Tarkington Independent School District

Annual Financial Report
For the Fiscal Year Ended August 31, 2025

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Tarkington Independent School District

Annual Financial Report
For the Fiscal Year Ended August 31, 2025
Table of Contents

	Page	Exhibit
Certificate of the Board	iii	
Financial Section		
Independent Auditor's Report	3	
Management's Discussion and Analysis (Unaudited)	7	
Basic Financial Statements		
Government-wide Financial Statements		
Statement of Net Position	16	A-1
Statement of Activities	17	B-1
Fund Financial Statements		
Balance Sheet – Governmental Funds	18	C-1
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	19	C-1R
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	20	C-2
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21	C-3
Statement of Fiduciary Net Position - Fiduciary Fund	22	E-1
Statement of Changes in Fiduciary Net Position – Fiduciary Fund	23	E-2
Notes to the Financial Statements	25	
Required Supplementary Information (Unaudited)		
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	54	G-1
Schedule of the District's Proportionate Share of the Net Pension Liability of a Cost-Sharing Multiple-Employer Pension Plan Teacher Retirement System of Texas	55	G-2
Schedule of the District's Contributions to the Teacher Retirement System of Texas Pension Plan	56	G-3
Schedule of the District's Proportionate Share of the Net OPEB Liability of a Cost-Sharing Multiple-Employer OPEB Plan Teacher Retirement System of Texas	57	G-4
Schedule of the District's Contributions to the Teacher Retirement System of Texas OPEB Plan	58	G-5
Notes to the Required Supplementary Information	59	

	Page	Exhibit
Supplementary Information		
Combining Funds Financial Statements		
Combining Balance Sheet – Nonmajor Governmental Funds – Special Revenue Funds	64	H-1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds – Special Revenue Funds	68	H-2
Compliance Schedules		
Schedule of Delinquent Taxes Receivable	72	J-1
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – National School Breakfast and Lunch Program	74	J-2
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund	75	J-3
Use of Funds Report – Select State Allotment Programs	76	J-4
Overall Compliance, Internal Control Section and Federal Awards		
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	79	
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance	81	
Schedule of Findings and Questioned Costs	84	
Summary Schedule of Prior Audit Findings	85	
Schedule of Expenditures of Federal Awards	86	K-1
Notes to Schedule of Expenditures of Federal Awards	87	
Other Information		
Schedule of Required Responses to Selected School FIRST Indicators (Unaudited)	88	L-1

Certificate of the Board

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

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and _____ approved _____ disapproved for the fiscal year ended August 31, 2025 at a meeting of the Board of Trustees of such school district on the 15th day of December, 2025.

Signature of Board Secretary	Signature of Board President

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

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Financial Section

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1800 Hughes Landing Blvd, Suite 500
The Woodlands, Texas 77380
713-800-1060

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, during the year ended August 31, 2025, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Beginning net position has been restated as a result of the implementation of this statement. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

The Board of Trustees of
Tarkington Independent School District

Supplementary Information

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

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

Other Information Included in the Annual Financial Report

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

The Woodlands, Texas
December 15, 2025

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Management's Discussion and Analysis
(Unaudited)

As management of the Tarkington Independent School District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended August 31, 2025. In reviewing this report, readers should be mindful that it is often necessary for management to make and use estimates in the preparation of financial statements. Examples of the use of such estimates may be found in amounts reported for depreciation, net taxes receivable, compensated absences, and net pension and OPEB liability.

Financial Highlights

- The assets and deferred outflows or resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $17,335,430 *(net position).*
- The District's net position increased by $3,773,670 from current operations and a decrease of $974,157 from a beginning balance restatement for the implementation of GASB 101*, Compensated Absences*.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of $17,517,193, an increase of $1,409,693 in comparison with the prior year.
- At the end of the current fiscal year, fund balance for the general fund was $15,124,012 or 72 percent of total general fund expenditures.

Overview of the Financial Statements

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

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

The *Statement of Net Position* (Exhibit A-1) presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* (Exhibit B-1) presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows.* Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, incurred but unpaid workers' compensation benefits, and earned but unused sick leave).

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

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

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

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

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

The District maintains fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and debt service fund, which are considered to be major funds. Data from the other thirteen governmental funds are combined into a single, aggregated presentation.

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

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

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $17,335,430 at the close of the most recent fiscal year.

Tarkington Independent School District's Net Position

	Governmental Activities					
	2025		2024		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Current and other assets	$ 22,634,178	68	$ 21,303,286	67	$ 1,330,892	6
Capital assets, net of depreciation	10,807,889	32	10,454,351	33	353,538	3
Total assets	33,442,067	100	31,757,637	100	1,684,430	
Total deferred outflows of resources	4,280,353	100	5,286,830	100	(1,006,477)	(19)
Long-term liabilities outstanding	13,937,809	90	14,788,140	89	(850,331)	(6)
Other liabilities	1,532,260	10	1,803,656	11	(271,396)	(15)
Total liabilities	15,470,069	100	16,591,796	100	(1,121,727)	
Total deferred outflows of resources	4,916,921	100	5,916,754	100	(999,833)	(17)
Net position:						
Net investment in capital assets	7,857,574	45	5,665,433	39	2,192,141	39
Restricted	2,630,790	16	2,685,494	18	(54,704)	(2)
Unrestricted	6,847,066	39	6,184,990	42	662,076	11
Total net position	$ 17,335,430	100	$ 14,535,917	100	$ 2,799,513	

Investment in capital assets (e.g., land and improvements, buildings and improvements, furniture and equipment), less any related debt used to acquire those assets that are still outstanding represents 45 percent of total net position. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net position that is restricted for debt service and grants totaled $2,630,790. The *unrestricted net position* as of August 31, 2025 was $6,847,066 and is available to meet the District's ongoing obligations.

The District implemented GASB Statement No. 101, *Compensated Absences* in fiscal year 2025 resulting in a restatement which decreased net position by $974,157 as of September 1, 2024. Because the restatement is the result of a change in accounting principle, the information for 2024 in the tables in the MD&A have not been restated in accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No*. 62. See Note 1 J. for more information.

Governmental Activities. Governmental activities increased the District's net position by $3,773,670 from current operations and decreased $974,157 from a beginning balance restatement. The elements giving rise to these changes may be determined from the table below:

Tarkington Independent School District's Changes in Net Position

	Governmental Activities					
	2025		2024		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Revenue						
Program revenues:						
Charges for services	$ 911,954	4	$ 744,846	4	$ 167,108	22
Operating grants and contributions	4,119,444	15	4,541,291	16	(421,847)	(9)
General revenues:						
Property taxes, levied for general purposes	8,181,536	29	6,383,920	23	1,797,616	28
Property taxes, levied for debt service	1,496,266	5	2,521,838	9	(1,025,572)	(41)
Grants and contributions not restricted to specific programs	12,830,590	45	12,602,013	45	228,577	2
Investment earnings	533,938	2	653,548	2	(119,610)	(18)
Miscellaneous	119,822	-	369,304	1	(249,482)	(68)
Total revenues	28,193,550	100	27,816,760	100	376,790	
Expenses						
Instruction	11,051,064	46	12,293,591	50	(1,242,527)	(10)
Instructional resources and media services	276,728	1	220,742	1	55,986	25
Curriculum and instructional staff development	395,635	2	305,838	1	89,797	29
Instructional leadership	93,368	-	84,463	-	8,905	11
School leadership	1,276,955	5	1,177,318	5	99,637	8
Guidance, counseling, and evaluation services	475,942	2	597,247	2	(121,305)	(20)
Social work services	454,814	2	47,824	-	406,990	851
Health services	237,620	1	252,997	1	(15,377)	(6)
Student transportation	1,269,093	5	1,116,553	4	152,540	14
Food services	1,527,250	6	1,494,626	6	32,624	2
Extracurricular activities	1,032,790	4	928,752	4	104,038	11
General administration	1,490,166	6	1,475,837	6	14,329	1
Plant maintenance and operations	3,113,985	13	3,040,669	12	73,316	2
Security and monitoring services	661,812	3	708,176	3	(46,364)	(7)
Data processing services	227,781	1	332,030	1	(104,249)	(31)
Community services	11,164	-	22,157	-	(10,993)	(50)
Interest on long-term debt	(73,135)	-	71,552	-	(144,687)	(202)
Issuance costs and fees	15,742	-	15,239	-	503	3
Facilities repair and maintenance	44,340	-	185,590	1	(141,250)	(76)
Payments related to shared service arrangements	600,751	2	455,024	2	145,727	32
Other intergovernmental charges	236,015	1	223,609	1	12,406	6
Total expenses	24,419,880	100	25,049,834	100	(629,954)	
Change in net position	3,773,670		2,766,926		1,006,744	
Net position - beginning, as previously reported	14,535,917		11,768,991		2,766,926	
Implementation of GASB 101, *Compensated Absences*	(974,157)		-		(974,157)	
Net position - beginning, as restated	13,561,760		11,768,991		1,792,769	
Net position - ending	$ 17,335,430		$ 14,535,917		$ 2,799,513	

Revenues are generated primarily from two sources. Grants and contributions (program and general revenues totaling ($16,950,034) represent 60 percent of total revenues and property taxes $9,677,802 represents 34 percent of total revenues. The remaining 6 percent is generated from charges for services, investment earnings, and miscellaneous revenue.

