,829)	(442,365)	(412,827)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 17,555,534	\$ 17,342,865	\$ 17,121,613	\$ 15,770,073	\$ 15,196,298	\$ 15,089,681	\$ 14,201,131
3.86%	3.43%	3.31%	3.31%	3.06%	2.93%	2.91%

FORT STOCKTON 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	0.020028784%	0.022524114%	0.021465997%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 6,079,043	\$ 4,986,457	\$ 5,139,820
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	7,616,958	6,016,927	6,269,772
Total	<u>\$ 13,696,001</u>	<u>\$ 11,003,384</u>	<u>\$ 11,409,592</u>
District's Covered Payroll	\$ 19,533,117	\$ 18,494,473	\$ 17,555,534
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	31.12%	26.96%	29.28%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	13.70%	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.

FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
0.020986983%	0.021095561%	0.021218272%	0.018743303%	0.018612578%
\$ 8,095,617	\$ 8,019,375	\$ 10,034,381	\$ 9,358,703	\$ 8,093,912
10,846,323	10,776,118	13,333,448	12,660,780	11,407,139
<u>\$ 18,941,940</u>	<u>\$ 18,795,493</u>	<u>\$ 23,367,829</u>	<u>\$ 22,019,483</u>	<u>\$ 19,501,051</u>
\$ 17,342,865	\$ 17,121,613	\$ 15,770,073	\$ 15,196,298	\$ 15,089,681
46.68%	46.84%	63.63%	61.59%	53.64%
6.18%	4.99%	2.66%	1.57%	0.91%

FORT STOCKTON 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	\$ 195,308	\$ 181,961	\$ 195,384
Contribution in Relation to the Contractually Required Contribution	(195,308)	(181,961)	(195,384)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 20,823,619	\$ 19,533,117	\$ 18,494,473
Contributions as a Percentage of Covered Payroll	0.94%	0.93%	1.06%

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
\$ 175,774	\$ 164,500	\$ 160,341	\$ 148,986	\$ 129,317
(175,774)	(164,500)	(160,341)	(148,986)	(129,317)
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 17,555,534	\$ 17,342,865	\$ 17,121,613	\$ 15,770,073	\$ 15,196,298
1.00%	0.95%	0.94%	0.94%	0.85%

FORT STOCKTON INDEPENDENT SCHOOL DISTRICT
Notes to the Required Supplementary Information
August 31, 2025

Note A - TRS Pension Plan

Changes of Benefit Terms

The 2023 Texas Legislature passed Senate Bill 10 (SB10), which provided a stipend payment to certain retirees and variable ad hoc cost-of-living adjustments (COLA) to certain retirees in early fiscal year 2024. Due to its timing, the legislation and payments were not reflected in the August 31, 2023 actuarial valuation. Under the roll forward method, an adjustment was made to reflect the legislation in the rolled forward liabilities for the current measurement year, August 31, 2024. SB 10 and House Joint Resolution 2 (HJR 2) of the 88th Regular Legislative Session appropriated payments of \$1.645 billion for one-time stipends and \$3.355 billion for COLAs. This appropriation is treated as a supplemental contribution and included in other additions. Since the Legislature appropriated funds for this one-time stipend and COLA, there was no impact on the net pension liability of TRS.

Changes of Assumptions

There were no changes of assumptions since the prior measurement date.

Note B - TRS OPEB Plan

Changes of Benefit Terms

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

Changes of Assumptions

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

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

Other Supplementary Information

FORT STOCKTON 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	0.220000	1,311,268,086
2018	1.040000	0.213500	1,732,886,513
2019	1.040000	0.195400	1,946,665,230
2020	0.970000	0.255200	2,570,465,827
2021	0.901700	0.257200	2,831,661,743
2022	0.879200	0.249700	2,668,082,314
2023	0.854600	0.245400	3,645,916,345
2024	0.660700	0.399300	4,078,035,210
2025 (School year under audit)	0.670700	0.378000	3,595,308,527
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
\$ 309,170	\$ -	\$ 37,414	\$ 4,087	\$ (23,767)	\$ 243,902	
18,361	-	1,051	222	(4,972)	12,116	
69,264	-	677	139	(3,011)	65,437	
71,327	-	895	168	(2,532)	67,732	
117,040	-	919	242	(1,004)	114,875	
155,075	-	5,550	1,614	(1,006)	146,905	
169,338	-	23,580	6,873	(1,968)	136,917	
346,233	-	69,369	20,353	(2,755)	253,756	
970,238	-	182,107	111,337	(23,236)	653,558	
-	37,704,001	22,672,554	14,211,363	-	820,084	
<u>\$ 2,226,046</u>	<u>\$ 37,704,001</u>	<u>\$ 22,994,116</u>	<u>\$ 14,356,398</u>	<u>\$ (64,251)</u>	<u>\$ 2,515,282</u>	

