

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

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

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
CERTIFICATE OF BOARD	3	
Independent Auditors' Report	5	
Management's Discussion and Analysis	7	
<u>Basic Financial Statements</u>		
Government Wide Statements:		
Statement of Net Position	14	A-1
Statement of Activities	15	B-1
Governmental Fund Financial Statements:		
Balance Sheet	16	C-1
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	19	C-2
Statement of Revenues, Expenditures, and Changes in Fund Balance	20	C-3
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	22	C-4
Statement of Revenues, Expenditures, and Changes in Fund Balance- Budget and Actual-General Fund	24	C-5
Proprietary Fund Financial Statements:		
Statement of Net Position	25	D-1
Statement of Revenues, Expenses, and Changes in Fund Net Position	26	D-2
Statement of Cash Flows	27	D-3
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Net Position	28	E-1
Statement of Changes in Fiduciary Net Position	29	E-2
Notes to the Financial Statements	31	
<u>Required Supplementary Information</u>		
Schedule of the District's Proportionate Share of the Net Pension		
Liability - Teacher Retirement System of Texas	58	G-1
Schedule of District's Contributions for Pensions - Teacher Retirement System of Texas	60	G-2
Schedule of the District's Proportionate Share of the Net OPEB		
Liability - Teacher Retirement System of Texas	62	G-3
Schedule of District's Contributions for Other Post Employment		
Benefits (OPEB) - Teacher Retirement System of Texas	64	G-4
Notes to Required Supplementary Information	66	
<u>Combining Statements</u>		
Nonmajor Governmental Funds:		
Combining Balance Sheet	68	H-1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	72	H-2
<u>Required TEA Schedules</u>		
Schedule of Delinquent Taxes	78	J-1
Schedule of Revenues, Expenditures, and Changes in Fund Balance- Budget and Actual - Child Nutrition Program	80	J-2
Schedule of Revenues, Expenditures, and Changes in Fund Balance- Budget and Actual - Debt Service Fund	81	J-3
Use of Funds Report - Select State Allotment Programs	82	J-4

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

TABLE OF CONTENTS-Continued

	<u>Page</u>	<u>Exhibit</u>
<u>Federal Awards Section</u>		
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	85	
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	87	
Schedule of Findings and Questioned Costs	89	
Schedule of Status of Prior Findings	90	
Schedule of Expenditures of Federal Awards	92	K-1
Notes on Accounting Policies for Federal Awards	93	

CERTIFICATE OF BOARD

Anna Independent School District
Name of School District

Collin
County

043-902
Co. - Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) ☒ approved ☐ disapproved for the year ended August 31, 2025, at a meeting of the Board of Trustees of such school district on the 22nd day of January 2026.


Signature of Board Secretary


Signature of Board President

This page left blank intentionally.

Members:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC
ACCOUNTANTS
TEXAS SOCIETY OF CERTIFIED
PUBLIC ACCOUNTANTS

**HANKINS, EASTUP, DEATON,
TONN, SEAY & SCARBOROUGH**
A Limited Liability Company

CERTIFIED PUBLIC ACCOUNTANTS

902 NORTH LOCUST
P.O. BOX 977
DENTON, TX 76202-0977

TEL. (940) 387-8563
FAX (940) 383-4746

Independent Auditor's Report

To the Board of Trustees
Anna Independent School District
Anna, Texas

Opinion

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

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

Basis for Opinions

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

Emphasis of Matter – Change in Accounting Principle Pertaining to Compensated Absences

As discussed in the notes to the financial statements, the District has changed its accounting for compensated absences, which was required by Governmental Accounting Standards Board (GASB) Statement No. 101, which became effective for fiscal years beginning after December 15, 2023. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility 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 general accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 12 and the Teacher Retirement System schedules on page 58 through 66 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2026 on our consideration of Anna Independent School District's internal control over financial reporting and on our tests of the 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 Anna Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Anna Independent School District's internal control over financial reporting and compliance.

Hankins Eastup Deaton Tonn Seay & Scarborough, LLC

Hankins, Eastup, Deaton, Tonn, Seay & Scarborough, LLC
Denton, Texas
January 18, 2026

**ANNA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2025
(UNAUDITED)**

As management of Anna Independent School District, we offer readers of the District's financial statement this narrative overview and analysis of the financial activities of the District for the year ended August 31, 2025. Please read this narrative in conjunction with the independent auditors' report on page 5, and the District's Basic Financial Statements that begin on page 14.

FINANCIAL HIGHLIGHTS

- The liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by (\$11,091,161) (*deficit net position*). Of this amount, (\$3,000,127) represents negative unrestricted net position.
- The District's total net position increased by \$3,505,837 during the current fiscal year as the result of current year operations, and decreased \$1,403,395 as the result of a prior period adjustment.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$189,994,575 an increase of \$113,756,043 from the prior year. The increase in governmental fund balances was due primarily to the issuance of Series 2025 Building bonds in the capital projects fund, with a par value of \$133,135,000.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$16,964,038 or 24.84% of the total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 14 and 15). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 16) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to external customers and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the District.

The notes to the financial statements (starting on page 31) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for nonmajor funds contain even more information about the District's individual funds. The sections labeled TEA Required Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins on page 14. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all of the District's assets and deferred outflows of resources; and liabilities and deferred inflows of resources at the end of the year while the Statement of Activities includes all revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting (the basis used by private sector companies).

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received from students from outside the district and grants provided by the U.S. Department of Education to assist children with disabilities or from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by TEA in equalization funding processes (general revenues). All the District's assets and deferred outflows of resources are reported whether they serve the current year or future years. Liabilities and deferred inflows of resources are considered regardless of whether they must be paid in the current or future years.

These two statements report the District's net position and changes in them. The District's net position (the difference between assets and deferred outflows of resources; less liabilities and deferred inflows of resources) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider nonfinancial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, we divide the District into two kinds of activities:

- Governmental activities – Most of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.
- Business-type activities – The District does not have any programs in which it charges a fee to “customers” to help it cover all or most of the cost of services it provides. Thus, the District had no business-type activities during the current fiscal year.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 16 and provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received from the U.S. Department of Education. The District's administration establishes other funds to help it control and manage money for particular purposes (like campus activities). The District's two kinds of funds – governmental and proprietary – use different accounting approaches.

- Governmental funds – Most of the District's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

- Proprietary funds – The District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. The internal service fund reports the District's self-insurance workers compensation program that provides services for the District's other programs and activities.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or custodian, for money raised by student activities. The District's custodial activity is reported in a separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position on pages 28 and 29. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in this fund are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The analysis below presents both current and prior year data and discusses significant changes in the accounts. Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental activities.

Net position of the District's governmental activities increased from (\$13,193,603) to (\$11,091,161). Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was (\$3,000,127) at August 31, 2025.

Table I
NET POSITION

	Governmental Activities	
	2025	2024
Current and other assets	\$ 200,547,990	\$ 90,293,208
Capital assets	306,958,959	283,485,498
Total assets	<u>507,506,949</u>	<u>373,778,706</u>
Deferred outflows of resources	20,962,203	20,289,603
Long-term liabilities	518,575,309	380,857,157
Other liabilities	10,643,024	13,853,009
Total liabilities	<u>529,218,333</u>	<u>394,710,166</u>
Deferred inflows of resources	10,341,980	12,551,746
Net Position:		
Net investments in capital assets	(18,730,026)	(16,560,807)
Restricted	10,638,992	6,677,516
Unrestricted	<u>(3,000,127)</u>	<u>(3,310,312)</u>
Total net position	<u>\$ (11,091,161)</u>	<u>\$ (13,193,603)</u>

At the end of the current fiscal year, the District reports a deficit balance in unrestricted net position and in net investment in capital assets, while reporting a positive balance in restricted net position. The District's net position increased by \$2,102,442 during the current fiscal year (\$3,505,837 from operating activity, and a decrease of \$1,403,395 from a prior year restatement).

**Table II
CHANGES IN NET POSITION**

	Governmental Activities	
	2025	2024
Revenues:		
Program Revenues:		
Charges for services	\$ 3,229,543	\$ 2,847,618
Operating grants and contributions	10,696,317	9,083,286
General Revenues:		
Maintenance and operations taxes	27,964,594	23,912,295
Debt service taxes	18,498,555	15,778,338
State aid	37,487,681	32,921,696
Investment earnings	3,717,449	4,500,651
Miscellaneous	324,893	393,039
Special Item - Donated Land	989,888	-
Total Revenues	<u>102,908,920</u>	<u>89,436,923</u>
Expenses:		
Instruction, curriculum and media services	50,219,671	45,205,198
Instructional and school leadership	5,192,911	4,595,376
Student support services	6,595,081	6,047,253
Food services	4,107,148	3,593,543
Extracurricular activities	3,321,134	3,156,821
General administration	3,654,013	2,978,420
Plant maintenance, security and data processing	11,084,182	9,654,533
Community services	57,673	55,508
Debt services	14,248,008	12,111,597
Facilities acquisition and construction	606,035	951,820
Payments related to shared services arrangements	3,910	277,215
Other intergovernmental charges	313,317	283,682
Total Expenses	<u>99,403,083</u>	<u>88,910,966</u>
Increase (Decrease) in Net Position	3,505,837	525,957
Net Position - beginning of year	(13,193,603)	(13,719,560)
Prior Year Restatement	(1,403,395)	-
Net Position - end of year	<u>\$ (11,091,161)</u>	<u>\$ (13,193,603)</u>

State Foundation revenue increased 13.87% due to the opening of a new campus resulting in the increase in average daily attendance. Certain adjustments were necessary in the preparation of the 2024-25 budget to enable the District to maintain a sound financial position.

- Average daily attendance increased from an ADA of 5,040.34 in fiscal year 2024 to 5,552.17 in fiscal year 2025.

- The District's General Fund expenditures increased \$7.6 million. Much of this increase was due to staff salary increases, new positions because of enrollment growth, and increases in other expenses necessary for growth in the District.
- The District's maintenance and operations (M&O) tax rate decreased from \$0.7575 per \$100 valuation to \$0.7552 per \$100 valuation as required by the state funding formula. The District's debt service tax rate remained \$0.50 per \$100 valuation.

The cost of all governmental activities for the current fiscal year was \$99,403,083. However, as shown in the Statement of Activities on page 15, the amount that our taxpayers ultimately financed for these activities through District taxes was only \$46,463,149 because some of the costs were paid by those who directly benefited from the programs (\$3,229,543) or by other governments and organizations that subsidized certain programs with grants and contributions (\$10,696,317) or by State equalization funding (\$37,487,681).

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 16) reported a combined fund balance of \$189,994,575, which is \$113,756,043 more than last year's total of \$76,238,532. Included in this year's total change in fund balance is an increase of \$3,160,596 in the District's General Fund, an increase of \$3,856,488 in the Debt Service Fund, and an increase of \$106,602,605 in the Capital Projects Fund.

Over the course of the year, the Board of Trustees revised the District's budget several times. These budget amendments fall into three categories. The first category includes amendments and supplemental appropriations that were approved shortly after the beginning of the year and reflect the actual beginning balances (versus the amounts we estimated in August 2024). The second category includes changes that the Board made during the year to reflect new information regarding revenue sources and expenditure needs. The principal amendments in this case were amendments to reflect additional revenues and personnel and other costs. The third category involves amendments moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs.

The District's General Fund balance of \$29,546,370 reported on page 16 differs from the General Fund's budgetary fund balance of \$21,992,001 reported in the budgetary comparison schedule on page 24. This is principally due to increased state program revenues and cost savings achieved during the year based on the final amended budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At August 31, 2025, the District had \$306,958,959 invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. This amount represents a net increase of \$23,473,461, or 8.3%, more than last year.

More detailed information about the District's capital assets is presented in Note 4 to the financial statements.