The primary functional expense of the District is Instruction ($11,051,064), which represents 46 percent of total expenses. Plant Maintenance and Operations ($3,113,985) represents 13 percent of total expenses. The remaining functional categories of expenses are individually less than 10 percent of total expenses.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of $17,517,193 an increase of $1,409,693 in comparison with the prior year.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was $15,089,693 and total fund balance was $15,124,012. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Both unassigned and total fund balance represent approximately 72 percent of total general fund expenditures. The fund balance of the District's general fund increased by $1,502,726 during the current fiscal year. The most significant change in revenues was the increase in state aid and property tax revenue.

The debt service fund has a total fund balance of $930,457, all of which is restricted for the future payment of debt service. The net increase in fund balance during the current year in the debt service fund was $51,032. The increase is a result of the District's scheduled debt payments decreasing from prior year.

General Fund Budgetary Highlights

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

Actual revenue was 652,576 below final budget, primarily due to a decrease in collections. Actual expenditures were $2,155,302 below final budget, primarily due to delays in planned projects recorded in Facilities acquisition and construction.

Capital Assets and Long–term Liabilities

Capital Assets. The District's investment in capital assets for its governmental type activities as of August 31, 2025, amounts to $10,807,889 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings and improvements, and furniture and equipment.

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

	Governmental Activities					
	2025		2024		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Land and improvements	$ 504,825	5	$ 504,825	5	$ -	-
Buildings and improvements	7,817,857	72	7,745,439	74	72,418	1
Furniture and equipment	2,485,207	23	2,204,087	21	281,120	13
Totals	$ 10,807,889	100	$ 10,454,351	100	$ 353,538	

Major capital asset additions during the current fiscal year included the following:

- $518,901 - District-wide fencing
- $154,210 – Two school busses
- $108,126 – Welding booth

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

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

Tarkington Independent School District's Long-term Liabilities Outstanding

	Governmental Activities					
	2025		2024		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
General obligation bonds, net	$ 2,716,331	19	$ 4,503,638	31	$ (1,787,307)	(40)
Notes payable	254,236	2	348,177	2	(93,941)	(27)
Workers' compensation	28,364	-	18,197	-	10,167	56
Compensated absences	1,174,530	8	44,855	-	1,129,675	2,519
Net pension liability	5,946,631	43	6,925,462	47	(978,831)	(14)
Net OPEB liability	3,817,717	28	2,947,811	20	869,906	30
Totals	$ 13,937,809	100	$ 14,788,140	100	$ (850,331)	

The District's bonded debt decreased $1,787,307 primarily from scheduled payments of principal and current year cash defeasance.

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

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

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

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

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

Economic Factors and Next Year's Budget and Rates

- Current enrollment totals 1,881 students, which is a 1% decrease from the preceding year.
- District staff totals 284 employees, which consist of 127 teachers and 63 teachers' aides and secretaries.
- The District maintains four campuses for instruction.
- The unemployment rate for the County is currently 6 percent, which is an increase from a rate of 5.1 a year ago. The State's average unemployment rate is 4.1, which is consistent from prior year.
- Property values of the District are projected to be $1,047,969,001 for the 2025-2026 fiscal year.
- A maintenance and operations tax rate of $0.6669 and a debt service tax rate of $0.2633, for a total rate of $0.9302, was adopted for 2025-2026. The preceding year rate was $0.7869 for maintenance and operations and $0.1433 for debt service.

All of these factors were considered in preparing the District's budget for the 2025-2026 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer of Tarkington Independent School District, 2770 FM 163, Cleveland, Texas, 77327.

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Basic Financial Statements

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

Statement of Net Position

August 31, 2025

Data Control Codes		1 Primary Government Governmental Activities
	ASSETS	
1110	Cash and cash equivalents	$ 3,615,134
1120	Current investments	12,506,165
1220	Property taxes receivables	4,011,424
1230	Allowance for uncollectable taxes	(401,000)
1240	Due from other governments	2,793,556
1290	Other receivables	4,014
1300	Inventories	104,885
1510	Land and improvements	504,825
1520	Buildings and improvements (net)	7,817,857
1530	Furniture and equipment (net)	2,485,207
1000	Total assets	33,442,067
	DEFERRED OUTFLOWS OF RESOURCES	
1705	Deferred outflows - pension	1,718,144
1706	Deferred outflows - OPEB	2,541,957
1710	Deferred charge on refunding	20,252
1700	Total deferred outflows of resources	4,280,353
	LIABILITIES	
2110	Accounts payable	409,180
2140	Interest payable	25,699
2160	Accrued wages payable	1,092,720
2180	Due to other governments	4,661
2501	Due within one year	1,700,386
2502	Due in more than one year	2,473,075
2540	Net pension liability	5,946,631
2545	Net OPEB liability	3,817,717
2000	Total liabilities	15,470,069
	DEFERRED INFLOWS OF RESOURCES	
2605	Deferred inflows - pension	481,589
2606	Deferred inflows - OPEB	4,435,332
2600	Total deferred inflows of resources	4,916,921
	NET POSITION:	
3200	Net investment in capital assets	7,857,574
3820	Restricted for grants	1,231,840
3850	Restricted for debt service	1,398,950
3900	Unrestricted	6,847,066
3000	**TOTAL NET POSITION**	$ 17,335,430

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

Tarkington Independent School District

Exhibit B-1

Statement of Activities

For the Fiscal Year Ended August 31, 2025

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues: Charges for Services	4 Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
	PRIMARY GOVERNMENT				
	Governmental activities:				
0011	Instruction	$ 11,051,064	$ 6,900	$ 1,398,981	$ (9,645,183)
0012	Instructional resources and media services	276,728	-	4,679	(272,049)
0013	Curriculum and instructional staff development	395,635	-	152,999	(242,636)
0021	Instructional leadership	93,368	-	2,405	(90,963)
0023	School leadership	1,276,955	-	28,115	(1,248,840)
0031	Guidance, counseling, and evaluation services	475,942	-	9,594	(466,348)
0032	Social work services	454,814	-	455,324	510
0033	Health services	237,620	-	4,411	(233,209)
0034	Student transportation	1,269,093	-	13,277	(1,255,816)
0035	Food services	1,527,250	528,732	1,026,683	28,165
0036	Extracurricular activities	1,032,790	357,968	75,140	(599,682)
0041	General administration	1,490,166	-	25,557	(1,464,609)
0051	Plant maintenance and operations	3,113,985	18,354	66,916	(3,028,715)
0052	Security and monitoring services	661,812	-	736,838	75,026
0053	Data processing services	227,781	-	2,603	(225,178)
0061	Community services	11,164	-	275	(10,889)
0072	Interest on long-term debt	(73,135)	-	120,308	193,443
0073	Issuance cost and fees	15,742	-	-	(15,742)
0081	Facilities repair and maintenance	44,340	-	-	(44,340)
0093	Payments related to shared services arrangements	600,751	-	-	(600,751)
0099	Other intergovernmental charges	236,015	-	-	(236,015)
TG	Total governmental activities	24,419,880	911,954	4,124,105	(19,383,821)
TP	**TOTAL PRIMARY GOVERNMENT**	$ 24,419,880	$ 911,954	$ 4,119,444	(19,388,482)
	General revenues:				
MT	Property taxes, levied for general purposes				8,181,536
DT	Property taxes, levied for debt service				1,496,266
GC	Grants and contributions not restricted to specific programs				12,830,590
IE	Investment earnings				533,938
MI	Miscellaneous				119,822
TR	Total general revenues				23,162,152
CN	Change in net position				3,773,670
NB	Net position - beginning, as previously reported				14,535,917
	Implementation of GASB 101, *Compensated Absences*				(974,157)
	Net position - beginning, as restated				13,561,760
NE	**NET POSITION - ENDING**				$ 17,335,430