\$ -

FORT STOCKTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 13,091,797	\$ 14,564,797	\$ 14,711,551	\$ 146,754
5800 State Program Revenues	-	272,100	272,100	-
5020 Total Revenues	13,091,797	14,836,897	14,983,651	146,754
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Liabilities	10,747,930	13,305,030	13,305,000	30
0072 Interest on Long-Term Liabilities	2,318,867	2,399,867	2,399,848	19
0073 Debt Issuance Cost and Fees	25,000	25,000	16,125	8,875
6030 Total Expenditures	13,091,797	15,729,897	15,720,973	8,924
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(893,000)	(737,322)	155,678
OTHER FINANCING SOURCES (USES):				
7916 Premium or Discount on Issuance of Bonds	-	-	5,695	5,695
1200 Net Change in Fund Balances	-	(893,000)	(731,627)	161,373
0100 Fund Balance - September 1 (Beginning)	2,984,948	2,984,948	2,984,948	-
3000 Fund Balance - August 31 (Ending)	\$ 2,984,948	\$ 2,091,948	\$ 2,253,321	\$ 161,373

FORT STOCKTON INDEPENDENT SCHOOL DISTRICT
 USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAMS
 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.	14406122
AP4	Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24,26,28,29,30)	7905368

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.	827959
AP8	Actual direct program expenditures for bilingual education programs during the district's fiscal year. (PIC 25)	455378

COMPLIANCE AND INTERNAL CONTROLS SECTION



A Limited Liability Partnership

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

Board of Trustees
Fort Stockton Independent School District
101 West Division
Fort Stockton, TX 79735

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Fort Stockton 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 January 15, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fort Stockton Independent School 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 Fort Stockton Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fort Stockton Independent School District's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Eckert & Company, LLP

January 15, 2026



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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
Fort Stockton Independent School District
101 West Division
Fort Stockton, TX 79735

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Fort Stockton 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 Fort Stockton Independent School District's major federal programs for the year ended August 31, 2025. The Fort Stockton Independent School 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 Fort Stockton Independent School 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 Fort Stockton Independent School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Fort Stockton Independent School 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 Fort Stockton Independent School 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 have occurred, whether due to fraud or error, and express an opinion on the Fort Stockton Independent School 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 auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting a 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 Fort Stockton Independent School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *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 Fort Stockton Independent School 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 Fort Stockton Independent School 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 Fort Stockton Independent School 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.

Purpose of This Report

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.

Eckert & Company, LLP

January 15, 2026

FORT STOCKTON INDEPENDENT SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended August 31, 2025

A. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	<u>Unmodified</u>
Internal Control Over Financial Reporting	
Material weaknesses identified?	___ Yes <u>X</u> No
Significant deficiencies identified that are not considered to be material weaknesses?	___ Yes <u>X</u> None Reported
Noncompliance material to financial statements noted?	___ Yes <u>X</u> No

Federal Awards

Internal Control Over Major Programs	
Material weaknesses identified?	___ Yes <u>X</u> No
Significant deficiencies identified that are not considered to be material weaknesses?	___ Yes <u>X</u> None Reported
Type of auditor's report issued on compliance for major programs	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	___ Yes <u>X</u> No

Identification of Major Programs

Federal
Assistance

<u>Listing No.</u>	<u>Name of Federal Program or Cluster</u>
--------------------	---

	ESEA, Title I, Part A
84.010A	ESEA, Title I, Part A - Improving Basic Programs
84.010A	ESEA, Title I, Part A - ESF Focused Support Grant
84.010A	ESEA, Title I, Part A - SFI School Improvement PLC Supports

Dollar threshold used to distinguish between Type A and Type B programs	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>X</u> Yes ___ No

FORT STOCKTON INDEPENDENT SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Continued
Year Ended August 31, 2025

B. Findings - Financial Statements Audit

None

C. Findings and Questioned Costs - Major Federal Award Programs Audit

None

D. Findings - State Compliance

None

.



FORT STOCKTON

INDEPENDENT SCHOOL DISTRICT

101 W DIVISION
FORT STOCKTON, TEXAS 79735
432-336-4000
432-336-4008 FAX

Schedule of Status of Prior Findings Year Ended August 31, 2025

(Prepared by the District's Management)

Prior Year Finding:

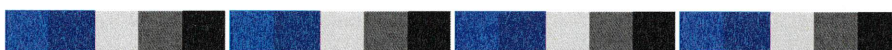
2024-001 The District's deposit balances at First National Bank of Fort Stockton as of August 31, 2024, exceeded depository insurance coverage and securities pledged by \$1,145,869.