Debt Administration

At year-end, the District had \$484,590,788 in long-term debt outstanding (including accreted interest on bonds and compensated absences) versus \$354,095,387 last year—an increase of \$130,495,401. The District's general obligation bond rating is AAA (as a result of guarantees of the Texas Permanent School Fund) according to national rating agencies.

More detailed information about the District's long-term liabilities is presented in Note 5 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The District expects average daily attendance to increase during the 2025-2026 school year. Total state aid is expected to increase due to higher enrollment.
- The District's General Fund expenditures are budgeted to increase approximately \$11.6 million. The increase is due to staff raises and additional positions required by enrollment growth.
- The 2025-2026 General Fund budget has budgeted a deficit of \$2.5 million, with budgeted revenues of \$77.4 million and budgeted expenditures of \$79.9 million.
- The District's 2025-2026 maintenance and operations tax rate remained \$0.7552 per \$100 taxable value. The debt service tax rate remained \$0.50 per \$100 taxable value. The total tax rate is \$1.2552 per \$100 taxable value.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office at Anna Independent School District, 151 W Rosamond Pkwy., Anna, Texas 75409, (972) 924-1000.

BASIC FINANCIAL STATEMENTS

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

EXHIBIT A-1

Data	Primary Government
Control	Governmental
Codes	Activities
<hr/>	
ASSETS	
1110 Cash and Cash Equivalents	\$ 191,193,081
1120 Current Investments	20,000
1220 Property Taxes - Delinquent	655,973
1230 Allowance for Uncollectible Taxes	(65,596)
1240 Due from Other Governments	7,944,481
1250 Accrued Interest	5
1290 Other Receivables, Net	45,945
1410 Prepayments	754,101
Capital Assets:	
1510 Land	12,926,655
1520 Buildings, Net	280,602,700
1530 Furniture and Equipment, Net	10,236,224
1580 Construction in Progress	3,193,380
1000 Total Assets	<hr/> 507,506,949
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Charge for Refunding	1,453,501
1705 Deferred Outflow Related to TRS Pension	8,866,035
1706 Deferred Outflow Related to TRS OPEB	10,642,667
1700 Total Deferred Outflows of Resources	<hr/> 20,962,203
LIABILITIES	
2110 Accounts Payable	4,818,243
2140 Interest Payable	870,761
2150 Payroll Deductions and Withholdings	556,614
2160 Accrued Wages Payable	4,013,055
2190 Due to Student Groups	6,386
2200 Accrued Expenses	90,493
2300 Unearned Revenue	17,472
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	7,614,714
Due in More than One Year:	
2502 Bonds, Notes, Loans, Leases, etc.	478,527,276
2540 Net Pension Liability (District's Share)	20,640,029
2545 Net OPEB Liability (District's Share)	12,063,290
2000 Total Liabilities	<hr/> 529,218,333
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	351,851
2606 Deferred Inflow Related to TRS OPEB	9,990,129
2600 Total Deferred Inflows of Resources	<hr/> 10,341,980
NET POSITION	
3200 Net Investment in Capital Assets and Right-to-Use Lease Assets	(18,730,026)
Restricted:	
3820 Restricted for Federal and State Programs	1,112,519
3850 Restricted for Debt Service	9,478,356
3880 Restricted for Scholarships	26,153
3890 Restricted for Other Purposes	21,964
3900 Unrestricted	(3,000,127)
3000 Total Net Position	<hr/> <hr/> \$ (11,091,161)

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

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

EXHIBIT B-1

FOR THE YEAR ENDED AUGUST 31, 2025					Net (Expense) Revenue and Changes in Net Position
Data		Program Revenues			
Control	1	3	4	6	
Codes		Charges for	Operating	Primary Gov.	
	Expenses	Services	Grants and Contributions	Governmental Activities	
Primary Government:					
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 48,498,962	\$ 1,093,973	\$ 5,012,023	\$ (42,392,966)
12	Instructional Resources and Media Services	619,067	19,095	37,579	(562,393)
13	Curriculum and Instructional Staff Development	1,101,642	-	97,649	(1,003,993)
21	Instructional Leadership	1,097,735	-	75,691	(1,022,044)
23	School Leadership	4,095,176	-	270,676	(3,824,500)
31	Guidance, Counseling, and Evaluation Services	2,590,780	-	322,242	(2,268,538)
33	Health Services	656,781	-	43,009	(613,772)
34	Student (Pupil) Transportation	3,347,520	-	833,466	(2,514,054)
35	Food Services	4,107,148	1,127,048	2,455,664	(524,436)
36	Extracurricular Activities	3,321,134	685,785	100,209	(2,535,140)
41	General Administration	3,654,013	-	466,573	(3,187,440)
51	Facilities Maintenance and Operations	7,918,626	303,642	283,511	(7,331,473)
52	Security and Monitoring Services	822,108	-	174,667	(647,441)
53	Data Processing Services	2,343,448	-	492,778	(1,850,670)
61	Community Services	57,673	-	30,580	(27,093)
72	Debt Service - Interest on Long-Term Debt	13,137,172	-	-	(13,137,172)
73	Debt Service - Bond Issuance Cost and Fees	1,110,836	-	-	(1,110,836)
81	Capital Outlay	606,035	-	-	(606,035)
95	Payments to Juvenile Justice Alternative Ed. Prg.	3,910	-	-	(3,910)
99	Other Intergovernmental Charges	313,317	-	-	(313,317)
[TP]	TOTAL PRIMARY GOVERNMENT:	\$ 99,403,083	\$ 3,229,543	\$ 10,696,317	(85,477,223)
Data					
Control					
Codes					
	General Revenues:				
	Taxes:				
MT	Property Taxes, Levied for General Purposes				27,964,594
DT	Property Taxes, Levied for Debt Service				18,498,555
SF	State Aid - Formula Grants				37,487,681
IE	Investment Earnings				3,717,449
MI	Miscellaneous Local and Intermediate Revenue				324,893
S1	Special Item - Donated Land				989,888
TR	Total General Revenues and Special Items				88,983,060
CN	Change in Net Position				3,505,837
NB	Net Position - Beginning as Previously Reported				(13,193,603)
PA	Adjustments and Restatements				(1,403,395)
	Net Position - Beginning as Restated and Adjusted				(14,596,998)
NE	Net Position - Ending				\$ (11,091,161)

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

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

Data Control Codes		10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS				
1110	Cash and Cash Equivalents	\$ 25,919,527	\$ 9,481,506	\$ 153,712,367
1120	Investments - Current	-	-	-
1220	Property Taxes - Delinquent	414,616	241,357	-
1230	Allowance for Uncollectible Taxes	(41,461)	(24,135)	-
1240	Due from Other Governments	7,068,410	-	-
1250	Accrued Interest	-	-	-
1260	Due from Other Funds	533,522	-	-
1290	Other Receivables	45,945	-	-
1410	Prepayments	754,101	-	-
1000	Total Assets	<u>\$ 34,694,660</u>	<u>\$ 9,698,728</u>	<u>\$ 153,712,367</u>
LIABILITIES				
2110	Accounts Payable	\$ 298,534	\$ 3,150	\$ 4,223,051
2150	Payroll Deductions and Withholdings Payable	556,614	-	-
2160	Accrued Wages Payable	3,833,745	-	-
2170	Due to Other Funds	-	-	23,543
2190	Due to Student Groups	6,386	-	-
2200	Accrued Expenditures	79,856	-	-
2300	Unearned Revenue	-	-	-
2000	Total Liabilities	<u>4,775,135</u>	<u>3,150</u>	<u>4,246,594</u>
DEFERRED INFLOWS OF RESOURCES				
2601	Unavailable Revenue - Property Taxes	373,155	217,222	-
2600	Total Deferred Inflows of Resources	<u>373,155</u>	<u>217,222</u>	<u>-</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3430	Prepaid Items	754,101	-	-
Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	-
3470	Capital Acquisition and Contractual Obligation	-	-	149,465,773
3480	Retirement of Long-Term Debt	-	9,478,356	-
3490	Other Restricted Fund Balance	-	-	-
Committed Fund Balance:				
3510	Construction	9,304,166	-	-
3545	Other Committed Fund Balance	-	-	-
Assigned Fund Balance:				
3590	Other Assigned Fund Balance	2,524,065	-	-
3600	Unassigned Fund Balance	16,964,038	-	-
3000	Total Fund Balances	<u>29,546,370</u>	<u>9,478,356</u>	<u>149,465,773</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 34,694,660</u>	<u>\$ 9,698,728</u>	<u>\$ 153,712,367</u>

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

Other		Total	
Funds		Governmental	
		Funds	
\$	1,475,556	\$	190,588,956
	20,000		20,000
	-		655,973
	-		(65,596)
	876,071		7,944,481
	5		5
	-		533,522
	-		45,945
	-		754,101
\$	2,371,632	\$	200,477,387
\$	150,158	\$	4,674,893
	-		556,614
	179,310		4,013,055
	509,979		533,522
	-		6,386
	10,637		90,493
	17,472		17,472
	867,556		9,892,435
	-		590,377
	-		590,377
	-		754,101
	1,112,519		1,112,519
	-		149,465,773
	-		9,478,356
	48,117		48,117
	-		9,304,166
	343,440		343,440
	-		2,524,065
	-		16,964,038
	1,504,076		189,994,575
\$	2,371,632	\$	200,477,387

This page left blank intentionally.

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

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$ 189,994,575
1 The District uses internal service funds to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	460,775
2 Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the fund financial statements.	381,508,608
3 Accumulated depreciation is not reported in the fund financial statements.	(74,549,649)
4 Bonds payables are not reported in the fund financial statements.	(444,228,846)
5 Accreted interest payable on capital appreciation bonds is not reported in the fund financial statements.	(7,982,529)
6 Bond premiums on outstanding bonds payable are not recognized in the fund financial statements.	(32,379,413)
7 The deferred charge on bond refundings is not recognized in the fund financial statements.	1,453,501
8 Interest on outstanding debt is accrued in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.	(870,761)
9 Compensated absences are not recognized in the fund financial statements.	(1,551,202)
10 Property tax revenue reported as unavailable revenue in the fund financial statements is recognized as revenue in the government-wide financial statements.	590,377
11 Included in the items related to government-wide long-term debt is the recognition of the District's proportionate share of the Net Pension Liability required by GASB 68 in the amount of \$20,640,029, Deferred Inflows of Resources related to TRS in the amount of \$351,851, and Deferred Outflows of Resources related to TRS in the amount of \$8,866,035. This results in a decrease in Net Position.	(12,125,845)
12 Included in the items related to government-wide long-term debt is the recognition of the District's proportionate share of the net Other Post-Employment Benefit (OPEB) liability required by GASB 75 in the amount of \$12,063,290, Deferred Inflows of Resources related to TRS OPEB in the amount of \$9,990,129, and Deferred Outflows of Resources related to TRS OPEB in the amount of \$10,642,667. This results in a decrease in Net Position.	(11,410,752)
29 Net Position of Governmental Activities	\$ (11,091,161)