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

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

Balance Sheet
Governmental Funds
August 31, 2025

Data Control Codes		199 General Fund	599 Debt Service Fund	Total Nonmajor Funds	98 Total Governmental Funds
	ASSETS				
1110	Cash and cash equivalents	$ 1,887,848	$ 285,546	$ 1,441,740	$ 3,615,134
1120	Current investments	11,856,593	649,572	-	12,506,165
1220	Property taxes receivable	3,489,118	522,306	-	4,011,424
1230	Allowance for uncollectable taxes	(349,000)	(52,000)	-	(401,000)
1240	Due from other governments	2,343,265	-	450,291	2,793,556
1260	Due from other funds	355,772	-	-	355,772
1290	Other receivables	4,014	-	-	4,014
1300	Inventories	34,319	-	70,566	104,885
1000	Total assets	19,621,929	1,405,424	1,962,597	22,989,950
1000a	**TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**	$ 19,621,929	$ 1,405,424	$ 1,962,597	$ 22,989,950
	LIABILITIES				
2110	Accounts payable	$ 308,355	$ -	$ 100,825	$ 409,180
2150	Payroll deductions and withholdings	-	-	-	-
2160	Accrued wages payable	1,049,444	-	43,276	1,092,720
2170	Due to other funds	-	-	355,772	355,772
2180	Due to other governments	-	4,661	-	4,661
2000	Total liabilities	1,357,799	4,661	499,873	1,862,333
	DEFERRED INFLOWS OF RESOURCES				
2600	Unavailable revenue - property taxes	3,140,118	470,306	-	3,610,424
	Total deferred inflows of resources	3,140,118	470,306	-	3,610,424
	FUND BALANCES				
3410	Nonspendable - inventory	34,319	-	-	34,319
3480	Restricted - debt service	-	930,457	-	930,457
3450	Restricted - grant funds	-	-	1,231,840	1,231,840
3545	Committed - other	-	-	245,676	245,676
3600	Unassigned	15,089,693	-	(14,792)	15,074,901
3000	Total fund balances	15,124,012	930,457	1,462,724	17,517,193
4000	**TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES**	$ 19,621,929	$ 1,405,424	$ 1,962,597	$ 22,989,950

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

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

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
August 31, 2025

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS (EXHIBIT C-1)		$ 17,517,193
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The governmental capital assets at year-end consist of:		
Governmental capital assets costs	$ 34,369,661	
Accumulated depreciation of governmental capital assets	(23,561,772)	10,807,889
Property taxes receivable, which will be collected subsequent to year-end, but are not available soon enough to pay expenditures and, therefore, are deferred in the funds.		3,610,424
Long-term liabilities, including bonds payable, notes payable, compensated absences, workers' compensation, and net pension and OPEB liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Liabilities at year-end related to such items consist of:		
Bonds payable, at original par	$ (2,625,000)	
Premium on bonds payable	(91,331)	
Accrued interest on the bonds payable	(1,813)	
Notes payable	(254,236)	
Accrued interest on notes payable	(23,886)	
Compensated absences	(1,174,530)	
Workers' compensation	(28,364)	
Net pension liability	(5,946,631)	
Net OPEB liability	(3,817,717)	(13,963,508)
Deferred charge on refunding is reported as deferred outflow of resources in the statement of net position and is not reported in the governmental funds as it is not a current financial resource available to pay for current expenditures.		20,252
Deferred outflows of resources for pension represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenses/expenditures) until then.		1,718,144
Deferred inflows of resources for pension represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.		(481,589)
Deferred outflows of resources for OPEB represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenses/expenditures) until then.		2,541,957
Deferred inflows of resources for OPEB represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.		(4,435,332)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES (EXHIBIT A-1)		$ 17,335,430

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

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

Statement of Revenues, Expenditures, and Changes
in Fund Balances
Governmental Funds
For the Fiscal Year Ended August 31, 2025

Data Control Codes		199 General Fund	599 Debt Service Fund	Total Nonmajor Funds	98 Total Governmental Funds
	REVENUES				
5700	Local and intermediate sources	$ 8,610,475	$ 1,588,724	$ 899,703	$ 11,098,902
5800	State program revenues	13,834,805	115,647	1,110,830	15,061,282
5900	Federal program revenues	59,078	-	2,452,434	2,511,512
5020	Total revenues	22,504,358	1,704,371	4,462,967	28,671,696
	EXPENDITURES				
	Current:				
0011	Instruction	9,995,002	-	1,179,007	11,174,009
0012	Instructional resources and media services	280,481	-	7,416	287,897
0013	Curriculum and instructional staff development	256,588	-	145,347	401,935
0021	Instructional leadership	96,549	-	-	96,549
0023	School leadership	1,319,985	-	13,694	1,333,679
0031	Guidance, counseling, and evaluation services	486,943	-	-	486,943
0032	Social work services	-	-	451,666	451,666
0033	Health services	249,937	-	-	249,937
0034	Student transportation	1,344,720	-	-	1,344,720
0035	Food services	-	-	1,663,866	1,663,866
0036	Extracurricular activities	682,445	-	348,194	1,030,639
0041	General administration	1,537,939	-	-	1,537,939
0051	Plant maintenance and operations	3,106,260	-	47,554	3,153,814
0052	Security and monitoring services	409,017	-	748,736	1,157,753
0053	Data processing services	234,666	-	1,552	236,218
0061	Community services	11,285	-	-	11,285
	Debt service:				
0071	Principal on long-term debt	93,941	1,595,000	-	1,688,941
0072	Interest on long-term debt	14,768	42,597	-	57,365
0073	Issuance costs and fees	-	15,742	-	15,742
	Capital outlay:				
0081	Facilities acquisition and construction	44,340	-	-	44,340
	Intergovernmental:				
0093	Payments to shared services arrangements	600,751	-	-	600,751
0099	Other intergovernmental charges	236,015	-	-	236,015
6030	Total expenditures	21,001,632	1,653,339	4,607,032	27,262,003
1200	Net change in fund balances	1,502,726	51,032	(144,065)	1,409,693
0100	Fund balances - beginning	13,621,286	879,425	1,606,789	16,107,500
3000	**FUND BALANCES - ENDING**	$ 15,124,012	$ 930,457	$ 1,462,724	$ 17,517,193

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

Tarkington Independent School District

Exhibit C-3

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended August 31, 2025

TOTAL NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS (EXHIBIT C-2)		$ 1,409,693
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense.		
Capital assets *increased*	$ 1,297,013	
Depreciation expense	(943,475)	353,538
Because some revenues will not be collected for several months after the District's fiscal year end, they are not considered available and are deferred in the governmental funds. Deferred inflows increased (decreased) by this amount this year.		
Unavailable revenues - property taxes		211,757
Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Bond payable	$ 1,595,000	
Notes payable	93,941	1,688,941
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The (increase) decrease in interest reported in the statement of activities consists of the following:		
Accrued interest on current interest bonds payable *(increased) decreased*	$ 161	
Amortization of bond premium	192,307	
Amortization of deferred charge on refunding	(42,645)	
Accrued interest on notes payable *(increased) decreased*	(19,323)	130,500
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. The amounts are as follows:		
Workers' compensation *(increased) decreased*	$ (10,167)	
Compensated absences (*increased) decreased*	(155,518)	(165,685)
The net change in net pension liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following:		
Deferred outflows increased (decreased)	$ (1,380,996)	
Deferred inflows (increased) decreased	77,335	
Net pension liability (increased) decreased	978,831	(324,830)
The net change in net OPEB liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following:		
Deferred outflows increased (decreased)	$ 417,164	
Deferred inflows (increased) decreased	922,498	
Net OPEB liability (increased) decreased	(869,906)	469,756
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES (EXHIBIT B-1)		$ 3,773,670

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

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

Statement of Fiduciary Net Position
Fiduciary Fund
August 31, 2025

	865 Custodial Fund
	Student Activity
ASSETS	
Cash and cash equivalents	$ 81,596
Total assets	81,596
LIABILITIES	
Accounts payable	-
Total liabilities	-
NET POSITION	
Restricted for:	
Student activities	81,596
TOTAL NET POSITION	$ 81,596

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

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

Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended August 31, 2025

	865 Custodial Fund Student Activity
ADDITIONS	
Other	$ 64,802
Total additions	64,802
DEDUCTIONS	
Beneficiary payments	72,748
Total deductions	72,748
Net change in fiduciary net position	(7,946)
Net position - beginning of year	89,542
NET POSITION - END OF YEAR	$ 81,596

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

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Note 1. Summary of Significant Accounting Procedures

A. Reporting Entity

The Tarkington Independent School District (the District) is governed by a seven-member board of trustees (the Board), which has governance responsibilities over all activities related to public, elementary and secondary, education within the District. Members of the Board are elected by the public; have authority to make decisions; appoint management and significantly influence operations; and have primary accountability for fiscal matters. The District is not included in any other governmental reporting entity. The accompanying financial statements present the District.