2024-002 Actual expenditures exceeded the budget.

Status of Prior Year Finding:

This condition did not exist in the current year.

Expenditures exceeding the budget in the current year were deemed immaterial to the financial statements.



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

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	25610101186902	\$ 1,242,855
ESEA, Title I, Part A - Improving Basic Programs	84.010A	26610101186902	126,819
ESEA, Title I, Part A - ESF Focused Support Grant	84.010A	246101397110039	173,269
ESEA, Title I, Part A - SFI School Improvement PLC Supports	84.010A	25610106186902	37,500
**ESEA, Title I, Part A - Improving Basic Programs	84.010A	25694501186902	199,940
**ESEA, Title I, Part A - Improving Basic Programs	84.010A	26694501186902	66,499
**ESEA, Title I, Part A - Improving Basic Programs	84.010A	25680101186902	58,567
Total Assistance Listing Number 84.010			1,905,449
*IDEA - Part B, Formula	84.027A	256600011869026600	636,845
*IDEA - Part B, Formula	84.027A	266600011869026600	84,850
Total Assistance Listing Number 84.027			721,695
*IDEA - Part B, Preschool	84.173A	256610011869026610	22,630
*IDEA - Part B, Preschool	84.173A	266610011869026610	3,504
Total Assistance Listing Number 84.173			26,134
Total Special Education Cluster (IDEA)			747,829
Career and Technical - Basic Grant	84.048A	25420006186902	101,521
Career and Technical - Basic Grant	84.048A	26420006186902	9,674
Total Assistance Listing Number 84.048			111,195
ESEA, Title V, Part B - Rural & Low Income Program	84.358B	25696001186902	82,556
ESEA, Title V, Part B - Rural & Low Income Program	84.358B	26696001186902	9,763
Total Assistance Listing Number 84.358			92,319
Title III, Part A - English Language Acquisition	84.365A	25671001186902	22,710
Emergent Bilingual Student Summer School Program	84.369A	69552502	1,424
Total Passed Through Texas Education Agency			2,880,926
TOTAL U.S. DEPARTMENT OF EDUCATION			2,880,926
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the Texas Department of Agriculture</u>			
*School Breakfast Program	10.553	256TX332N1199	351,527
*National School Lunch Program - (Cash)	10.555	256TX332N1199	1,138,825
*National School Lunch Program - (Non-Cash)	10.555	256TX332N1199	147,021
*COVID-19 Nat'l School Lunch - Supply Chain Grant (Cash)	10.555	236TX400N8903	32,632
Total Assistance Listing Number 10.555			1,318,478
Total Child Nutrition Cluster			1,670,005
State Administrative Expenses (SAE) for Child Nutrition	10.560	246TX312N2533	1,644
Total Passed Through the Texas Department of Agriculture			1,671,649
TOTAL U.S. DEPARTMENT OF AGRICULTURE			1,671,649
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 4,552,575
*Clustered Programs			

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

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures

**The following programs were transferred to Title I, Part A:
Title II, Part A 2025 \$199,940 and 2026 \$66,499
Title IV, Part A 2025 \$58,567

FORT STOCKTON INDEPENDENT SCHOOL DISTRICT
Notes to the Schedule of Expenditures of Federal Awards
August 31, 2025

Note A - Summary of Significant Accounting Policies

The District utilizes the fund types specified in the Texas Education Agency's *Financial Accountability System Resource Guide*.

Federal and state awards generally are accounted for in a Special Revenue Fund, a component of the governmental fund types. A Special Revenue Fund is used to account for resources restricted to, or committed for, specific purposes by a grantor.

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. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds represent increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for these funds. 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 liability is incurred, if measurable, except for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District has a negotiated indirect cost rate and is not eligible to utilize the de minimis indirect cost rate.

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. Generally, unused balances are returned to the grantor at the close of specified project periods.

Note B - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District under programs of the federal government for the year ended August 31, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note C - Reconciliation to Basic Financial Statements

The following is a reconciliation of expenditures of federal awards programs per the schedule of expenditures of federal awards and federal revenues reported on Exhibit C-3:

Total Expenditures of Federal Awards	\$ 4,552,575
School Health and Related Services (SHARS) Program	<u>9,383</u>
Federal Program Revenues Per Exhibit C-3	<u><u>\$ 4,561,958</u></u>