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

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

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 30,135,680	\$ 19,245,912	\$ 1,836,386
5800 State Program Revenues	39,160,854	2,085,863	9,174
5900 Federal Program Revenues	1,256,019	-	-
5020 Total Revenues	70,552,553	21,331,775	1,845,560
EXPENDITURES:			
Current:			
0011 Instruction	39,710,631	-	-
0012 Instructional Resources and Media Services	522,711	-	60,459
0013 Curriculum and Instructional Staff Development	988,998	-	-
0021 Instructional Leadership	976,454	-	-
0023 School Leadership	3,604,871	-	-
0031 Guidance, Counseling, and Evaluation Services	2,167,784	-	-
0033 Health Services	565,584	-	-
0034 Student (Pupil) Transportation	3,275,622	-	-
0035 Food Services	36,006	-	-
0036 Extracurricular Activities	2,043,557	-	-
0041 General Administration	2,813,264	-	7,000
0051 Facilities Maintenance and Operations	7,013,802	-	-
0052 Security and Monitoring Services	623,561	-	-
0053 Data Processing Services	2,611,525	-	-
0061 Community Services	27,133	-	-
Debt Service:			
0071 Principal on Long-Term Liabilities	-	4,970,244	-
0072 Interest on Long-Term Liabilities	-	14,933,884	-
0073 Bond Issuance Cost and Fees	-	13,526	1,097,310
Capital Outlay:			
0081 Facilities Acquisition and Construction	989,888	-	30,175,496
Intergovernmental:			
0095 Payments to Juvenile Justice Alternative Ed. Prg.	3,910	-	-
0099 Other Intergovernmental Charges	313,317	-	-
6030 Total Expenditures	68,288,618	19,917,654	31,340,265
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	2,263,935	1,414,121	(29,494,705)
OTHER FINANCING SOURCES (USES):			
7911 Capital Related Debt Issued	-	-	133,135,000
7915 Transfers In	-	-	-
7916 Premium or Discount on Issuance of Bonds	-	2,442,367	2,962,310
7949 Other Resources - Donated Land	989,888	-	-
8911 Transfers Out (Use)	(93,227)	-	-
7080 Total Other Financing Sources (Uses)	896,661	2,442,367	136,097,310
1200 Net Change in Fund Balances	3,160,596	3,856,488	106,602,605
0100 Fund Balance - September 1 (Beginning)	26,385,774	5,621,868	42,863,168
3000 Fund Balance - August 31 (Ending)	\$ 29,546,370	\$ 9,478,356	\$ 149,465,773

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

	Other Funds	Total Governmental Funds
\$	1,868,987	\$ 53,086,965
	841,751	42,097,642
	3,963,884	5,219,903
	6,674,622	100,404,510

	1,809,026	41,519,657
	22,763	605,933
	52,072	1,041,070
	4,800	981,254
	-	3,604,871
	173,878	2,341,662
	-	565,584
	297,221	3,572,843
	3,540,386	3,576,392
	581,662	2,625,219
	746	2,821,010
	-	7,013,802
	122,160	745,721
	-	2,611,525
	26,781	53,914
	-	4,970,244
	-	14,933,884
	-	1,110,836
	-	31,165,384
	-	3,910
	-	313,317
	6,631,495	126,178,032
	43,127	(25,773,522)

	-	133,135,000
	93,227	93,227
	-	5,404,677
	-	989,888
	-	(93,227)
	93,227	139,529,565
	136,354	113,756,043
	1,367,722	76,238,532
\$	1,504,076	\$ 189,994,575

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

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ 113,756,043
The District uses an internal service fund to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The net income (loss) of the internal service fund is reported with governmental activities in the government-wide financial statements. The net effect of this consolidation is to increase net position.	(10,424)
Current year capital asset additions are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The net effect of reclassifying the current year capital asset additions is to increase net position.	32,180,589
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position in the government-wide financial statements.	(8,707,128)
Current year long-term debt principal payments on bonds payable, loans payable, and payment of accreted interest are expenditures in the fund financial statements, but are shown as reductions in long-term debt in the government-wide financial statements.	5,810,904
Current year interest accretion on capital appreciation bonds is not reflected in the fund financial statements, but is shown as an increase in long-term liabilities in the government-wide financial statements.	(632,247)
Interest expense on outstanding debt is accrued in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due. The current year decrease in accrued interest payable increases the change in net position in the government-wide financial statements.	264,151
Bond premiums and discounts are not amortized in the fund financial statements, but are reported net of amortization in the government-wide financial statements.	1,462,224
Current year amortization of the deferred charge on bond refundings is not recognized in the fund financial statements, but is shown as a reduction of the deferred charge in the government-wide financial statements.	(138,076)
Current year issuances of capital related bonds are shown as other financing sources in the fund financial statements, but are shown as increases in long-term debt in the government-wide financial statements.	(133,135,000)
The premiums on the current year issuances of capital related bonds are recorded as other financing sources in the fund financial statements, but are shown as an increase in long-term debt in the government-wide financial statements.	(5,404,677)
Compensated absences are expensed when used within the fund financial statements, but are shown as a decrease in long-term debt in the government-wide financial statements.	(147,807)
Revenues from property taxes are shown as unavailable in the fund financial statements until they are considered available to finance current expenditures, but such revenues are recognized when assessed, net of an allowance for uncollectible accounts, in the government-wide financial statements.	(275,003)
The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. TRS contributions made after the measurement date of 8/31/24 caused the change in the ending net position to increase \$239,307. These contributions were replaced with the District's pension expense for the year of \$2,356,027, which caused a decrease in the change in net position. The net effect of these is to decrease the change in net position.	(2,116,720)

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

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

EXHIBIT C-4

The implementation of GASB 75 required that certain expenditures be de-expended and recorded as deferred resource outflows. TRS OPEB contributions made after the measurement date of 8/31/24 but during the current fiscal year caused the ending change in net position to increase in the amount of \$24,194. These contributions were replaced with the District's negative OPEB expense for the year, which was \$574,814 and also caused an increase in the change in net position. The net effect of these is to increase the change in net position.	599,008
Change in Net Position of Governmental Activities	<u><u>\$ 3,505,837</u></u>

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

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 30,455,627	\$ 30,463,754	\$ 30,135,680	\$ (328,074)
5800	State Program Revenues	33,252,180	33,481,578	39,160,854	5,679,276
5900	Federal Program Revenues	1,000,000	1,193,901	1,256,019	62,118
5020	Total Revenues	64,707,807	65,139,233	70,552,553	5,413,320
EXPENDITURES:					
Current:					
0011	Instruction	40,569,528	40,743,998	39,710,631	1,033,367
0012	Instructional Resources and Media Services	605,394	544,038	522,711	21,327
0013	Curriculum and Instructional Staff Development	1,410,458	1,026,475	988,998	37,477
0021	Instructional Leadership	1,093,993	1,012,813	976,454	36,359
0023	School Leadership	3,464,209	3,704,599	3,604,871	99,728
0031	Guidance, Counseling, and Evaluation Services	2,310,341	2,258,487	2,167,784	90,703
0033	Health Services	584,160	589,069	565,584	23,485
0034	Student (Pupil) Transportation	2,967,850	3,473,956	3,275,622	198,334
0035	Food Services	-	41,000	36,006	4,994
0036	Extracurricular Activities	2,085,348	2,139,779	2,043,557	96,222
0041	General Administration	2,619,483	2,977,973	2,813,264	164,709
0051	Facilities Maintenance and Operations	7,364,443	7,271,648	7,013,802	257,846
0052	Security and Monitoring Services	698,291	723,291	623,561	99,730
0053	Data Processing Services	2,468,268	2,573,874	2,611,525	(37,651)
0061	Community Services	40,462	40,462	27,133	13,329
Capital Outlay:					
0081	Facilities Acquisition and Construction	30,000	-	989,888	(989,888)
Intergovernmental:					
0095	Payments to Juvenile Justice Alternative Ed. Prg.	5,000	5,000	3,910	1,090
0099	Other Intergovernmental Charges	290,000	313,317	313,317	-
6030	Total Expenditures	68,607,228	69,439,779	68,288,618	1,151,161
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,899,421)	(4,300,546)	2,263,935	6,564,481
OTHER FINANCING SOURCES (USES):					
7949	Other Resources - Donated Land	-	-	989,888	989,888
8911	Transfers Out (Use)	-	(93,227)	(93,227)	-
7080	Total Other Financing Sources (Uses)	-	(93,227)	896,661	989,888
1200	Net Change in Fund Balances	(3,899,421)	(4,393,773)	3,160,596	7,554,369
0100	Fund Balance - September 1 (Beginning)	26,385,774	26,385,774	26,385,774	-
3000	Fund Balance - August 31 (Ending)	\$ 22,486,353	\$ 21,992,001	\$ 29,546,370	\$ 7,554,369

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

ANNA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AUGUST 31, 2025

	Governmental Activities -
	Internal Service Fund
<hr/>	
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 604,125
Total Assets	<u>604,125</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	<u>143,350</u>
Total Liabilities	<u>143,350</u>
NET POSITION	
Unrestricted Net Position	<u>460,775</u>
Total Net Position	<u><u>\$ 460,775</u></u>

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

ANNA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2025

	Governmental Activities -
	Internal Service Fund
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 316,042
Total Operating Revenues	316,042
OPERATING EXPENSES:	
Other Operating Costs	344,868
Total Operating Expenses	344,868
Operating Income (Loss)	(28,826)
NONOPERATING REVENUES (EXPENSES):	
Earnings from Temporary Deposits & Investments	18,402
Total Nonoperating Revenues (Expenses)	18,402
Change in Net Position	(10,424)
Total Net Position - September 1 (Beginning)	471,199
Total Net Position - August 31 (Ending)	\$ 460,775

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

ANNA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2025

EXHIBIT D-3

	Governmental Activities
	-
	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from District	\$ 316,042
Cash Payments for Insurance Claims and Expenses	(346,824)
Net Cash Used for Operating Activities	(30,782)
<u>Cash Flows from Investing Activities:</u>	
Interest and Dividends on Investments	18,402
Net Decrease in Cash and Cash Equivalents	(12,380)
Cash and Cash Equivalents at Beginning of Year	616,505
Cash and Cash Equivalents at End of Year	\$ 604,125
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Used for Operating Activities:</u>	
Operating Income (Loss):	\$ (28,826)
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase (decrease) in Accounts Payable	(1,956)
Net Cash Used for Operating Activities	\$ (30,782)

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

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

	Custodial Fund
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 70,094
Total Assets	<u>70,094</u>
NET POSITION	
Unrestricted Net Position	<u>70,094</u>
Total Net Position	<u><u>\$ 70,094</u></u>

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

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

	Custodial Fund
ADDITIONS:	
Contributions to Student Groups	\$ 121,720
Earnings from Temporary Deposits	650
Total Additions	<u>122,370</u>
DEDUCTIONS:	
Supplies and Materials	<u>125,890</u>
Total Deductions	<u>125,890</u>
Change in Fiduciary Net Position	(3,520)
Total Net Position - September 1 (Beginning)	<u>73,614</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 70,094</u></u>

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

This page left blank intentionally.

ANNA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Anna Independent School District (the "District") is a public educational agency operating under the applicable rules and regulations of the State of Texas. The District's combined financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide (FAR). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

A. REPORTING ENTITY

The Board of Trustees, a seven-member group elected by registered voters of the District, has fiscal accountability over all activities related to public elementary and secondary education within the jurisdiction of the District. The board of trustees is elected by the public. The trustees as a body corporate have the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency (Agency) or to the State Board of Education are reserved for the trustees, and the Agency may not substitute its judgment for the lawful exercise of those powers and duties by the trustees. The District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards.

The District's basic financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the District

Based on the aforementioned criteria, Anna Independent School District has no component units.

B. BASIS OF PRESENTATION

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support. The District had no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

ANNA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

Fund Financial Statements:

The District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The District has presented the following major governmental funds:

1. **General Fund** - This fund is established to account for resources financing the fundamental operations of the District, in partnership with the community, in enabling and motivating students to reach their full potential. All revenues and expenditures not required to be accounted for in other funds are included here. This is a budgeted fund and any fund balances are considered resources available for current operations. Fund balances may be appropriated by the Board of Trustees to implement its responsibilities.
2. **Debt Service Fund** - This fund is established to account for payment of principal and interest on long-term general obligation debt and other long-term debts for which a tax has been dedicated. This is a budgeted fund. Any unused debt service fund balances are transferred to the General Fund after all of the related debt obligations have been met.
3. **Capital Projects Fund** - This fund is established to account for proceeds, from the sale of bonds and other resources to be used for Board authorized acquisition, construction, or renovation, as well as, furnishings and equipping of major capital facilities.