B. Description of Government-wide Financial Statements

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

C. Basis of Presentation – Government-wide Financial Statements

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

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

D. Basis of Presentation – Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

Additionally, the District reports the following fund types:

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

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

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

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

E. Measurement Focus and Basis of Accounting

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

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

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

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

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

1. Cash and Cash Equivalents

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

2. Investments

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

3. Inventories and Prepaid Items

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

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

4. Capital Assets

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

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

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

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

5. Deferred Outflows/Inflows of Resources

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

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension and OPEB activities are amortized over the weighted average remaining service life of all participants in the pension plan and OPEB plan, except for projected and actual earnings differences on investments which are amortized on a closed basis over a 5-year period.
- District contributions to the pension and OPEB plan after the measurement date of each plan are recognized in the subsequent fiscal year.
- Deferred charge/gain on refunding is amortized over the shorter of the life of the refunded or refunding debt.
- Property taxes and grants are recognized in the period the amount becomes available (collected).

6. Compensated Absences

The District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee benefit account) during or upon separation from employment. Based on the criteria listed, the following types of leave qualify for liability recognition for compensated absences – state and local. The liability for compensated absences is reported as incurred in the government-wide financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

State Personal Leave

The District is required under Texas Education Code 22.003 to provide eligible employees with a minimum of five days of personal leave per year (state leave) with no limit on accumulation and no restrictions on transfer between Districts.

Local Leave

The District's policy provides eligible employees with five days of local personal leave per year (local leave) with no limit on accumulation. Local leave benefits are eligible for payment upon separation from employment, with limitations.

A liability for the estimated value of leave benefits that will be paid upon separation of service or used by employees as time off is included in the liability for compensated absences

7. Pension

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

8. Other Post Employee Benefits

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

9. Net Position Policies

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

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

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

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

10. Net Position Flow Assumption

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

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

11. Fund Balance Policies

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

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

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

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

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

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

12. Fund Balance Flow Assumptions

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

G. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

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

H. Use of Estimates

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

I. Data Control Codes

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

J. Implementation of New Accounting Standards

GASB Statement No. 101*, Compensated Absences* (GASB 101), improves the information needs of financial statements users by updating the recognition and measurement guidance for compensated absences under a unified model and amending certain previously required disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2023, with earlier application encouraged. GASB 101 was implemented in the District's fiscal year 2025 financial statements with a restatement of $974,157 to net position as of September 1, 2024 to reflect the changes adopted to conform to the new standard.

GASB Statement No. 102*, Certain Risk Disclosures* (GASB 102), improves financial reporting by providing users of financial statements with essential information regarding certain concentrations of constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. The requirements of this statement are effective for reporting periods beginning after June 15, 2024, with earlier application encouraged. GASB 102 was implemented in the District's fiscal year 2025 financial statements with no impact to amounts or disclosures previously reported.

K. Recent Accounting Pronouncements

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

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

Note 2. Stewardship, Compliance, and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, debt service fund and National School Breakfast and Lunch Program special revenue fund. All other governmental funds adopt project length budgets. All annual appropriations lapse at fiscal year-end. The following procedures are followed in establishing the budgetary data reflected in the financial statements.

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

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

Note 3. Detailed Notes on All Funds

A. Deposits and Investments

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

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

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

Investment Type	Current Investments	Percent of Total Investments	Weighted Average Maturity (Days)	Credit Risk Rating
Investments measured at cost:				
Certificates of deposit	$ 1,054,000	8%	179	Not Rated
Investments measured at amortized cost:				
Texpool	1,229,035	10%	42	AAAm
TexasCLASS	5,188,945	42%	44	AAAm
Lone Star Government Overnight	2,703,947	22%	26	AAAm
Lone Star Corporate Overnight	1,164,317	9%	44	AAAm
Investments measured at net asset value (NAV):				
Lone Star Corporate Overnight Plus	1,165,921	9%	52	AAAf/S1+
Total value	$ 12,506,165	100%		
Portfolio weighted average maturity			34	

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application* provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

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

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

Certain investment types are not required to be measured at fair value, including external investment pools measured at amortized cost or net asset value (i.e. fair value). These investment pools are exempt from categorization within the fair value hierarchy. In order to meet the criteria to be recorded at amortized cost, investment pools must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements.

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

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

Texas CLASS is an external investment pool measured at fair value, i.e. net asset value. The investment pool's strategy is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. There are no unfunded commitments related to the investment pool. Texas CLASS has a redemption notice period of one day and may redeem daily. The investment pool's authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pool's liquidity. The Texas CLASS portfolio consists of U.S. Government securities; collateralized repurchase and reverse repurchase agreements; AAA rated money market mutual funds; and commercial paper.

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

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

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

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

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

Credit Risk
For fiscal year 2025, the District invested in various investment pools. As of August 31, 2025, the credit rating for such investments are disclosed in the preceding table.

Interest Rate Risk
Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The District monitors interest rate risk utilizing weighted average maturity analysis. In accordance with its investment policy, the District reduces its exposure to declines in fair values by limiting the weighted average maturity of any internally created pool to no more than 180 days, and any other individual investment not to exceed one year from the time of purchase, unless specifically authorized by the Board of Trustees.

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

Custodial Credit Risk – Deposits
In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of August 31, 2025, the District's banks' balances at the local bank were insured and collateralized with securities held by the District's agent and in the District's name.

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

B. Receivables

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

Change in uncollectibles related to general fund property tax	$ (57,000)
Change in uncollectibles related to debt service property taxe	(8,000)
Total change in uncollectibles of the current fiscal year	$ (65,000)

Approximately 86% of the outstanding balance of property taxes receivable is not anticipated to be collected within the next year.

C. Interfund Receivables, Payables and Transfers

Receivables/Payables
The composition of interfund receivable/payable balances as of August 31, 2025, is as follows:

Fund	Interfund Receivables	Interfund Payables
General fund	$ 355,772	$ -
Nonmajor governmental funds	-	355,772
Totals	$ 355,772	$ 355,772

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

The District did not have any transfers during the fiscal year ended August 31, 2025.

D. Capital Assets

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

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land and improvements	$ 504,825	$ -	$ -	$ 504,825
Total capital assets, not being depreciated	504,825	-	-	504,825
Capital assets, being depreciated:				
Buildings and improvements	27,171,712	684,770	-	27,856,482
Furniture and equipment	5,396,111	612,243	-	6,008,354
Total capital assets, being depreciated	32,567,823	1,297,013	-	33,864,836
Less accumulated depreciation for:				
Buildings and improvements	(19,426,273)	(612,352)	-	(20,038,625)
Furniture and equipment	(3,192,024)	(331,123)	-	(3,523,147)
Total accumulated depreciation	(22,618,297)	(943,475)	-	(23,561,772)
Total capital assets, being depreciated, net	9,949,526	353,538	-	10,303,064
Governmental activities capital assets, net	$ 10,454,351	$ 353,538	$ -	$ 10,807,889

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

Governmental activities:	
11 Instruction	$ 471,108
34 Student transportation	210,674
35 Food services	22,946
36 Extracurricular activities	21,818
41 General administration	2,321
51 Plant maintenance and operations	189,282
52 Security and monitoring services	25,326
Total depreciation expense-governmental activities	$ 943,475

E. Long-term Liabilities

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

Changes in Long-term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds, par	$ 4,220,000	$ -	$ (1,595,000)	$ 2,625,000	$ 660,000
Issuance premiums	283,638	-	(192,307)	91,331	-
Total bonds payable	4,503,638	-	(1,787,307)	2,716,331	660,000
Notes payable	348,177	-	(93,941)	254,236	84,143
Workers' compensation	18,197	23,044	(12,877)	28,364	28,364
Compensated absences*	1,019,012	155,518	-	1,174,530	927,879
Net pension liability	6,925,462	599,368	(1,578,199)	5,946,631	-
Net OPEB liability	2,947,811	1,118,605	(248,699)	3,817,717	-
Governmental activities long-term liabilities	$ 15,762,297	$ 1,896,535	$ (3,721,023)	$ 13,937,809	$ 1,700,386

* Compensated absences are reported as a net change for the year as allowed under the provisions of GASB 101, paragraph 30. Beginning balance is restated for the implementation of GASB 101, *Compensated Absences*.

