

LA PRYOR INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
AUGUST 31, 2025**

LA PRYOR INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2025

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CERTIFICATE OF BOARD

La Pryor Independent School District
Name of School District

Zavala
County

254902
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 28th day of January, 2026.

Signature of Board Secretary

Signature of Board President

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

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
La Pryor Independent School District
La Pryor, Texas

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Emphasis of Matter – Change of Accounting Principle

As described in the notes to the financial statements, in fiscal year 2025 the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The combining statements, required TEA schedules, and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 statements, 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 28, 2026 on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
January 28, 2026

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MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial Report, we, the managers of La Pryor Independent School District, discuss and analyze the District's financial performance for the fiscal year ended August 31, 2025. Please read it in conjunction with the independent auditor's report, and the District's basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$5,230,007 (*net position*). Of this amount, \$388,457 is a deficit of *unrestricted net position*.
- As of the close of the fiscal year, the District's governmental funds reported combined ending fund balances of \$25,615,025, an increase of \$14,504,262 in comparison with the prior year. \$3,257,889 is *available for spending* at the District's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,267,081, or 44% of total General Fund expenditures.

USING THIS ANNUAL FINANCIAL REPORT

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. These provide information about the activities of the District as a whole and present a long-term view of the District's property and 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 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. The remaining statements, the 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 government.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosure in the government-wide statements of the fund financial statements.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. The combining statements for nonmajor funds are presented immediately following the required supplementary information. 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 is shown with the Statement of Net Position and Statement of Activities. Its primary objective 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 the District's assets, liabilities and deferred inflows/outflows of resources while the Statement of Activities includes all the revenue and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the same used by most private sector companies. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid. The District's revenue is divided into those provided by outside parties who share the costs of some programs, such as tuition received from students and grants provided from state or federal sources (program revenue), and general revenue provided by the taxpayers or by TEA (general revenue).

These two statements report the District's net position and changes in them. The District's net position (the difference between assets, liabilities and deferred inflows/outflows of resources) provides one measure of the District's financial health or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully access the overall health of the District, however, 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, the District has one kind of activity:

- **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.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the District's most significant funds – not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under Title IV from the Texas Education Agency. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities).

Governmental Funds – The District reports most of its basic services in governmental funds. These funds 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 they 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 governmental fund financial statements.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money that is raised by student activities and scholarship programs. All of the District's fiduciary activities are reported in the separate Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. We exclude these resources from the District's other financial statements because the District cannot use them to support its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the District's governmental activities.

Net position of the District's governmental activities increased from \$4,972,384 to \$5,230,007 as shown in Table 1. Unrestricted net position decreased by \$100,255 as of August 31, 2025.

The District's proportionate share of the net pension and OPEB liabilities is reported. The total District liability is reported in the governmental activities; however, the actual liability does not require the use of current resources at the fund level, which results in a timing difference since the TRS-Care plan is funded on a pay-as-you-go basis. The District has made all contractually required contributions as noted in the required supplementary information and has sufficient fund balance to meet the District's ongoing obligations to students and creditors.

The District's total revenues increased by \$762,117 due to an increase in the tax rate increasing property taxes as well as a gain in investment earnings. The District set the M&O tax rate at \$.753000 and the debt service rate at \$.16000.

The cost of all governmental activities this year as shown in the Statement Activities was \$9,335,213 compared to \$9,599,736 last year. However, as shown in the Statement of Activities, the amount taxpayers in the District ultimately financed for these activities through property taxes was \$3,345,662.

**TABLE 1
LA PRYOR INDEPENDENT SCHOOL DISTRICT
NET POSITION**

	Governmental Activities	
	2025	2024
Current and other assets	\$ 27,432,178	\$ 11,842,011
Capital assets	9,517,754	6,679,264
Total assets	<u>36,949,932</u>	<u>18,521,275</u>
Deferred outflows of resources	2,126,629	2,406,714
Current liabilities	1,725,007	573,713
Long-term liabilities	29,860,633	12,427,084
Total liabilities	<u>31,585,640</u>	<u>13,000,797</u>
Deferred inflows of resources	2,260,914	2,954,808
Net position:		
Net investment in capital assets	4,528,835	4,272,498
Restricted	1,089,629	988,088
Unrestricted	(388,457)	(288,202)
Total net position	<u>\$ 5,230,007</u>	<u>\$ 4,972,384</u>