Additionally, the District reports the following fund types:

1. **Special Revenue Funds** - These funds are established to account for federally financed or expenditures legally restricted for specified purposes. In many special revenue funds, any unused balances are returned to the grantor at the close of specified project periods. For funds in this fund type, project accounting is employed to maintain integrity for the various sources of funds.
2. **Internal Service Fund** - The District utilizes an Internal Service Fund to account for revenues and expenses related to services provided to parties inside the District on a cost reimbursement basis. This fund facilitates distribution of support costs to the users of support services. The District has an internal service fund for its self-insured workers' compensation plan.
3. **Fiduciary Funds** - These funds are used to account for activities of student groups and other organizational activities on a fiduciary basis.

The internal service fund is a proprietary fund type. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary fund includes the cost of personal and contractual services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

ANNA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or non-current) are included in the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

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

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

The revenues susceptible to accrual are property taxes, charges for services, interest income and intergovernmental revenues. All other Governmental Fund Type revenues are recognized when received.

Revenues from state and federal grants are recognized as earned when the related program expenditures are incurred. Funds received but unearned are reflected as deferred revenues, and funds expended but not yet received are shown as receivables.

ANNA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

Revenue from investments, including governmental external investment pool, is based upon fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Most investments are reported at amortized cost when the investments have remaining maturities of one year or less at time of purchase. External investment pools are permitted to report short-term debt investments at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer, or other factors. For that purpose, a pool's short-term investments are those with remaining maturities of up to ninety days.

In accordance with the FAR, the District has adopted and installed an accounting system which exceeds the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure presented in the Accounting Code Section of the FAR.

D. BUDGETARY CONTROL

Formal budgetary accounting is employed for all required Governmental Fund Types, as outlined in TEA's FAR module, and is presented on the modified accrual basis of accounting consistent with generally accepted accounting principles. The budget is prepared and controlled at the function level within each organization to which responsibility for controlling operations is assigned.

The official school budget is prepared for adoption for required Governmental Fund Types prior to August 20 of the preceding fiscal year for the subsequent fiscal year beginning September 1. The budget is formally adopted by the Board of Trustees at a public meeting held at least ten days after public notice has been given. The budget is prepared by fund, function, object, and organization. The budget is controlled at the organizational level by the appropriate department head or campus principal within Board allocations. Therefore, organizations may transfer appropriations as necessary without the approval of the board unless the intent is to cross fund, function or increase the overall budget allocations. Control of appropriations by the Board of Trustees is maintained within Fund Groups at the function code level and revenue object code level.

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

A reconciliation of fund balances for both appropriated budget and nonappropriated budget special revenue funds is as follows:

	August 31, 2025 <u>Fund Balance</u>
Appropriated Budget Funds - Food Service Special Revenue Fund	\$1,112,519
Nonappropriated Budget Funds	<u>391,557</u>
All Special Revenue Funds	<u>\$1,504,076</u>

ANNA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

E. ENCUMBRANCE ACCOUNTING

The District employs encumbrance accounting, whereby encumbrances for goods or purchased services are documented by purchase orders and contracts. An encumbrance represents a commitment of Board appropriation related to unperformed contracts for goods and services. The issuance of a purchase order or the signing of a contract creates an encumbrance but does not represent an expenditure for the period, only a commitment to expend resources. Appropriations lapse at August 31 and encumbrances outstanding at that time are either canceled or appropriately provided for in the subsequent year's budget. The District had no material encumbrances outstanding at August 31, 2025.

F. INVENTORIES

The District records purchases of supplies as expenditures.

G. PREPAID ITEMS

Prepaid balances are for payments made by the District in the current year to provide services occurring in the subsequent fiscal year, and the nonspendable fund balance has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

H. INTERFUND RECEIVABLES AND PAYABLES

Short-term amounts owed between funds are classified as "Due to/from other funds". Interfund loans are classified as "Advances to/from other funds" and are offset by a fund balance reserve account.

I. CAPITAL ASSETS

Capital assets, which includes property, plant, equipment, and infrastructure assets, are reported in the applicable governmental activities columns in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

Assets capitalized have an original cost of \$10,000 or more and over one-year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings and Improvements	15-50 Years
Furniture and Equipment	3-15 Years

J. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows and inflows of resources are reported in the statement of financial position as described below:

A deferred outflow of resources is a consumption of a government's net assets (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period. The District has three items that qualify for reporting in this category:

ANNA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

Deferred outflows of resources for refunding - Reported in the government-wide statement of net position, the deferred charge on bond refundings results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The amount of deferred outflows reported in the governmental activities for the deferred charge on bond refundings at August 31, 2025 was \$1,453,501.

Deferred outflows of resources for pensions - Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of differences between expected and actual actuarial experiences. The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The other pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan which is currently approximately 5.6451 years. The amount of deferred outflows reported in the governmental activities for deferred pension expenses at August 31, 2025 was \$8,866,035.

Deferred outflows of resources for OPEB- Reported in the government-wide financial statement of net position, this deferred outflow results from OPEB plan contributions made after the measurement date of the net OPEB liability and the results of differences between expected and actual investment earnings and changes in proportionate share. The deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year. The other OPEB related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEB through the OPEB plan which is currently approximately 9.4212 years. The amount of deferred outflows reported for deferred OPEB expense at August 31, 2025 was \$10,642,667.

A deferred inflow of resources is an acquisition of a government's net assets (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period. The District has three items that qualify for reporting in this category:

Deferred inflows of resources for unavailable revenues - Reported only in the governmental funds balance sheet, unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District reported property taxes that are unavailable as deferred inflows of resources in the fund financial statements. The amount of deferred inflows of resources reported in the governmental funds at August 31, 2025 was \$590,377.

Deferred inflows of resources for pensions - Reported in the government-wide financial statement of net position, these deferred inflows result primarily from differences between projected and actual earnings on pension plan investments and other actuarial and other assumption differences. These amounts will be amortized over a closed 5-year period. In fiscal year 2025, the District reported deferred inflows of resources for pensions in the governmental activities in the amount of \$351,851.

Deferred inflows of resources for OPEB - Reported in the government-wide financial statement of net position, these deferred inflows result primarily from differences between expected and actual experience and from changes in assumptions. These amounts will be amortized over the average expected remaining service life (AERSL) of all members (9.4212 years for the 2024 measurement year). In fiscal year 2025, the District reported deferred inflows of resources for OPEB in the governmental activities in the amount of \$9,990,129.

ANNA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

K. COMPENSATED ABSENCES

A liability for compensated absences that employees have earned and carry-forward to future fiscal years has been accrued in the government-wide financial statements in accordance with GASB Statement No. 101, "Compensated Absences," which was effective for fiscal years beginning after December 15, 2023. The measurement of the liability includes salary-related payments that are directly and incrementally associated with the leave (e.g., employer Social Security and Medicare payroll taxes).

L. CASH EQUIVALENTS

For purposes of the statement of cash flows, investments are considered to be cash equivalents if they are highly liquid and have a maturity of three months or less when purchased.

M. NET POSITION

Net position represents the difference between assets and deferred outflows of resources; and liabilities and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

N. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

O. RISK MANAGEMENT

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

P. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

ANNA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

NOTE 2. FUND BALANCES

The District has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.

Fund Balance Classification: The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has classified prepaid items as being nonspendable as these items are not expected to be converted to cash.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the District's bonded debt and are restricted through debt covenants. Unspent bond proceeds are restricted for future capital acquisition programs. Food service and other Federal and State grant resources are restricted because their use is restricted pursuant to the mandates of the National School Lunch and Breakfast Program or other grant requirements. The District has a scholarship fund restricted for student scholarships.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District's Board of Trustees. The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This can also be done through adoption and amendment of the budget. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Board of Trustees have committed resources as of August 31, 2025 for future construction, and have committed campus activity funds for campus activity purposes.
- Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Trustees or through the Board of Trustees delegating this responsibility to other individuals in the District. Under the District's adopted policy, only the Board of Trustees may assign amounts for specific purposes. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund and amounts assigned to finance the 2025-2026 adopted deficit budget.
- Unassigned: This classification includes all amounts not included in other spendable classifications, including the residual fund balance of the General Fund.

ANNA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

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

The details of the fund balances are included in the Governmental Funds Balance Sheet and are described below:

General Fund

Prepayments of \$754,101 are considered nonspendable fund balance. The Board of Trustees have committed a total of \$9,304,166 of the General Fund fund balance for future construction. \$2,524,065 of fund balance has been assigned to cover the 25-26 adopted deficit budget.

The General Fund has unassigned fund balance of \$16,964,038 at August 31, 2025.

Other Major Funds

The Debt Service Fund has restricted funds of \$9,478,356 at August 31, 2025 consisting primarily of property tax collections that are restricted for debt service payments on bonded debt.

The Capital Projects Fund has funds of \$149,465,773 restricted for capital acquisition at August 31, 2025.

Other Funds

The fund balance of \$343,440 of the Campus Activity Fund (a special revenue fund) is shown as committed due to Board policy committing those funds to campus activities. The fund balance of \$26,153 in the Scholarship Fund is shown as restricted for student scholarships. The fund balance of \$21,964 in the Walmart Grant Fund is shown as restricted. The following special revenue funds fund balances are restricted by Federal or State grant restrictions:

National Breakfast & Lunch Program	<u>\$1,112,519</u>
Total	<u>\$1,112,519</u>

NOTE 3. DEPOSITS AND INVESTMENTS

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities 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.

1. Cash Deposits:

At August 31, 2025, the carrying amount of the District's deposit checking accounts and interest-bearing demand accounts was \$6,783,806 and the bank balance was \$6,804,663. The District's cash deposits at August 31, 2025 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

ANNA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

2. Investments:

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy. That policy addresses the following risks:

- a. 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 cash deposits (including certificates of deposit) totaled \$6,824,663. This entire amount was either collateralized with securities held by the District's agent or covered by FDIC insurance. Thus, the District's deposits are not exposed to custodial credit risk.
- b. 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. At August 31, 2025, the District held investments in two bank certificates of deposit and in one public funds investment pool (TexSTAR). The District is not exposed to custodial credit risk for its certificates of deposit and money market fund as all are collateralized with securities held by the District's agent. Investments in external investment pools are considered unclassified as to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.
- c. Credit Risk: This is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligations. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. The credit quality rating for TexSTAR Investment Pool at year-end was AAAM (Standard & Poor's).
- d. Interest Rate Risk: This is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. The weighted average maturity for TexSTAR is less than 90 days. Additionally, all investments in bank certificates of deposit are covered by the District's depository pledge. The money market fund is also fully collateralized by pledged securities.
- e. Foreign Currency Risk: This is the risk that exchange rates will adversely affect the fair value of an investment. At August 31, 2025, the District was not exposed to foreign currency risk.

ANNA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

- f. **Concentration of Credit Risk:** This is the risk of loss attributed to the magnitude of the District's investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. At August 31, 2025, the District did not have more than 5 percent invested with a single issuer. The District's investments in the public funds investment pool are not subject to the concentration risk.

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

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

The District's investments at August 31, 2025, are shown below:

<u>Name</u>	<u>Carrying Amount</u>	<u>Market Value</u>
TexSTAR Investment Pool	\$184,479,369	\$184,479,369
Certificates of Deposit	<u>20,000</u>	<u>20,000</u>
Total	<u>\$184,499,369</u>	<u>\$184,499,369</u>

Fair Value Measurements

The District categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgement and considers factors specific to each asset or liability.

<u>Fair Value Measurements Using</u>				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<u>Investments by Fair Value level:</u>	<u>Balance at</u>			
Certificates of Deposit	<u>08/31/24</u> <u>\$20,000</u>	<u>\$ -</u>	<u>\$20,000</u>	<u>\$ -</u>

ANNA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

The fair value of the certificates of deposit at August 31, 2025 was determined based on level 2 inputs. The District estimates the fair value of these investments using inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

The District's investment in the State Investment Pool (a statewide 2a7-like external investment pool) is not required to be measured at fair value but is measured at amortized cost.