General Obligation Bonds

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

Series	Interest Rate	Original Issue	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
2021 REF	0.18%-1.64%	7,295,000	2029	$ 4,220,000	$ -	$ (1,595,000)	$ 2,625,000
Totals				$ 4,220,000	$ -	$ (1,595,000)	$ 2,625,000

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

Year Ending August 31,	Principal	Interest	Total Requirements
2026	$ 660,000	$ 25,037	$ 685,037
2027	690,000	19,344	709,344
2028	690,000	12,030	702,030
2029	585,000	4,066	589,066
Totals	$ 2,625,000	$ 60,477	$ 2,685,477

As of August 31, 2025, the District did not have any authorized but unissued bonds.

In June 2024, the District expended $864,242 to complete a cash defeasance of $935,000 in principal of Series 2021 bonds with original maturities of February 15, 2029 to 2031.

The total amount of defeased bonds outstanding as of August 31, 2025, including current and prior year defeasances, is $3,030,000.

Notes Payable
In April 2021, the District entered into an installment payment agreement (note) for the acquisition and installation of energy saving equipment, which was subsequently assigned to a bank. The note is payable in quarterly installments beginning December 6, 2021, matures on June 6, 2028 with no early redemption penalties and bears an interest rate of 4.5%. As of August 31, 2025, the outstanding liability is $254,236.

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

Fiscal Year	Principal	Interest	Total Payments
2026	$ 84,143	$ 10,035	$ 94,178
2027	87,994	6,184	94,178
2028	82,099	2,157	84,256
Totals	$ 254,236	$ 18,376	$ 272,612

F. Revenues from Local and Intermediate Sources

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

	General	Debt Service	Nonmajor Governmental Funds	Totals
Property taxes	$ 7,993,270	$ 1,472,775	$ -	$ 9,466,045
Charges for services	54,266	-	528,732	582,998
Investment income	502,991	30,947	-	533,938
Other	59,948	85,002	370,971	515,921
Totals	$ 8,610,475	$ 1,588,724	$ 899,703	$ 11,098,902

Note 4. Other Information

A. Risk Management

Property/Liability
The District is exposed to various risks of loss related to property and liability. During the fiscal year 2025, the District purchased property and liability insurance through commercial carriers or participated in risk pools in which the District transfers the risk for claims related to such risks.

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

Health Care Coverage
During the year ended August 31, 2025, employees of the District were covered by TRS-Active Care (the Plan), a statewide health coverage program for Texas public education employees implemented by the Teacher Retirement System of Texas (TRS). The District paid premiums of $300 per month, per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to the TRS.

Workers' Compensation
During the year ended August 31, 2025, Tarkington ISD met its statutory workers' compensation obligations through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Workers Compensation Program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members' injured employees.

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

The Fund and its members are protected against higher-than-expected claims costs through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of $2 million. The Fund uses the services of an independent Actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2024, the Fund carries a discounted reserve of $50,247,590 for future development on reported claims and claims that have been incurred but not yet reported. For the year-ended August 31, 2025, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions and reimbursable aggregate deductibles.

The Fund engages the services of independent auditors to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2024, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

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

Liabilities of the Fund are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities also include an estimated amount for claims that have been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from stop-loss or subrogation, are another component of the claims liability estimate.

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

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

	Year Ended 8/31/2025	Year Ended 8/31/2024
Unpaid claims, beginning of fiscal year	$ 18,197	$ 14,278
Incurred claims, including provision and adjustments	23,044	5,415
Claim payments	(12,877)	(1,496)
Unpaid claims, end of fiscal year	$ 28,364	$ 18,197

B. Contingencies

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

C. Defined Benefit Pension Plan

Plan Description

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

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

Pension Plan Fiduciary Net Position

Detailed information about the TRS's fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at https://www.trs.texas.gov/learning-resources/publications; by writing to TRS at P.O. Box 149676, Austin, TX 78714-0185; or by calling 1-800-223-8778.

Benefits Provided

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

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

Contributions

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

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

Rates for such plan fiscal years are as follows:

	Contribution Rates	
	2025	2024
Member	8.25%	8.25%
Non-employer contributing entity (State)	8.25%	8.25%
Employers (District)	8.25%	8.25%

The contribution amounts for the District's fiscal year 2025 are as follows:

District contributions	$ 600,310
Member contributions	1,120,339
NECE on-behalf contributions (State)	750,213

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

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

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

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

- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment-after-retirement surcharge.
- Public education employer contribution - all public schools, charter schools and regional education service centers must contribute 1.9% of the member's salary beginning in fiscal year 2024, gradually increasing to 2.0% in fiscal year 2025.

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

On August 31, 2025, the District reported a liability of $5,946,631 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District are as follows:

District's proportionate share of the net pension liability	$ 5,946,631
State's proportionate share of the net pension liability associated with the District	7,537,687
Total	$ 13,484,318

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

At the measurement date of August 31, 2024, the District's proportion of the collective net pension liability was 0.0097351419% which was a decrease of 0.0003470042% from its proportion measured as of August 31, 2023.

For the fiscal year ended August 31, 2025, the District recognized pension expense of $1,826,020 and revenue of $900,880 for support provided by the State.

On August 31, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 327,770	$ 46,428
Changes of assumptions	307,037	41,163
Difference between projected and actual earnings on pension plan investments	36,147	-
Changes in proportion and difference between District's contributions and the proportionate share of contributions	446,880	393,998
District contributions paid subsequent to the measurement date	600,310	-
Totals	$ 1,718,144	$ 481,589

$600,310 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending August 31,	
2026	$ 119,650
2027	720,175
2028	26,505
2029	(229,426)
2030	(659)
Total	$ 636,245

Actuarial Methods and Assumptions
The actuarial valuation of the total pension liability was performed as of August 31, 2023. Update procedures were used to roll forward the total pension liability to August 31, 2024 and was determined using the following actuarial methods and assumptions:

Actuarial cost method	Individual Enry Age Normal
Asset valuation method	Fair value
Single discount rate	7.00%
Long-term expected rate of return	7.00%
Municipal bond rate as of August 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
Active mortality rates	The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioners Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published projection scale ("U-MP"). The active mortality rates were based on the published PUB (2010) Mortality Tables for Teachers, below median, also with full generational mortality.

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

Discount Rate and Long-term Expected Rate of Return
A single discount rate of 7.00% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine the single discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity will be made at the rates set by the legislature in the 2019 session. It is assumed that future employer and state contributions will be 9.54% of payroll in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

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

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

Asset Class	Target Allocation**	Long-term Expected Geometric Real Rate of Return***	Expected Contribution to Long-term Portfolio Returns
Global equity:			
U.S.	18.0%	4.4%	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%
Absolute return*	-	4.0%	-
Stable value hedge funds	5.0%	3.0%	0.2%
Real return:			
Real estate	15.0%	6.6%	1.2%
Energy, natural resources and infrastructure	6.0%	5.6%	0.4%
Commodities	-	2.5%	-
Risk parity:			
Risk parity	8.0%	4.0%	0.4%
Asset allocation leverage:			
Cash	2.0%	1.0%	-
Asset allocation leverage cash	-6.0%	1.3%	-0.1%
Inflation expectation			2.4%
Volatility drag****			-0.7%
Total	100.0%		7.9%

* Absolute return includes credit sensitive investments.

** Target allocations are based on the FY 2024 policy model.

*** Capital market assumptions (CMA) come from 2024 SAA Study CMA Survey (as of 12/31/2023).

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

Discount Rate Sensitivity Analysis

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liabilit	$ 9,498,277	$ 5,946,631	$ 3,003,840

Change of Assumptions Since the Prior Measurement Date

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

Change of Benefit Terms Since the Prior Measurement Date

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

D. Defined Other Postemployment Benefit Plan

Plan Description

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

OPEB Plan Fiduciary Net Position

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

Benefits Provided

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

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

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

TRS-Care Monthly Plan Premium Rates

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

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

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

Rates for such plan fiscal years are as follows:

	Contribution Rates	
	2025	2024
Active employee	0.65%	0.65%
Non-employer contribution entity (State)	1.25%	1.25%
Employers (District)	0.75%	0.75%
Federal/private funding*	1.25%	1.25%

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

The contribution amounts for the District's fiscal year 2025 are as follows:

District contributions	$ 126,130
Member contributions	88,276
NECE on-behalf contributions (State)	156,602

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

The State of Texas also contributed $96,926, $68,484 and $67,319 in 2025, 2024, and 2023, respectively, for on-behalf payments for Medicare Part D.

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

On August 31, 2025, the District reported a liability of $3,817,717 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided by the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District are as follows:

District's proportionate share of the net OPEB liability	$ 3,817,717
State's proportionate share of the net OPEB liability associated with the District	4,783,547
Total	$ 8,601,264

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

At the measurement date of August 31, 2024, the employer's proportion of the collective net OPEB liability was 0.0125783330% which was a decrease of 0.0007370979% from its proportion measured as of August 31, 2023.