**TABLE 2
LA PRYOR INDEPENDENT SCHOOL DISTRICT
CHANGES IN NET POSITION**

	Governmental Activities	
	2025	2024
REVENUES		
Program revenues:		
Charges for services	\$ 59,616	\$ 53,461
Operating grants and contributions	2,572,181	2,597,073
General revenues:		
Property taxes	3,345,662	2,859,831
Grants and contributions not restricted	3,507,822	3,385,832
Investment earnings	439,722	227,424
Miscellaneous	18,339	57,604
Total revenues	<u>9,943,342</u>	<u>9,181,225</u>
EXPENSES		
Instruction	3,904,934	4,165,319
Instructional resources and media services	73	100,072
Curriculum and instructional staff development	152,685	169,270
Instructional leadership	536,095	339,799
School leadership	402,447	592,247
Guidance, counseling and evaluation services	267,467	380,141
Health services	63,042	66,697
Student (pupil) transportation	212,854	242,182
Food services	491,274	532,810
Co-curricular/extra curricular activities	500,997	587,662
General administration	769,073	658,369
Facilities maintenance and operations	955,443	1,073,908
Security and monitoring services	223,667	142,006
Data processing services	189,626	202,793
Community services	9,503	10,673
Debt service - interest on long term debt	321,133	90,063
Debt service - bond issuance costs and fees	268,613	180,160
Other intergovernmental changes	66,288	65,565
Total expenses	<u>9,335,214</u>	<u>9,599,736</u>
CHANGE IN NET POSITION	608,128	(418,511)
NET POSITION, BEGINNING (2025 Restated)	<u>4,621,879</u>	<u>5,390,895</u>
NET POSITION, ENDING	<u>\$ 5,230,007</u>	<u>\$ 4,972,384</u>

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds reported a combined fund balance of \$25,615,025, which is an increase from last year's total of \$11,110,763. This resulted primarily from the issuance of the 2025 bonds with net proceeds of \$17 million. The District's General Fund fund balance increased by \$85,020. The increase was due to the increased property tax revenues and investment revenues discussed previously.

The District's Capital Projects Fund, another major governmental fund, completed the year with a fund balance of \$20.35 million. This sharp increase from last year's total of \$5.9 million resulted from the issuance of the 2025 bonds discussed above. This fund accumulates bond proceeds and then tracks the expenditure of those funds; as such, fund balance is expected to decrease in the future as proceeds are expended. The fund recognized \$267,288 of bond issuance costs and \$2,842,108 of construction costs during the year.

The District's final major governmental fund, the Other State Special Revenue Fund, accounts for various state grants for which TEA has not specified a standalone reporting fund. The grants tracked in this fund are expenditure-driven grants, which means that revenues equal expenses. As such, the fund began and ended the year with a small deficit of \$9,192.

General Fund Budgetary Highlights

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 2025). The second category includes changes that the board made during the year to take into account some of the District's staff restructuring efforts. The third category involved amendments moving funds from programs that did not need all resources originally appropriated to programs with resource needs.

The District's ending General Fund fund balance of \$4,678,527 reported in the audited financial statements differs from the General Fund's budgeted fund balance of \$2,982,272 reported in the budgetary comparison schedule. This is principally due to lower expenditures than were budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. As of August 31, 2025, the District had \$9,517,754 (net of depreciation) invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. Significant transactions involving capital assets include the expenditure of \$2.9 million on construction in progress on bond-funded projects, as well as \$300,000 of various furniture and equipment. Depreciation expense was \$485,905 for the year.

Table 3 - Capital Assets

	Governmental Activities	
	2025	2024
Land	\$ 97,095	\$ 97,095
Buildings and improvements	13,613,544	13,509,484
Furniture and equipment	2,482,278	2,180,951
Construction in progress	<u>2,973,308</u>	<u>54,300</u>
Total historical cost	19,166,225	15,841,830
Less depreciation	<u>(9,648,471)</u>	<u>(9,162,566)</u>
Totals	<u>\$ 9,517,754</u>	<u>\$ 6,679,264</u>

Additional detailed information about the District's capital assets is presented in the notes to the financial statements.

Long-term Debt. As of August 31, 2025, the District had bonds and notes outstanding that totaled \$25,265,825. This represents an increase of \$16,905,859 from August 31, 2024 due to the issuance of the 2025 series school building bond that will be used for school renovations. Additional detailed information about the District’s long-term debt is presented in the notes to the financial statements.

Table 4 - Long-term Debt

	Governmental Activities	
	2025	2024
Bonds payable	\$ 23,535,000	\$ 7,200,000
Tax notes payable	785,000	785,000
Unamortized bond premium/discount	<u>945,825</u>	<u>374,966</u>
Totals	<u>\$ 25,265,825</u>	<u>\$ 8,359,966</u>

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The District's elected officials considered many factors when setting the 2025-2026 budget and tax rates. Those factors include the economy, property values, student needs and state funding. Property values and state funding were also taken into account when adopting the General Fund budget for 2025-2026. Amounts available for appropriation in the General Fund and Child Nutrition Fund budgets are \$8,680,108 an increase of \$293,921 from the 2024-2025 adopted budget of \$8,386,187. The 2026 budget reflects estimated expenditures exceeding estimated revenues by \$856,733, primarily due to compression of property taxes and the projected impact of state school funding.