NOTE 4. CAPITAL ASSETS

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

	Balance September 1	Additions/ Completions	Retirement/ Adjustments	Balance August 31
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 11,830,629	\$ 1,096,026	\$ -	\$ 12,926,655
Construction in Progress	59,494,317	24,157,587	(80,458,524)	3,193,380
Total capital assets, not being depreciated	<u>71,324,946</u>	<u>25,253,613</u>	<u>(80,458,524)</u>	<u>16,120,035</u>
Capital assets, being depreciated:				
Buildings and Improvements	266,149,447	81,617,024	-	347,766,471
Furniture and Equipment	6,151,432	4,996,001	-	11,147,433
Vehicles	5,702,194	772,475	-	6,474,669
Total capital assets, being depreciated	<u>278,003,073</u>	<u>87,385,500</u>	<u>-</u>	<u>365,388,573</u>
Less accumulated depreciation for:				
Buildings and Improvements	(60,179,620)	(6,984,151)	-	(67,163,771)
Furniture and Equipment	(2,110,217)	(1,287,426)	-	(3,397,643)
Vehicles	(3,552,684)	(435,551)	-	(3,988,235)
Total accumulated depreciation	<u>(65,842,521)</u>	<u>(8,707,128)</u>	<u>-</u>	<u>(74,549,649)</u>
Total capital assets being depreciated, net	<u>212,160,552</u>	<u>78,678,372</u>	<u>-</u>	<u>290,838,924</u>
Governmental activities capital assets, net	<u>\$ 283,485,498</u>	<u>\$ 103,931,985</u>	<u>\$ (80,458,524)</u>	<u>\$ 306,958,959</u>

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

Governmental Activities:	
Instruction	\$ 4,869,441
Instructional Resources & Media Services	62,040
Instructional Leadership	61,320
School Leadership	306,614
Guidance, Counseling & Evaluation Services	122,646
Health Services	61,320
Student (Pupil) Transportation	602,504
Food Service	419,496
Extracurricular Activities	616,367
General Administration	407,028
Plant Maintenance & Operations	856,709
Security	59,564
Data Processing	262,079
Total Depreciation Expense	<u>\$ 8,707,128</u>

ANNA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

NOTE 5. LONG-TERM DEBT

Long-term debt includes par bonds and capital appreciation (deep discount) serial bonds. All long-term debt represents transactions in the District's governmental activities.

The District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas (SID), which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

The following is a summary of the changes in the District's Long-term Debt for the year ended August 31, 2025:

Description	Interest Rate	Original Issue	Outstanding 09/01/24	Current Issuance	Interest Accretion	Retired/ Refunded	Outstanding 08/31/25	Due Within One Year
Bonded Indebtedness:								
1998 Bldg. & Ref.	5.00%	\$ 7,677,991	\$ 104,090	\$ -	\$ -	\$ (30,244)	\$ 73,846	\$ 27,237
2009 Building	4.75%	6,250,000	2,450,000	-	-	-	2,450,000	-
2010 Building	5.00%	5,800,000	105,000	-	-	-	105,000	-
2013 Refunding	2.85%	8,450,000	8,000,000	-	-	(170,000)	7,830,000	495,000
2014 Refunding	2.66%	7,440,000	2,615,000	-	-	(390,000)	2,225,000	410,000
2015 Refunding	2.61%	8,870,000	5,765,000	-	-	(720,000)	5,045,000	740,000
2016 Building	5.00%	14,940,000	12,080,000	-	-	(315,000)	11,765,000	325,000
2016 Bldg. & Ref.	5.00%	29,465,000	24,970,000	-	-	(400,000)	24,570,000	410,000
2017 Refunding	3.50-4.00%	8,540,000	7,030,000	-	-	(265,000)	6,765,000	285,000
2018 Building	3.00-5.00%	8,540,000	25,885,000	-	-	(410,000)	25,475,000	425,000
2019 Refunding	3.75-4.00%	3,685,000	3,640,000	-	-	-	3,640,000	-
2019A Refunding	3.00-4.00%	5,320,000	5,205,000	-	-	-	5,205,000	-
2020 Refunding	1.00-4.00%	18,835,000	18,825,000	-	-	-	18,825,000	-
2020 Bldg. & Ref.	1.00-4.00%	30,425,000	30,200,000	-	-	(25,000)	30,175,000	25,000
2021 Refunding	2.00-5.00%	2,655,000	2,195,000	-	-	(145,000)	2,050,000	150,000
2021 Building	4.00-5.00%	29,850,000	29,725,000	-	-	(600,000)	29,125,000	630,000
2022 Building	4.00-5.00%	39,990,000	39,025,000	-	-	(475,000)	38,550,000	500,000
2023 Building	4.00-5.00%	49,345,000	49,010,000	-	-	(810,000)	48,200,000	855,000
2024 Building	4.00-5.00%	49,235,000	49,235,000	-	-	(215,000)	49,020,000	790,000
2025 Building	5.00-5.25%	133,135,000	-	133,135,000	-	-	133,135,000	-
Total Bonded Indebtedness:			<u>\$ 316,064,090</u>	<u>\$ 133,135,000</u>	<u>\$ -</u>	<u>\$ (4,970,244)</u>	<u>\$ 444,228,846</u>	<u>\$ 6,067,237</u>
Other Direct Obligations:								
Accreted Interest - CABs			8,190,942	-	632,247	(840,660)	7,982,529	-
Premiums/Discounts on Bonds			28,436,960	5,404,677	-	(1,462,224)	32,379,413	1,547,477
Compensated Absences*			1,403,395	147,807	-	-	1,551,202	-
Total Other Obligations:			<u>38,031,297</u>	<u>5,552,484</u>	<u>632,247</u>	<u>(2,302,884)</u>	<u>40,361,942</u>	<u>1,547,477</u>
Total Obligations of District			<u>\$ 354,095,387</u>	<u>\$ 138,687,484</u>	<u>\$ 632,247</u>	<u>\$ (7,273,128)</u>	<u>\$ 484,590,788</u>	<u>\$ 7,614,714</u>

*Compensated absences are reported as a net change for the year as allowed under the provisions of GASB 101.

ANNA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

Presented below is a summary of general obligation bond requirements to maturity:

Year Ended August 31,	Principal	Interest	Total
2026	\$ 6,067,237	\$ 20,773,944	\$ 26,841,181
2027	6,949,524	20,503,483	27,453,007
2028	7,917,085	20,169,922	28,087,007
2029	8,605,000	19,483,832	28,088,832
2029	9,005,000	19,083,032	28,088,032
2031-2035	52,875,000	87,565,729	140,440,729
2036-2040	57,760,000	82,680,951	140,440,951
2041-2045	72,880,000	67,564,874	140,444,874
2046-2050	98,800,000	41,642,700	140,442,700
2051-2055	123,370,000	16,137,532	139,507,532
	<u>\$ 444,228,846</u>	<u>\$ 395,605,999</u>	<u>\$ 839,834,845</u>

The 1998, 2009, 2010, 2013, and 2020 bond series include Capital Appreciation Bonds. No interest is paid on these bonds prior to maturity. The bonds mature variously between 2026 and 2043. Interest accrues on these bonds semi-annually even though the interest is not paid until maturity.

General Obligation Bonds are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the District. General Obligation Bonds require the District to compute, at the time taxes are levied, the rate of tax required to provide (in each year bonds are outstanding) a fund to pay interest and principal at maturity. The District is in compliance with this requirement.

There are a number of limitations and restrictions contained in the various general obligation bonds indentures. The District is in compliance with all significant limitations and restrictions at August 31, 2025.

NOTE 6. DEBT ISSUANCES AND DEFEASED DEBT

In July 2025, the District issued \$133,135,000 (par value) in Unlimited Tax School Building Bonds to provide funds for future construction and other capital projects. The net proceeds of \$135,000,000 (\$133,135,000 par amount of bonds plus \$2,962,310 of premium paid on the bonds less \$1,097,310 of underwriting fees and other issuance costs) were deposited into the District's Capital Projects Fund. An additional deposit of \$2,844,557 consisting of accrued interest of \$402,190 and premium paid on bonds of \$2,442,367, was deposited to the District's Debt Service Fund.

The District did not have any defeased bonds outstanding at August 31, 2025.

The District's deferred charges on bond refundings are as follows:

Balance – August 31, 2024	\$1,591,577
Current period amortization	<u>(138,076)</u>
Balance – August 31, 2025	<u>\$1,453,501</u>

NOTE 7. PROPERTY TAXES

Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The District levies its taxes on October 1 on the assessed (appraised) value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. The assessed value of the property tax roll upon which the levy for the 2024-25 fiscal year was based was \$3,869,204,164. Taxes are delinquent if not paid by June 30. Delinquent taxes are subject to both penalty and interest charges plus 15% delinquent collection fees for attorney costs.

ANNA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

The tax rates assessed for the year ended August 31, 2025, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$0.7552 and \$0.50 per \$100 valuation, respectively, for a total of \$1.2552 per \$100 valuation.

Current tax collections for the year ended August 31, 2025 were 99.43% of the year-end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. As of August 31, 2025, property taxes receivable, net of estimated uncollectible taxes, totaled \$373,155 and \$217,222 for the General and Debt Service Funds, respectively.

Property taxes are recorded as receivables and unavailable revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected.

NOTE 8. DEFINED BENEFIT PENSION PLAN

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

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

Pension Plan Fiduciary Net Position. Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the internet at <https://www.trs.texas.gov/learning-resources/publications>; by writing to TRS at attention Finance Division, PO BOX 149676, Austin, TX, 78714-0185, or by calling 1-800-223-8778.

Benefits Provided. TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above. Accordingly, the 2023 Texas Legislature passed Senate Bill (SB) 10 and House Joint Resolution (HJR) 2 to provide eligible retirees with a one-time stipend and an ad hoc cost-of-living-adjustment (COLA).

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

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

ANNA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

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

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

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

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

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

	<u>Contribution Rates</u>	
	<u>2024</u>	<u>2025</u>
Member	8.25%	8.25%
Non-Employer Contributing Entity (State)	8.25%	8.25%
Employers	8.25%	8.25%
Anna ISD FY2025 Employer Contributions	\$	2,143,464
Anna ISD FY2025 Member Contributions	\$	4,034,578
2024 Measurement Year NECE On-Behalf Contributions	\$	2,562,269

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

As the non-employer contributing entity for public education 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 that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public schools, junior colleges, other entities, or the State of Texas as the employer for senior colleges, universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- 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 percent of the state contribution rate for certain instructional or administrative employees and 100 percent of the state contribution rate for all other employees.

ANNA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

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

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

Actuarial Assumptions. The total pension liability in the August 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2023 rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term expected Investment Rate of Return	7.00%
Municipal Bond Rate as of August 2024	3.87%
Inflation	2.30%
Salary Increases Including Inflation	2.95% to 8.95%
Benefit Changes During the Year	None
Ad hoc Post Employment Benefit Changes	None

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

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

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

The long-term expected rate of return on pension plan investments is 7.00 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2024 are summarized below:

ANNA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

Asset Class	Target Allocation ¹	Long-Term Expected Geometric Real Rate of Return ²	Expected Contribution To Long-Term Portfolio Returns
Global Equity			
U.S.	18%	4.4%	1.00%
Non-U.S. Developed	13%	4.2%	0.80%
Emerging Markets	9%	5.2%	0.70%
Private Equity	14%	6.7%	1.20%
Stable Value			
Government Bonds	16%	1.9%	0.40%
Absolute Return ⁴	0%	4.0%	0.00%
Stable Value Hedge Funds	5%	3.0%	0.20%
Real Return			
Real Estate	15%	6.6%	1.20%
Energy, Natural Resources	6%	5.6%	0.40%
Commodities	0%	2.5%	0.00%
Risk Parity	8%	4.0%	0.40%
Leverage			
Cash	2%	1.0%	0.00%
Asset Allocation Leverage	-6%	1.3%	-0.10%
Inflation Expectation	-		2.40%
Volatility Drag ³	-		-0.70%
Total	<u>100%</u>		<u>7.90%</u>

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the net pension liability if the discount rate used was one percentage point lower than and one percentage point higher than the discount rate that was used (7.00%) in measuring the Net Pension Liability.