For the fiscal year ended August 31, 2025, the District recognized net OPEB revenue of $965,399 due to recognition of deferred inflows in excess of deferred outflows and current year expense. OPEB revenue of $621,773 was recognized for support provided by the State.

On August 31, 2025, the District reported its proportionate share of the TRS' deferred outflows of resources and deferred inflows of resources related to other postemployment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 731,728	$ 1,905,248
Changes of assumptions	488,623	1,245,677
Difference between projected and actual earnings on OPEB plan investments	-	10,691
Changes in proportion and difference between District's contributions and the proportionate share of contributions	1,195,476	1,273,716
District contributions paid subsequent to the measurement date	126,130	-
Totals	$ 2,541,957	$ 4,435,332

$126,130 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended August 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (income) as follows:

Year Ending August 31,	
2026	$ (443,533)
2027	(270,625)
2028	(352,589)
2029	(324,321)
2030	(220,452)
Thereafter	(407,985)
Total	$ (2,019,505)

Actuarial Methods and Assumptions
The actuarial valuation of the total OPEB liability was performed as of August 31, 2023. Update procedures were used to roll forward the total OPEB liability to August 31, 2024.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The following assumptions used for the valuation of the TRS-Care OPEB liability are identical to the assumptions employed in the August 31, 2023 TRS pension actuarial valuation that was rolled forward to August 31, 2024:

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

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

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

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

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

Actuarial cost method	Individual entry age normal
Single discount rate	3.87% as of August 31, 2024
Aging factors	Based on Society of Actuaries' 2013 Study "Health Care Costs - From Birth to Death".
Election rates	Normal retirement: 62% participation prior to age 65 and 25% after age 65. Pre-65 retirees: 30% of pre-65 retirees are assumed to discontinue coverage at age 65.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims
Ad hoc postemployment benefit changes	None

Discount Rate

A single discount rate of 3.87% was used to measure the total OPEB liability at August 31, 2024. This was a decrease of 0.26% in the discount rate since the August 31, 2023 measurement date. The plan is essentially a "pay-as-you-go" plan and based on the assumption that contributions are made at the statutorily required rates, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments to current plan members and therefore, the single discount rate is equal to the prevailing municipal bond rate. The source for the rate is the same used for the pension plan.

Sensitivity Analysis of Rates

Discount Rate

The following table presents the District's proportionate share of the TRS-Care net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that was 1% less than and 1% greater than the discount rate that was used (3.87%) in measuring the net OPEB liability:

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
District's proportionate share of the net OPEB liabilit	$ 4,535,626	$ 3,817,717	$ 3,237,635

Healthcare Cost Trend Rates

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the net OPEB liabilit	$ 3,108,964	$ 3,817,717	$ 4,741,293

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

- The discount rate changed from 4.13% as of August 31, 2023 to 3.87% as of August 31, 2024. Additionally, the tables used to model the impact of aging on the underlying claims were revised.

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

E. Joint Venture-Shared Service Arrangement

The District participates in the following shared service arrangement:

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

F. Deficit Fund Balance

Nonmajor funds 410 and 429 retained a deficit unassigned fund balance of $1,575 and $13,217, respectfully as of August 31, 2025 due to reimbursements that were not collected during the availability period for governmental funds. These deficits are expected to be resolved during fiscal year 2026.

G. Nonmonetary Transaction

During 2025, the District received textbooks purchased by the State of Texas for the benefit of the District for a purchase price of $131,109. The District receives the textbooks as part of state funding for textbook allotment. The textbooks have been recorded in the amount of $131,109 in a special revenue fund as both state revenues and expenditures, which represents the amount of consideration given by the State of Texas.

During 2025, the District received goods purchased by the Texas Department of Agriculture (TDA) through the Food Distribution Program (commodities). These commodities have been recorded in the amount of $106,407 in a special revenue fund as federal revenues, which represents the amount of consideration given by TDA.

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Required Supplementary Information
(Unaudited)

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

Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget and Actual
General Fund
For the Fiscal Year Ended August 31, 2025

Data Control Codes		1 Budgeted Amounts Original	2 Budgeted Amounts Final	3 Actual	Variance with Final Budget
	REVENUES				
5700	Local and intermediate sources	$ 9,133,887	$ 9,133,887	$ 8,610,475	$ (523,412)
5800	State program revenues	13,673,047	13,673,047	13,834,805	161,758
5900	Federal program revenues	350,000	350,000	59,078	(290,922)
5020	Total revenues	23,156,934	23,156,934	22,504,358	(652,576)
	EXPENDITURES				
	Current:				
0011	Instruction	10,184,807	10,194,528	9,995,002	199,526
0012	Instructional resources and media services	277,809	280,820	280,481	339
0013	Curriculum and instructional staff development	248,839	256,841	256,588	253
0021	Instructional leadership	467,350	97,350	96,549	801
0023	School leadership	1,308,231	1,322,731	1,319,985	2,746
0031	Guidance, counseling, and evaluation services	477,715	487,370	486,943	427
0033	Health services	270,592	270,592	249,937	20,655
0034	Student transportation	1,244,852	1,344,852	1,344,720	132
0036	Extracurricular activities	667,154	687,265	682,445	4,820
0041	General administration	1,558,533	1,566,533	1,537,939	28,594
0051	Plant maintenance and operations	3,052,041	3,269,941	3,106,260	163,681
0052	Security and monitoring services	453,756	459,756	409,017	50,739
0053	Data processing services	226,695	259,795	234,666	25,129
0061	Community services	12,017	12,017	11,285	732
	Debt service:				
0071	Principal on long-term debt	115,000	115,000	93,941	21,059
0072	Interest on long-term debt	15,000	15,000	14,768	232
	Capital outlay:				
0081	Facilities acquisition and construction	1,636,543	1,576,543	44,340	1,532,203
	Intergovernmental:				
0093	Payments to shared services arrangements	700,000	700,000	600,751	99,249
0099	Other intergovernmental charges	240,000	240,000	236,015	3,985
6030	Total expenditures	23,156,934	23,156,934	21,001,632	2,155,302
1200	Net change in fund balance	-	-	1,502,726	1,502,726
0100	Fund balance - beginning	13,621,286	13,621,286	13,621,286	-
3000	**FUND BALANCE - ENDING**	$ 13,621,286	$ 13,621,286	$ 15,124,012	$ 1,502,726

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

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

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

Year	District's Proportion of Net Pension Liability	District's Proportionate Share of the Net Pension Liability	State's Proportionate Share of the Net Pension Liability Associated with the District	Total	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2025	0.0097351%	$ 5,946,631	$ 7,537,687	$ 13,484,318	$ 13,008,363	45.71%	77.51%
2024	0.0100821%	6,925,462	8,809,257	15,734,719	12,627,222	54.85%	73.15%
2023	0.0109121%	6,478,212	8,358,545	14,836,757	12,628,092	51.30%	75.62%
2022	0.0106986%	2,724,562	3,895,497	6,620,059	12,190,318	22.35%	88.79%
2021	0.0084185%	4,508,795	8,608,113	13,116,908	11,278,236	39.98%	75.54%
2020	0.0082884%	4,308,570	7,980,666	12,289,236	10,307,040	41.80%	75.24%
2019	0.0082537%	4,543,049	9,083,038	13,626,087	10,389,669	43.73%	73.74%
2018	0.0083348%	2,665,009	5,565,486	8,230,495	10,348,422	25.75%	82.17%
2017	0.0085547%	3,232,688	6,834,649	10,067,337	10,373,881	31.16%	78.00%
2016	0.0091676%	3,240,625	6,771,055	10,011,680	10,336,267	31.35%	78.43%

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

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

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

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

Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	$ 600,310	$ (600,310)	$ -	$ 13,576,484	4.42%
2024	546,190	(546,190)	-	13,008,363	4.20%
2023	515,337	(515,337)	-	12,627,222	4.08%
2022	508,603	(508,603)	-	12,628,092	4.03%
2021	456,726	(456,726)	-	12,190,318	3.75%
2020	350,320	(350,320)	-	11,278,236	3.11%
2019	291,203	(291,203)	-	10,307,040	2.83%
2018	279,559	(279,559)	-	10,389,669	2.69%
2017	273,165	(273,165)	-	10,348,422	2.64%
2016	271,804	(271,804)	-	10,373,881	2.62%