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the net pension liability:	\$32,967,356	\$20,640,029	\$10,425,962

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2025, the District reported a liability of \$20,640,029 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's Proportionate share of the collective net pension liability	\$20,640,029
State's proportionate share that is associated with the District	<u>25,260,594</u>
Total	<u>\$45,900,623</u>

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

¹ Target allocations are based on the FY24 policy model.

² Capital Market Assumptions (CMA) come from 2024 SAA Study CMA Survey (as of 12/31/23).

³ The volatility drag results from the conversion between arithmetic and geometric mean returns.

⁴ Absolute Return includes credit sensitive investments.

ANNA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

At August 31, 2024 the employer's proportion of the collective net pension liability was 0.0337894856%, an increase of 15.61% from its proportionate share of 0.0292262380%, at August 31, 2023.

Changes in Assumptions and Benefits Since the Prior Actuarial Valuation.

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

The Texas 2023 Legislature passed Senate Bill 10 (SB10), which provided a stipend payment to certain retirees and variable ad hoc cost-of living adjustments (COLA) to certain retirees in early fiscal year 2024. Due to its timing, the legislation and payments were not reflected in the August 31, 2023 actuarial valuation. Under the roll forward method, an adjustment was made to reflect the legislation in the rolled forward liabilities for the current measurement year, August 31, 2024. SB10 and House Joint Resolution 2 (HJR 2) of the 88th Regular Legislative Session appropriated payments of \$1.645 billion for one-time stipends and \$3.55 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.

The amount of pension expense recognized by the District in the reporting period was \$7,279,247.

For the year ended August 31, 2025 the District recognized pension expense of \$3,019,063 and revenue of \$3,019,063 for support by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	1,137,650	161,147
Changes in actuarial assumptions	1,065,689	142,872
Difference between projected and actual investment earnings	125,464	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	4,393,768	47,832
Contributions paid to TRS subsequent to the measurement date	2,143,464	
Total	\$ 8,866,035	\$ 351,851

The District recognized \$2,143,464 as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the measurement year ended August 31, 2025. The other amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended August 31:	Pension Expense Amount	Balance of Deferred Outflows (Deferred Inflows)
2026	1,324,238	5,046,482
2027	3,401,414	1,645,068
2028	1,202,146	442,922
2029	101,334	341,588
2030	341,588	-
Thereafter	-	-

ANNA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

NOTE 9. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

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 OPEB plan with a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

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

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

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

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

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

TRS-Care Monthly for Retirees		
	<u>Medicare</u>	<u>Non-Medicare</u>
Retiree*	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree* and Children	468	408
Retiree and Family	1,020	999

** or surviving spouse*

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

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

ANNA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

	<u>Contribution Rates</u>	
	<u>2024</u>	<u>2025</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
Anna ISD FY2025 Employer Contributions		\$ 385,219
Anna ISD FY2025 Member Contributions		\$ 317,877
2024 Measurement Year NECE On-Behalf Contributions		\$ 939,714

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (*regardless of whether they participate in the TRS Care OPEB program*). When hiring a TRS retiree, employers are required to pay to TRS Care a monthly surcharge of \$535 per retiree.

Actuarial Assumptions. The actuarial valuation was performed as of August 31, 2023. Update procedures were used to roll forward the total OPEB liability to August 31, 2024. The actuarial valuation was determined using the following assumptions: *Actuarial Assumptions can be found in the 2024 TRS ACFR, Note 9.*

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

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

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2023 rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	3.87%
Aging Factors	Based on the Society of Actuaries' 2013 Study, "Health Care Costs – From Birth to Death"
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claim costs
Projected Salary Increases	2.95% to 8.95%, including inflation
Election Rates	Normal Retirement: 62% participation prior to age 65 and 25% participation after age 65
Ad hoc post-employment benefit changes	None

ANNA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

Discount Rate. A single discount rate of 3.87% was used to measure the total OPEB liability. There was a decrease of 0.26% in the discount rate since the previous year.

Because the investments are held in cash and there is no intentional objective to advance fund the benefits, the Single Discount Rate is equal to the prevailing municipal bond rate.

The source of the municipal bond rate is the Bond Buyer's "20-Bond GO Index" as of August 31, 2024, using the Fixed-Income Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the net OPEB liability if the discount rate used was 1 percentage point lower than and 1 percentage point higher than the discount rate that was used (3.87%) in measuring the net OPEB liability.

	1% Decrease in Discount Rate (2.87%)	Current Single Discount Rate (3.87%)	1% Increase in Discount Rate (4.87%)
District's proportionate share of the Net OPEB Liability:	\$14,331,752	\$12,063,290	\$10,230,338

Healthcare Trend Rates Sensitivity Analysis - The following schedule shows the impact of the net OPEB liability if a healthcare trend rate that is 1 percentage point less than and 1 percentage point greater than the health trend rates is assumed.

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
District's proportionate share of the Net OPEB Liability:	\$9,823,759	\$12,063,290	\$14,981,622

OPEB Liabilities, OPEB Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At August 31, 2025, the District reported a liability of \$12,063,290 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's Proportionate share of the collective Net OPEB liability	\$12,063,290
State's proportionate share that is associated with the District	<u>15,115,139</u>
Total	<u>\$27,178,429</u>

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

At August 31, 2024 the employer's proportion of the collective Net OPEB Liability was 0.0397452423%, an increase of 8.77% compared to the August 31, 2023 proportionate share of 0.0365410060%.

ANNA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

Changes Since the Prior Actuarial Valuation – The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability since the prior measurement period:

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

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

The amount of OPEB expense recognized by the District in the reporting period was \$1,750,900.

For the year ended August 31, 2025, the District recognized OPEB expense of \$1,964,689 and revenue of \$1,964,689 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$2,312,128	\$6,020,236
Changes in actuarial assumptions	1,543,959	3,936,112
Difference between projected and actual investment earnings		33,781
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	6,401,361	-
Contributions paid to TRS subsequent to the measurement date	385,219	-
Total	\$ 10,642,667	\$ 9,990,129

The District recognized \$385,219 as deferred outflows of resources related to OPEB resulting from the District's contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the measurement year ended August 31, 2025. The other amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended August 31:	OPEB Expense Amount	Balance of Deferred Outflows (Deferred Inflows)
2026	\$ (527,782)	\$ 795,101
2027	18,580	776,521
2028	(338,486)	1,115,007
2029	(268,596)	1,383,603
2030	127,549	1,256,054
Thereafter	1,256,054	-

NOTE 10. SCHOOL DISTRICT RETIREE HEALTH PLAN

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments are recognized as equal revenues and expenditures/expenses by the District. For the year ended August 31, 2025, the contribution made on behalf of the District was \$346,851.

ANNA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

NOTE 11. HEALTH CARE

During the year ended August 31, 2025, employees of Anna Independent School District were covered by a health insurance plan (the Plan). The District contributed \$315 per month per employee to the Plan and employees, at their option, authorized payroll withholdings to pay any additional contribution and contributions for dependents. All contributions were paid to a fully insured plan.

NOTE 12. WORKERS COMPENSATION

The District participates in the Texas Educational Insurance Association Workers Compensation Self-Insurance Joint Fund. The District is partially self-funded to a loss fund maximum of \$161,614 for the 24-25 fiscal year. Additionally, the District incurred fixed costs of \$61,293 for their share of claims administration, loss control, record keeping, and cost of excess insurance.

Claims Administrative Services, Inc provides claims administration. Reinsurance is provided for aggregate claim losses exceeding \$500,000 for the entire pool. The fixed cost charge is based on total payroll paid by the District. Increases or decreases in the fixed costs will adjust subsequent year charges.

The accrued liability for workers compensation self-insurance of \$150,203 includes incurred but not reported claims. This liability is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," which require that a liability for claims be reported if information indicates that it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. The liability recorded is an undiscounted actuarial calculation.

Changes in workers compensation claims liability amounts in fiscal years 2024 and 2023 are represented below:

Fiscal Year	September 1 Claims Liability	Claims and Changes in Estimates	Claims Payments	August 31 Claims Liability
2025	\$130,990	\$264,513	\$245,300	\$150,203
2024	\$203,331	\$127,048	\$199,389	\$130,990

NOTE 13. DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation, Per Capita, and Existing Debt Allotment Programs. Amounts due from federal and state governments as of August 31, 2025, are summarized below. All federal grants shown below are passed through the TEA or the Region 10 Education Service Center and are reported on the combined financial statements as Due from Other Governments.

	State Entitlements	Federal Grants	Local Governments	Total
General	\$ 7,068,410	\$ -	\$ -	\$ 7,068,410
Special Revenue	314,760	561,311	-	876,071
	<u>\$ 7,383,170</u>	<u>\$ 561,311</u>	<u>\$ -</u>	<u>\$ 7,944,481</u>

ANNA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

NOTE 14. LITIGATION AND CONTINGENCIES

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

NOTE 15. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

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

	General Fund	Special Revenues	Debt Service	Capital Projects	Total
Property Taxes	\$ 28,147,305	\$ -	\$ 18,590,847	\$ -	\$ 46,738,152
Penalties, Interest, and Other					
Tax-Related Income	111,170	-	61,350	-	172,520
Food Sales	-	1,127,048	-	-	1,127,048
Investment Income	1,268,947	-	593,715	1,836,386	3,699,048
Facility Rental	303,642	-	-	-	303,642
Co-Curricular Student Activities	119,298	636,502	-	-	755,800
Other	185,318	105,437	-	-	290,755
	<u>\$ 30,135,680</u>	<u>\$ 1,868,987</u>	<u>\$ 19,245,912</u>	<u>\$ 1,836,386</u>	<u>\$ 53,086,965</u>

NOTE 16. UNEARNED REVENUE

Unearned revenue at year-end consisted of the following:

	General Fund	Special Revenues	Debt Service	Total
State Grants	\$ -	\$ 13,965	\$ -	\$ 13,965
Federal Grants	-	937	-	937
Local Grants	-	2,570	-	2,570
	<u>\$ -</u>	<u>\$ 17,472</u>	<u>\$ -</u>	<u>\$ 17,472</u>

NOTE 17. CONSTRUCTION COMMITMENTS

As of August 31, 2025, the District had entered into various construction contracts for construction and renovation of several campuses totaling \$24.8 million. At August 31, 2025, there was \$21.7 million remaining costs under these contracts. These costs will be paid from the District's Capital Projects Fund.

NOTE 18. EXCESS OF EXPENDITURES OF APPROPRIATIONS BY FUNCTION

The Texas Education Agency requires the budgets for the Governmental fund types to be filed with the TEA. The budget should not be exceeded in any functional category under TEA requirements. Expenditures exceeded appropriations in one functional category in the General Fund for the year ended August 31, 2025. Additionally, expenditures exceeded appropriations in one functional category in the Debt Service Fund for the year ended August 31, 2025.

ANNA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

NOTE 19. PRIOR YEAR RESTATEMENT

CHANGE IN ACCOUNTING PRINCIPLE – COMPENSATED ABSENCES

In June 2022, GASB issued new accounting pronouncement, GASB Statement No. 101, “Compensated Absences,” which was effective for fiscal years beginning after December 15, 2023. In compliance with this new accounting pronouncement, a liability has been recognized in the District’s statements of net position for carry-forward compensated absences more likely than not to be used by or paid to employees in future periods. The measurement of the liability includes salary-related payments that are directly and incrementally associated with the leave. Texas state law provides a state minimum personal leave program consisting of five days per year personal leave with no limit on accumulation and transferability among Texas school districts; school districts can provide additional personal leave beyond this minimum. The liability for compensated absences in governmental fund financial statements is the amount, if material, that is to be liquidated with expendable available financial resources. This new accounting pronouncement does not apply to holiday leave or projected effects on defined benefit postemployment liabilities. Under previous accounting rules, a liability for compensated absences would have been recorded only if accumulated benefits were to be paid upon employee termination or retirement.

The implementation of this new accounting standard resulted in the restatement of beginning net position in the District’s governmental activities as follows:

Net position as of 08/31/24, as previously reported	\$ (13,193,603)
Prior year restatement - compensated absences	<u>(1,403,395)</u>
Net position as of 08/31/24, as restated	<u>\$ (14,596,998)</u>

NOTE 20. SUBSEQUENT EVENTS

Management has reviewed events subsequent to August 31, 2025 through January 18, 2026, which is the date the financial statements were available to be issued. No subsequent events were identified that were required to be recorded or disclosed in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

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

	FY 2025 Plan Year 2024	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022
District's Proportion of the Net Pension Liability (Asset)	0.033789486%	0.029226238%	0.025349108%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 20,640,029	\$ 20,075,606	\$ 15,049,113
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	25,260,594	27,713,741	22,352,733
Total	<u>\$ 45,900,623</u>	<u>\$ 47,789,347</u>	<u>\$ 37,401,846</u>
District's Covered Payroll	\$ 45,033,474	\$ 38,800,576	\$ 32,714,991
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	45.83%	51.74%	46.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.51%	73.15%	75.62%

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

FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015
0.021929037%	0.0188582%	0.0193915%	0.0167167%	0.0159916%	0.013802%	0.0132024%
\$ 5,584,550	\$ 10,100,048	\$ 10,080,310	\$ 9,201,256	\$ 5,113,239	\$ 5,215,577	\$ 4,666,873
9,769,350	19,648,666	17,087,869	17,787,822	9,520,661	10,741,073	9,854,522
\$ 15,353,900	\$ 29,748,714	\$ 27,168,179	\$ 26,989,078	\$ 14,633,900	\$ 15,956,650	\$ 14,521,395
\$ 29,294,329	\$ 26,377,783	\$ 23,285,371	\$ 20,801,044	\$ 18,669,026	\$ 16,520,599	\$ 15,052,120
19.06%	38.29%	43.29%	44.23%	27.40%	31.57%	31.00%
88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%

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

	2025	2024	2023
Contractually Required Contribution	\$ 2,143,464	\$ 1,904,157	\$ 1,502,197
Contribution in Relation to the Contractually Required Contribution	(2,143,464)	(1,904,157)	(1,502,197)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 48,903,972	\$ 45,033,474	\$ 38,800,576
Contributions as a Percentage of Covered Payroll	4.38%	4.23%	3.87%

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

2022	2021	2020	2019	2018	2017	2016
\$ 1,175,242	\$ 967,249	\$ 777,633	\$ 668,217	\$ 558,656	\$ 524,108	\$ 440,862
(1,175,242)	(967,249)	(777,633)	(668,217)	(558,656)	(524,108)	(440,862)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 32,714,991	\$ 29,294,329	\$ 26,377,783	\$ 232,853,741	\$ 20,801,044	\$ 18,669,026	\$ 16,520,599
3.59%	3.30%	2.95%	2.87%	2.69%	2.81%	2.67%

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

	FY 2025 Plan Year 2024	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.039745242%	0.036541006%	0.033142027%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 12,063,290	\$ 8,089,559	\$ 7,935,529
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	15,115,139	9,761,297	9,680,098
Total	<u>\$ 27,178,429</u>	<u>\$ 17,850,856</u>	<u>\$ 17,615,627</u>
District's Covered Payroll	\$ 45,033,474	\$ 38,800,576	\$ 32,714,991
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	26.79%	20.85%	24.26%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	13.70%	14.94%	11.52%

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

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

FY 2022 Plan Year 2021		FY 2021 Plan Year 2020		FY 2020 Plan Year 2019		FY 2019 Plan Year 2018		FY 2018 Plan Year 2017	
0.029821674%		0.0273167%		0.02603409%		0.0235218%		0.0206634%	
\$	11,503,552	\$	10,384,311	\$	12,311,843	\$	11,744,665	\$	8,985,717
15,412,196		13,954,025		16,359,684		18,396,416		15,123,472	
\$	26,915,748	\$	24,338,336	\$	28,671,527	\$	30,141,081	\$	24,109,189
\$	29,294,329	\$	26,377,783	\$	23,285,371	\$	20,801,044	\$	18,669,026
39.27%		39.37%		52.87%		56.46%		48.13%	
6.18%		4.99%		2.66%		1.57%		0.91%	

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

	2025	2024	2023
Contractually Required Contribution	\$ 385,219	\$ 361,025	\$ 316,360
Contribution in Relation to the Contractually Required Contribution	(385,219)	(361,025)	(316,360)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 48,903,972	\$ 45,033,474	\$ 38,800,576
Contributions as a Percentage of Covered Payroll	0.79%	0.80%	0.82%

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

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

2022	2021	2020	2019	2018	
\$ 267,260	\$ 232,948	\$ 208,145	\$ 184,624	\$ 162,301	
(267,260)	(232,948)	(208,145)	(184,624)	(162,301)	
\$ -	\$ -	\$ -	\$ -	\$ -	
\$ 32,714,991	\$ 29,294,329	\$ 26,377,783	\$ 23,285,371	\$ 20,801,044	
0.82%	0.80%	0.79%	0.79%	0.78%	

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

PENSION LIABILITY:

Changes of benefit terms:

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Changes of assumptions:

There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

OPEB LIABILITY:

Changes of benefit terms:

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

Changes of assumptions:

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

- The discount rate changed from 4.31 percent as of August 31, 2023 to 3.87 percent as of August 31, 2024. This change decreased the Total OPEB Liability.

COMBINING SCHEDULES

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

Data Control Codes		211	224	225	226
		ESEA I, A	IDEA - Part B	IDEA - Part B	IDEA - Part B
		Improving	Formula	Preschool	Discretionary
		Basic Program			
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1120	Investments - Current	-	-	-	-
1240	Due from Other Governments	105,695	179,309	3,621	-
1250	Accrued Interest	-	-	-	-
1000	Total Assets	\$ 105,695	\$ 179,309	\$ 3,621	\$ -
LIABILITIES					
2110	Accounts Payable	\$ 6,619	\$ 53,855	\$ -	\$ -
2160	Accrued Wages Payable	14,443	57,306	-	-
2170	Due to Other Funds	82,944	61,504	3,621	-
2200	Accrued Expenditures	1,689	6,644	-	-
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	105,695	179,309	3,621	-
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3490	Other Restricted Fund Balance	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	-	-	-	-
4000	Total Liabilities and Fund Balances	\$ 105,695	\$ 179,309	\$ 3,621	\$ -

240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II, A Training and Recruiting	263 Title III, A English Lang. Acquisition	280 ESSER III Homeless Children	282 ESSER III ARP Act	289 Other Federal Special Revenue Funds	385 Visually Impaired SSVI
\$ 1,066,864	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
218,960	700	-	28,532	-	-	24,494	-
-	-	-	-	-	-	-	-
\$ 1,285,824	\$ 700	\$ -	\$ 28,532	\$ -	\$ -	\$ 24,494	\$ -
\$ 63,440	\$ -	\$ -	\$ 5,319	\$ -	\$ -	\$ 320	\$ -
107,561	-	-	-	-	-	-	-
-	700	-	23,213	-	-	23,237	-
2,304	-	-	-	-	-	-	-
-	-	-	-	-	-	937	-
173,305	700	-	28,532	-	-	24,494	-
1,112,519	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,112,519	-	-	-	-	-	-	-
\$ 1,285,824	\$ 700	\$ -	\$ 28,532	\$ -	\$ -	\$ 24,494	\$ -

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

Data Control Codes		410 State Instructional Materials	429 Other State Special Revenue Funds	459 Other SSA Special Revenue Funds	461 Campus Activity Funds
ASSETS					
1110	Cash and Cash Equivalents	\$ 23,183	\$ -	\$ -	\$ 354,826
1120	Investments - Current	-	-	-	-
1240	Due from Other Governments	-	314,760	-	-
1250	Accrued Interest	-	-	-	-
1000	Total Assets	\$ 23,183	\$ 314,760	\$ -	\$ 354,826
LIABILITIES					
2110	Accounts Payable	\$ 9,219	\$ -	\$ -	\$ 11,386
2160	Accrued Wages Payable	-	-	-	-
2170	Due to Other Funds	-	314,760	-	-
2200	Accrued Expenditures	-	-	-	-
2300	Unearned Revenue	13,964	-	-	-
2000	Total Liabilities	23,183	314,760	-	11,386
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3490	Other Restricted Fund Balance	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	343,440
3000	Total Fund Balances	-	-	-	343,440
4000	Total Liabilities and Fund Balances	\$ 23,183	\$ 314,760	\$ -	\$ 354,826

495 Project Lead the Way	496 Local Grants	498 Walmart Grant	499 Scholarship Fund	Total Nonmajor Governmental Funds
\$ 329	\$ 2,242	\$ 21,964	\$ 6,148	\$ 1,475,556
-	-	-	20,000	20,000
-	-	-	-	876,071
-	-	-	5	5
\$ 329	\$ 2,242	\$ 21,964	\$ 26,153	\$ 2,371,632
\$ -	\$ -	\$ -	\$ -	\$ 150,158
-	-	-	-	179,310
-	-	-	-	509,979
-	-	-	-	10,637
329	2,242	-	-	17,472
329	2,242	-	-	867,556
-	-	-	-	1,112,519
-	-	21,964	26,153	48,117
-	-	-	-	343,440
-	-	21,964	26,153	1,504,076
\$ 329	\$ 2,242	\$ 21,964	\$ 26,153	\$ 2,371,632

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

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	226 IDEA - Part B Discretionary
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	408,318	962,736	6,130	74,218
5020 Total Revenues	408,318	962,736	6,130	74,218
EXPENDITURES:				
Current:				
0011 Instruction	349,828	962,736	6,130	74,218
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	3,000	-	-	-
0031 Guidance, Counseling, and Evaluation Services	51,600	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0061 Community Services	3,890	-	-	-
6030 Total Expenditures	408,318	962,736	6,130	74,218
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II, A Training and Recruiting	263 Title III, A English Lang. Acquisition	280 ESSER III Homeless Children	282 ESSER III ARP Act	289 Other Federal Special Revenue Funds	385 Visually Impaired SSVI
\$ 1,127,048	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
124,651	-	-	-	-	-	-	1,562
2,277,779	33,344	76,200	52,009	297	44,269	28,584	-
3,529,478	33,344	76,200	52,009	297	44,269	28,584	1,562
-	28,841	-	29,604	297	-	4,090	1,562
-	-	-	-	-	-	-	-
-	2,703	30,200	-	-	-	-	-
-	1,800	-	-	-	-	-	-
-	-	46,000	-	-	44,269	24,494	-
-	-	-	-	-	-	-	-
3,540,386	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	22,405	-	-	-	-
3,540,386	33,344	76,200	52,009	297	44,269	28,584	1,562
(10,908)	-	-	-	-	-	-	-
93,227	-	-	-	-	-	-	-
82,319	-	-	-	-	-	-	-
1,030,200	-	-	-	-	-	-	-
\$ 1,112,519	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

Data Control Codes	410 State Instructional Materials	429 Other State Special Revenue Funds	459 Other SSA Special Revenue Funds	461 Campus Activity Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 636,537
5800 State Program Revenues	292,412	422,531	-	-
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	292,412	422,531	-	636,537
EXPENDITURES:				
Current:				
0011 Instruction	292,412	-	-	-
0012 Instructional Resources and Media Services	-	-	-	22,763
0013 Curriculum and Instructional Staff Development	-	3,150	-	-
0021 Instructional Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	-	-	-
0034 Student (Pupil) Transportation	-	297,221	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	581,662
0041 General Administration	-	-	-	746
0052 Security and Monitoring Services	-	122,160	-	-
0061 Community Services	-	-	-	-
6030 Total Expenditures	292,412	422,531	-	605,171
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	31,366
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	31,366
0100 Fund Balance - September 1 (Beginning)	-	-	-	312,074
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ 343,440

495 Project Lead the Way	496 Local Grants	498 Walmart Grant	499 Scholarship Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 103,901	\$ 1,501	\$ 1,868,987
-	-	595	-	841,751
-	-	-	-	3,963,884
-	-	104,496	1,501	6,674,622
-	-	59,308	-	1,809,026
-	-	-	-	22,763
-	-	16,019	-	52,072
-	-	-	-	4,800
-	-	7,515	-	173,878
-	-	-	-	297,221
-	-	-	-	3,540,386
-	-	-	-	581,662
-	-	-	-	746
-	-	-	-	122,160
-	-	486	-	26,781
-	-	83,328	-	6,631,495
-	-	21,168	1,501	43,127
-	-	-	-	93,227
-	-	21,168	1,501	136,354
-	-	796	24,652	1,367,722
\$ -	\$ -	\$ 21,964	\$ 26,153	\$ 1,504,076

This page left blank intentionally.