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

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

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

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

Year	District's Proportion of Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	State's Proportionate Share of the Net OPEB Liability Associated with the District	Total	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2025	0.0125783%	$ 3,817,717	$ 4,783,547	$ 8,601,264	$ 13,008,363	29.35%	13.70%
2024	0.0133154%	2,947,811	3,556,987	6,504,798	12,627,222	23.34%	14.94%
2023	0.0154842%	3,707,536	4,522,611	8,230,147	12,628,092	29.36%	11.52%
2022	0.0152648%	5,888,328	7,889,047	13,777,375	12,190,318	48.30%	6.18%
2021	0.0132968%	5,054,716	6,792,326	11,847,042	11,278,236	44.82%	4.99%
2020	0.0125387%	5,929,704	7,879,246	13,808,950	10,307,040	57.53%	2.66%
2019	0.0118174%	5,900,524	9,182,991	15,083,515	10,389,669	56.79%	1.57%
2018	0.0113858%	4,951,266	8,415,656	13,366,922	10,348,422	47.85%	0.91%

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

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

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

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

Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	$ 126,130	$ (126,130)	$ -	$ 13,576,484	0.93%
2024	114,790	(114,790)	-	13,008,363	0.88%
2023	115,168	(115,168)	-	12,627,222	0.91%
2022	126,675	(126,675)	-	12,628,092	1.00%
2021	119,298	(119,298)	-	12,190,318	0.98%
2020	101,600	(101,600)	-	11,278,236	0.90%
2019	89,092	(89,092)	-	10,307,040	0.86%
2018	81,706	(81,706)	-	10,389,669	0.79%

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

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

Note 1. Budget

A. Budgetary Information

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

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

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

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

B. Excess of Expenditures Over Appropriations

For the fiscal year ended August 31, 2025, expenditures exceeded appropriations in the functions (the legal level of budgetary control) of the following funds:

Fund	Function	Final Budget	Actual	Variance
Debt service fund	72	$ -	$ 42,597	$ (42,597)
Debt service fund	73	-	15,742	(15,742)

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

Note 2. Net Pension Liability and Net OPEB Liability

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

Changes in Actuarial Assumptions and Inputs

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

Changes in Demographic and Economic Assumptions

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

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

Changes in Benefit Terms

For measurement date August 31, 2024 – Net Pension Liability:

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

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

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

Other Changes
For measurement date August 31, 2024 – Net OPEB Liability:

- The tables used to model impact of aging on the underlying claims were revised.

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

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

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

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

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

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

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

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

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

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

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Supplementary Information

Tarkington Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
Special Revenue Funds
August 31, 2025

Data Control Codes		211 Title I, Part A - Improving Basic Programs	240 National School Breakfast and Lunch Program
	ASSETS		
1110	Cash and cash equivalents	$ -	$ 1,192,482
1240	Due from other governments	78,835	85,338
1300	Inventories	-	70,566
1000	**TOTAL ASSETS**	$ 78,835	$ 1,348,386
	LIABILITIES		
2110	Accounts payable	$ -	$ 73,270
2160	Accrued wages payable	-	43,276
2170	Due to other funds	78,835	-
2000	Total liabilities	78,835	116,546
	FUND BALANCES		
3450	Restricted - grant funds	-	1,231,840
3545	Committed - other	-	-
3600	Unassigned	-	-
3000	Total fund balances	-	1,231,840
4000	**TOTAL LIABILITIES AND FUND BALANCES**	$ 78,835	$ 1,348,386

244	255	263	270	282
Career and Technical Basic Grant	**Title II, Part A, Supporting Effective Instruction**	**Title III Part A - English Language Acquisition and Language Enhancement**	**Title VI, Part B, Subpart 2 - Rural & Low-Income Program**	**Elementary and Secondary School Emergency Relief III (ARP)**
$ -	$ -	$ -	$ -	$ -
11,195	-	-	26,151	-
-	-	-	-	-
$ 11,195	$ -	$ -	$ 26,151	$ -
$ 3,725	$ -	$ -	$ 741	$ -
-	-	-	-	-
7,470	-	-	25,410	-
11,195	-	-	26,151	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
$ 11,195	$ -	$ -	$ 26,151	$ -

Tarkington Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
Special Revenue Funds - Continued
August 31, 2025

Data Control Codes		289 Federally Funded Special Revenue Funds	410 Instructional Materials Allotment Fund
	ASSETS		
1110	Cash and cash equivalents	$ -	$ -
1240	Due from other governments	38,008	117,972
1300	Inventories	-	-
1000	**TOTAL ASSETS**	$ 38,008	$ 117,972
	LIABILITIES		
2110	Accounts payable	$ 4,715	$ 1,575
2160	Accrued wages payable	-	-
2170	Due to other funds	33,293	117,972
2000	Total liabilities	38,008	119,547
	FUND BALANCES		
3450	Restricted - grant funds	-	-
3590	Committed - other	-	-
3450	Unassigned	-	(1,575)
3000	Total fund balances	-	(1,575)
4000	**TOTAL LIABILITIES AND FUND BALANCES**	$ 38,008	$ 117,972

427	429	461	829	
JET Grant	**State Funded Special Revenue Funds**	**Campus Activity Fund**	**Scholarship Fund**	**Total Nonmajor Funds (See Exhibit C-1)**
$ -	$ -	$ 236,981	$ 12,277	$ 1,441,740
-	92,792	-	-	450,291
-	-	-	-	70,566
$ -	$ 92,792	$ 236,981	$ 12,277	$ 1,962,597
$ -	$ 13,217	$ 3,582	$ -	$ 100,825
-	-	-	-	43,276
-	92,792	-	-	355,772
-	106,009	3,582	-	499,873
-	-	-	-	1,231,840
-	-	233,399	12,277	245,676
-	(13,217)	-	-	(14,792)
-	(13,217)	233,399	12,277	1,462,724
$ -	$ 92,792	$ 236,981	$ 12,277	$ 1,962,597

Tarkington Independent School District
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Governmental Funds
Special Revenue Funds
For the Fiscal Year Ended August 31, 2025

Data Control Codes		211 Title I, Part A - Improving Basic Programs	240 National School Breakfast and Lunch Program
	REVENUES		
5700	Local and intermediate sources	$ -	$ 528,732
5800	State program revenues	-	4,803
5900	Federal program revenues	675,169	1,000,943
5020	Total revenues	675,169	1,534,478
	EXPENDITURES		
	Current:		
0011	Instruction	675,169	-
0012	Instructional resources and media services	-	-
0013	Curriculum and instructional staff development	-	-
0023	School leadership	-	-
0032	Social work services	-	-
0035	Food services	-	1,663,866
0036	Extracurricular activities	-	-
0051	Plant maintenance and operations	-	-
0052	Security and monitoring services	-	-
0053	Data processing services	-	-
6030	Total expenditures	675,169	1,663,866
1200	Net change in fund balances	-	(129,388)
0100	Fund balances - beginning	-	1,361,228
3000	**FUND BALANCES - ENDING**	$ -	$ 1,231,840

244	255	263	270	282
Career and Technical Basic Grant	**Title II, Part A, Supporting Effective Instruction**	**Title III Part A - English Language Acquisition and Language Enhancement**	**Title VI, Part B, Subpart 2 - Rural & Low-Income Program**	**Elementary and Secondary School Emergency Relief III (ARP)**
$ -	$ -	$ -	$ -	$ -
-	-	-	-	-
41,306	112,790	10,095	70,454	47,554
41,306	112,790	10,095	70,454	47,554
41,306	245	5,290	48,702	-
-	-	-	-	-
-	112,545	4,805	21,752	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	47,554
-	-	-	-	-
-	-	-	-	-
41,306	112,790	10,095	70,454	47,554
-	-	-	-	-
-	-	-	-	-
$ -	$ -	$ -	$ -	$ -

Tarkington Independent School District
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Governmental Funds
Special Revenue Funds - Continued
For the Fiscal Year Ended August 31, 2025

Data Control Codes		289 Federally Funded Special Revenue Funds	410 Instructional Materials Allotment Fund
	REVENUES		
5700	Local and intermediate sources	$ -	$ -
5800	State program revenues	-	249,081
5900	Federal program revenues	494,123	-
5020	Total revenues	494,123	249,081
	EXPENDITURES		
	Current:		
0011	Instruction	36,212	250,656
0012	Instructional resources and media services	-	-
0013	Curriculum and instructional staff development	6,245	-
0023	School leadership	-	-
0031	Social work services	451,666	-
0035	Food services	-	-
0036	Extracurricular activities	-	-
0051	Plant maintenance and operations	-	-
0052	Security and monitoring services	-	-
0053	Data processing services	-	-
6030	Total expenditures	494,123	250,656
1200	Net change in fund balances	-	(1,575)
0100	Fund balances - beginning	-	-
3000	**FUND BALANCES - ENDING**	$ -	$ (1,575)