REQUIRED T.E.A. SCHEDULES

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

Last 10 Years August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2016 and prior years	Various	Various	\$ 720,037,066
2017	1.170000	0.500000	878,602,507
2018	1.170000	0.500000	1,075,756,146
2019	1.170000	0.500000	1,305,524,990
2020	1.068350	0.500000	1,504,803,449
2021	0.974600	0.500000	1,734,757,030
2022	0.960300	0.500000	2,044,903,305
2023	0.942900	0.500000	2,631,336,304
2024	0.757500	0.500000	3,284,446,453
2025 (School year under audit)	0.755200	0.500000	3,869,204,164
1000 TOTALS			
8000 Total Taxes Refunded Under Section 26.1115, Tax Code			

(10) Beginning Balance 9/1/2024	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2025	(99) Taxes Refunded Under Section 26.1115c
\$ 66,572	\$	\$ 5,397	\$ 2,419	\$ (2,914)	\$ 55,842	
13,341		499	213	-	12,629	
7,816		537	230	1	7,050	
26,075		5,661	2,419	-	17,995	
34,362		11,292	5,285	-	17,785	
125,017		65,912	33,815	(269)	25,021	
137,441		111,974	58,301	78,730	45,896	
193,692		108,178	57,364	78,951	107,101	
357,217		(8,424)	(5,560)	(271,153)	100,048	
	47,777,200	27,846,279	18,436,361	(1,227,954)	266,606	
<u>\$ 961,533</u>	<u>\$ 47,777,200</u>	<u>\$ 28,147,305</u>	<u>\$ 18,590,847</u>	<u>\$ (1,344,608)</u>	<u>\$ 655,973</u>	
						<u>\$ 91,419</u>

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 1,063,000	\$ 1,063,000	\$ 1,127,048	\$ 64,048
5800 State Program Revenues	125,000	125,000	124,651	(349)
5900 Federal Program Revenues	2,232,443	2,232,443	2,277,779	45,336
5020 Total Revenues	3,420,443	3,420,443	3,529,478	109,035
EXPENDITURES:				
Current:				
0035 Food Services	3,582,999	3,582,999	3,540,386	42,613
6030 Total Expenditures	3,582,999	3,582,999	3,540,386	42,613
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(162,556)	(162,556)	(10,908)	151,648
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	93,227	93,227	93,227	-
1200 Net Change in Fund Balances	(69,329)	(69,329)	82,319	151,648
0100 Fund Balance - September 1 (Beginning)	1,030,200	1,030,200	1,030,200	-
3000 Fund Balance - August 31 (Ending)	\$ 960,871	\$ 960,871	\$ 1,112,519	\$ 151,648

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 19,189,389	\$ 19,189,389	\$ 19,245,912	\$ 56,523
5800 State Program Revenues	2,985,863	2,985,863	2,085,863	(900,000)
5020 Total Revenues	22,175,252	22,175,252	21,331,775	(843,477)
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Liabilities	6,090,000	6,090,000	4,970,244	1,119,756
0072 Interest on Long-Term Liabilities	14,216,318	14,216,318	14,933,884	(717,566)
0073 Bond Issuance Cost and Fees	15,926	15,926	13,526	2,400
6030 Total Expenditures	20,322,244	20,322,244	19,917,654	404,590
1100 Excess of Revenues Over Expenditures	1,853,008	1,853,008	1,414,121	(438,887)
OTHER FINANCING SOURCES (USES):				
7916 Premium or Discount on Issuance of Bonds	2,442,367	2,442,367	2,442,367	-
1200 Net Change in Fund Balances	4,295,375	4,295,375	3,856,488	(438,887)
0100 Fund Balance - September 1 (Beginning)	5,621,868	5,621,868	5,621,868	-
3000 Fund Balance - August 31 (Ending)	\$ 9,917,243	\$ 9,917,243	\$ 9,478,356	\$ (438,887)

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

Section A: Compensatory Education Programs

AP1	Did your district expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the district have written policies and procedures for its state compensatory education program?	Yes
AP3	Total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$4,229,019
AP4	Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24,26,28,29,30)	\$2,535,177

Section B: Bilingual Education Programs

AP5	Did your district expend any bilingual education program state allotment funds during the district's fiscal year?	Yes
AP6	Does the district have written policies and procedures for its bilingual education program?	Yes
AP7	Total state allotment funds received for bilingual education programs during the district's fiscal year.	\$478,132
AP8	Actual direct program expenditures for bilingual education programs during the district's fiscal year. (PIC 25)	\$640,709

FEDERAL AWARDS SECTION

This page left blank intentionally.

Members:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC
ACCOUNTANTS
TEXAS SOCIETY OF CERTIFIED
PUBLIC ACCOUNTANTS

**HANKINS, EASTUP, DEATON,
TONN, SEAY & SCARBOROUGH**
A Limited Liability Company

CERTIFIED PUBLIC ACCOUNTANTS

902 NORTH LOCUST
P.O. BOX 977
DENTON, TX 76202-0977

TEL. (940) 387-8563
FAX (940) 383-4746

INDEPENDENT AUDITORS' 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
Anna Independent School District
Anna, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Anna Independent School District, as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise Anna Independent School District's basic financial statements, and have issued our report dated January 18, 2026.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Hankins Eastup Deaton Tonn Seay & Scarborough, LLC

Hankins, Eastup, Deaton, Tonn, Seay & Scarborough, LLC
Denton, Texas
January 18, 2026

Members:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC
ACCOUNTANTS
TEXAS SOCIETY OF CERTIFIED
PUBLIC ACCOUNTANTS

**HANKINS, EASTUP, DEATON,
TONN, SEAY & SCARBOROUGH**
A Limited Liability Company

CERTIFIED PUBLIC ACCOUNTANTS

902 NORTH LOCUST
P.O. BOX 977
DENTON, TX 76202-0977

TEL. (940) 387-8563
FAX (940) 383-4746

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

To the Board of Trustees
Anna Independent School District
Anna, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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.

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 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.

Hankins Eastup Deaton Tonn Seay & Scarborough, LLC

Hankins, Eastup, Deaton, Tonn, Seay & Scarborough, LLC
Denton, Texas
January 18, 2026

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

I. Summary of Auditor's Results

1. Type of auditor's report issued on the financial statements: Unmodified.
2. Internal control over financial reporting:
Material weakness(es) identified: None
Significant deficiency(ies) identified that are not considered to be material weaknesses: None reported
3. Noncompliance which is material to the financial statements: None
4. Internal controls over major federal programs:
Material weakness(es) identified: None
Significant deficiency(ies) identified that are not considered to be material weaknesses: None reported
5. Type of auditor's report on compliance for major federal programs: Unmodified.
6. Did the audit disclose findings which are required to be reported in accordance with 2 CFR 200.516(a)?: No
7. Major programs include:
Special Education Cluster:
FALN 84.027A IDEA-B, Formula
FALN 84.173A IDEA-B, PreSchool
FALN 84.027A High Cost Fund
8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.
9. Low risk auditee: Yes

II. Findings Related to the Financial Statements

None

III. Findings and Questioned Costs for Federal Awards Including Audit Findings as Described in I.6

None

IV. Other Findings Which are Required to be Reported in Accordance with *Generally Accepted Government Auditing Standards*

None

V. Corrective Action Plan

None Required

ANNA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF STATUS OF PRIOR FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2025

No prior findings.

This page left blank intentionally.

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

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through Region 10 Education Service Center</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	25610101057950	\$ 323,540
ESEA, Title II, Part A, Teacher Principal Training	84.367A	25694501057950	76,200
ESEA, Title III, Part A - English Language Acquisition	84.365A	25671001057950	47,447
ESEA, Title III, Part A - Immigrant	84.365A	25671003057950	4,562
Total Assistance Listing Number 84.365			52,009
ESEA, Title IV, Part A - Student Support	84.424A	25680101057950	24,494
COVID 19 - ESSER III - School Emergency Relief	84.425D	21528001057950	44,269
Total Passed Through Region 10 Education Service Center			520,512
<u>Passed Through Texas Education Agency</u>			
ESEA, Title I, 1003 Effective Schools Framework	84.010A	25610139043902	84,778
*IDEA - Part B, Formula	84.027A	256600010439026000	962,736
*IDEA - Part B, Discretionary - High Cost	84.027A	66002506	74,218
Total Assistance Listing Number 84.027			1,036,954
*IDEA - Part B, Preschool	84.173A	256610010439026000	6,130
Total Special Education Cluster (IDEA)			1,043,084
Career and Technical - Basic Grant	84.048A	25420006043902	33,344
COVID 19 - ARP Education for Homeless Children	84.425W	21533002043902	297
Summer School LEP	84.369A	69552402	4,090
Total Passed Through Texas Education Agency			1,165,593
TOTAL U.S. DEPARTMENT OF EDUCATION			1,686,105
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the Texas Department of Agriculture</u>			
*School Breakfast Program	10.553	71402501	521,623
*National School Lunch Program - Cash Assistance	10.555	71302501	1,524,293
*National School Lunch Prog. - Non-Cash Assistance	10.555	71302501	194,461
Total Assistance Listing Number 10.555			1,718,754
Total Child Nutrition Cluster			2,240,377
Local Food for Schools Program	10.185	AM23CPLFS000C003	37,402
Total Passed Through the Texas Department of Agriculture			2,277,779
TOTAL U.S. DEPARTMENT OF AGRICULTURE			2,277,779
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 3,963,884

*Clustered Programs

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

ANNA INDEPENDENT SCHOOL DISTRICT
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2025

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

With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used in the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned.

- The period of performance for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 90 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Performance of Federal Funds, 3 CFR Section 200.343 (b).
- FALN numbers for commodity assistance are the FALN numbers of the programs under which USDA donated the commodities.
- In fiscal year 2025, the District did not request reimbursement for indirect costs related to federal programs.
- Reconciliation Information:

Amount reported on the Schedule of Expenditures of Federal awards	\$3,963,884
E-Rate Revenue reported in the General Fund	351,348
SHARS Revenue reported in the General Fund	904,671
Total Federal Program Revenue	<u>\$5,219,903</u>

This page left blank intentionally.