427	429	461	829	
JET Grant	**State Funded Special Revenue Funds**	**Campus Activity Fund**	**Scholarship Fund**	**Total Nonmajor Funds (See Exhibit C-2)**
$ -	$ -	$ 306,471	$ 64,500	$ 899,703
121,427	735,519	-	-	1,110,830
-	-	-	-	2,452,434
121,427	735,519	306,471	64,500	4,462,967
121,427	-	-	-	1,179,007
-	-	7,416	-	7,416
-	-	-	-	145,347
-	-	13,694	-	13,694
-	-	-	-	451,666
-	-	-	-	1,663,866
-	-	281,694	66,500	348,194
-	-	-	-	47,554
-	748,736	-	-	748,736
-	-	1,552	-	1,552
121,427	748,736	304,356	66,500	4,607,032
-	(13,217)	2,115	(2,000)	(144,065)
-	-	231,284	14,277	1,606,789
$ -	$ (13,217)	$ 233,399	$ 12,277	$ 1,462,724

Tarkington Independent School District

Schedule of Delinquent Taxes Receivable
For the Fiscal Year Ended August 31, 2025

Year Ended August 31,	1 Tax Rates Maintenance	2 Tax Rates Debt Service	3 Assessed/ Appraised Value For School Tax Purposes	10 Beginning Balance 9/1/24
2016 and Prior Years	$ Various	$ Various	$ Various	$ 1,065,208
2017	1.0400	0.117500	473,544,104	122,179
2018	1.0400	0.110000	536,392,870	185,336
2019	1.1500	0.000000	568,384,000	213,685
2020	0.9700	0.128300	647,140,308	241,391
2021	0.8750	0.110000	751,160,101	271,459
2022	0.8720	0.096300	817,606,527	359,256
2023	0.8546	0.077936	977,047,213	513,341
2024	0.6692	0.263336	966,695,656	762,812
2025	0.7869	0.143300	1,044,312,191	-
1000 TOTALS				$ 3,734,667

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

Exhibit J-1

20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/25	99 Total Taxes Refunded Under Section 26.1115(c)
$ -	$ 34,195	$ 3,863	$ (113,753)	$ 913,397	
-	2,620	296	(230)	119,033	
-	3,683	390	(247)	181,016	
-	4,684	-	(241)	208,760	
-	6,759	894	(20)	233,718	
-	18,872	2,373	570	250,784	
-	35,766	3,950	(793)	318,747	
-	66,225	6,039	(262)	440,815	
-	140,723	55,376	(28,170)	538,543	
9,714,192	7,383,651	1,344,614	(179,316)	806,611	
$ 9,714,192	$ 7,697,178	$ 1,417,795	$ (322,462)	$ 4,011,424	
					$ 38,320

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

Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual
National School Breakfast and Lunch Program
For the Fiscal Year Ended August 31, 2025

Data Control Codes		1 Budgeted Amounts Original	2 Budgeted Amounts Final	3 Actual	Variance with Final Budget
	REVENUES				
5700	Local and intermediate sources	$ 560,000	$ 560,000	$ 528,732	$ (31,268)
5800	State program revenues	50,000	50,000	4,803	(45,197)
5900	Federal program revenues	940,000	940,000	1,000,943	60,943
5020	Total revenues	1,550,000	1,550,000	1,534,478	(15,522)
	EXPENDITURES				
	Current:				
0035	Food services	1,550,000	1,725,000	1,663,866	61,134
6030	Total expenditures	1,550,000	1,725,000	1,663,866	61,134
1200	Net change in fund balance	-	(175,000)	(129,388)	45,612
0100	Fund balance - beginning	1,361,228	1,361,228	1,361,228	-
3000	**FUND BALANCE - ENDING**	$ 1,361,228	$ 1,186,228	$ 1,231,840	$ 45,612

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

Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual
Debt Service Fund
For the Fiscal Year Ended August 31, 2025

Data Control Codes		1 Budgeted Amounts Original	2 Budgeted Amounts Final	3 Actual	Variance with Final Budget
	REVENUES				
5700	Local and intermediate sources	$ 1,455,000	$ 1,624,000	$ 1,588,724	$ (35,276)
5800	State program revenues	-	-	115,647	115,647
5020	Total revenues	1,455,000	1,624,000	1,704,371	80,371
	EXPENDITURES				
	Debt Service:				
0071	Principal on long-term debt	1,455,000	1,624,000	1,595,000	29,000
0072	Interest on long-term debt	-	-	42,597	(42,597)
0073	Issuance costs and fees	-	-	15,742	(15,742)
6030	Total expenditures	1,455,000	1,624,000	1,653,339	(29,339)
1200	Net change in fund balance	-	-	51,032	51,032
0100	Fund balance - beginning	879,425	879,425	879,425	-
3000	**FUND BALANCE - ENDING**	$ 879,425	$ 879,425	$ 930,457	$ 51,032

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

Use of Funds Report – Select State Allotment Programs
For the Fiscal Year Ended August 31, 2025

Data Codes		Responses
	Section A: Compensatory Education Programs	
AP1	Did your LEA expend any state compensatory education program state allotment funds during the District's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the District's fiscal year.	$ 1,523,060
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30)	$ 858,368
	Section B: Bilingual Education Programs	
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	$ 80,037
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25)	$ 44,586

Overall Compliance, Internal Control Section and Federal Awards

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1800 Hughes Landing Blvd, Suite 500
The Woodlands, Texas 77380
713-800-1060

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (Government Auditing Standards), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tarkington Independent School District (the District) as of and for the fiscal year ended August 31, 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 December 15, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

The Woodlands, Texas
December 15, 2025

1800 Hughes Landing Blvd, Suite 500
The Woodlands, Texas 77380
713-800-1060

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

The Woodlands, Texas
December 15, 2025

Tarkington Independent School District

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended August 31, 2025

Section 1. Summary of Auditor's Results

Financial Statements

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

Federal Awards

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

Section 2. Financial Statement Findings

None reported

Section 3. Federal Award Findings and Questioned Costs

None reported

Tarkington Independent School District
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended August 31, 2025

Prior Year Findings

None reported

Tarkington Independent School District

Exhibit K-1

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended August 31, 2025

(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Federal Assistance Listing Number	(2A) Pass-Through Entity Identifying Number	(3) Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Child Nutrition Cluster:			
Passed Through Texas Education Agency:			
School Breakfast Program	10.553	71402501	$ 244,124
School Breakfast Program	10.553	71402401	25,271
Total Assistance Listing Number 10.553			269,395
National School Lunch Program	10.555	71302501	481,226
National School Lunch Program	10.555	71302401	62,410
Passed through Texas Department of Agriculture:			
National School Lunch Program - Noncash Assistance	10.555	NT4XL1YGLGC5	106,407
Total Assistance Listing Number 10.555			650,043
NSLP Equipment Assistance Grants	10.579	NT4XL1YGLGC5	80,000
Total Child Nutrition Cluster			999,438
COVID 19 - USDA Commodity Storage and Delivery Reimbursement	10.560	NT4XL1YGLGC5	1,505
TOTAL U.S. DEPARTMENT OF AGRICULTURE			1,000,943
U.S. DEPARTMENT OF EDUCATION			
Passed Through Texas Education Agency:			
Title I, Part A - Improving Basic Programs	84.010A	25610101146907	675,169
Career and Technical - Basic Grant	84.048A	25420006146907	41,306
Title V, Part B, Subpart 2, Rural and Low-Income School	84.358B	25696001146907	70,454
Title III Part A - English Language Acquisition and Language Enhancement	84.365A	25671001146907	10,095
Title II Part A Teacher Training	84.367A	25694501146907	112,790
LEP Summer School	84.369A	69552402	1,363
Title IV, Part A, Subpart 1	84.424A	25680101146907	46,738
Stronger Connections	84.424F	236811017110049	446,022
Total Assistance Listing Number 84.424			492,760
COVID-19 - Education Stabilization Fund (ARP ESSER III)	84.425U	21528001146907	47,554
TOTAL U.S. DEPARTMENT OF EDUCATION			1,451,491
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through Texas Health and Human Services Commission:			
Medicaid Cluster:			
Medicaid Administrative Claiming Program (MAC)	93.778	HHS000537900089	4,958
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			4,958
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 2,457,392

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

Tarkington Independent School District

Notes to Schedule of Expenditures of Federal Awards

Note 1. Summary of Significant Accounting Policies

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

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

Note 2. De Minimis Cost Rate

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

Note 3. Reconciliation to Basic Financial Statements

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

Total expenditures of federal awards per Exhibit K-1	$ 2,457,392
General fund - federal revenue:	
School Health and Related Services (SHARS)	54,120
Total federal revenues per Exhibit C-2	$ 2,511,512

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

Schedule of Required Responses to
Selected School FIRST Indicators (Unaudited)
For the Fiscal Year Ended August 31, 2025

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