The 2025-2026 appropriations budgets for the Debt Service Fund include estimated revenues and expenditures of approximately \$1,470,741. Capital Projects will be funded by a \$23M bond that was passed in May 2024. A bond issuance of \$6M was approved in August 2024 and the remaining amount of \$17M was approved in August 2025 under the approval of the Board of Trustees.

The District adopted a Maintenance & Operations (M&O) rate of .7514 and an Interest & Sinking (I&S) rate of .4100. The adopted I&S rate increased due to the bond issuance for the capital projects that includes an elementary building and CTE building.

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 La Pryor Independent School District, 311 E US HWY 57, La Pryor, Texas.

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BASIC FINANCIAL STATEMENTS

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LA PRYOR INDEPENDENT SCHOOL DISTRICT

EXHIBIT A-1

STATEMENT OF NET POSITION

AUGUST 31, 2025

Data Control Codes		1 Governmental Activities
	ASSETS	
1110	Cash and cash equivalents	\$ 973,480
1120	Current investments	25,190,590
1220	Property taxes - delinquent	245,446
1230	Allowance for uncollectible taxes	(36,817)
1240	Due from other governments	977,177
1290	Other receivables	27,809
1300	Inventories	10,858
1400	Prepays	43,635
	Capital assets:	
1510	Land	97,095
1520	Buildings and improvements, net	5,835,531
1530	Furniture and equipment, net	611,820
1580	Construction in progress	2,973,308
1000	Total assets	<u>36,949,932</u>
	DEFERRED OUTFLOWS OF RESOURCES	
1705	Related to pensions	843,681
1706	Related to OPEB	1,282,948
1700	Total deferred outflows of resources	<u>2,126,629</u>
	LIABILITIES	
2110	Accounts payable	1,208,722
2140	Interest payable	21,310
2160	Accrued wages payable	301,803
2200	Accrued expenses	87,923
2300	Unearned revenue	105,249
	Noncurrent liabilities:	
2501	Due within one year: debt and compensated absences	308,545
	Due in more than one year:	
2502	Debt and compensated absences	25,239,868
2540	Net pension liability	2,616,727
2545	Net OPEB liability	1,695,493
2000	Total liabilities	<u>31,585,640</u>
	DEFERRED INFLOWS OF RESOURCES	
2605	Related to pensions	70,529
2606	Related to OPEB	2,190,385
2600	Total deferred inflows of resources	<u>2,260,914</u>
	NET POSITION	
3200	Net investment in capital assets	4,528,835
	Restricted for:	
3820	Grant funds	553,322
3850	Debt service	536,307
3900	Unrestricted	(388,457)
3000	Total net position	<u>\$ 5,230,007</u>

The accompanying notes are an integral part of this financial statement.

Program Revenues	Net (Expenses) Revenue and Changes in in Net Position
4	6
Operating Grants and Contributions	Primary Gov. Governmental Activities
\$ 1,321,418	\$ (2,583,516)
-	(73)
151,884	(801)
337,062	(199,033)
4,343	(398,104)
3,798	(263,669)
74,966	11,924
559	(212,295)
511,004	52,913
2,022	(475,880)
7,758	(757,977)
6,721	(948,722)
136,450	(87,217)
3,310	(186,316)
2,631	(6,872)
8,255	(312,878)
-	(268,613)
-	(66,288)
<u>\$ 2,572,181</u>	<u>\$ (6,703,417)</u>

2,769,157
576,505
3,507,822
439,722
18,339
<u>7,311,545</u>
608,128
4,972,384
(350,505)
<u>4,621,879</u>
<u>\$ 5,230,007</u>

LA PRYOR INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS

AUGUST 31, 2025

Data Control Codes		10	60
		<u>General</u>	<u>Capital Projects</u>
ASSETS			
1110	Cash and cash equivalents	\$ 357,694	\$ 28,619
1120	Investments - current	3,683,102	21,472,015
1220	Property tax receivable	208,311	-
1230	Allowance for uncollectible taxes (credit)	(31,247)	-
1240	Due from other governments	160,127	-
1260	Due from other funds	705,348	-
1290	Other receivables	24,461	-
1300	Inventories	10,858	-
1400	Prepays	43,635	-
1000	Total assets	<u>5,162,289</u>	<u>21,500,634</u>
LIABILITIES			
2110	Accounts payable	44,609	1,146,828
2160	Accrued wages payable	267,254	-
2170	Due to other funds	2,661	-
2200	Accrued expenditures	7,810	-
2300	Unearned revenue	-	-
2000	Total liabilities	<u>322,334</u>	<u>1,146,828</u>
DEFERRED INFLOWS OF RESOURCES			
2601	Unavailable revenue - property taxes	<u>161,428</u>	-
2600	Total deferred inflows of resources	<u>161,428</u>	-
FUND BALANCES			
Nonspendable:			
3410	Inventories	10,858	-
3430	Prepays	43,635	-
Restricted:			
3450	Grant funds	500,220	-
3470	Capital acquisition	-	20,353,806
3480	Retirement of long-term debt	-	-
3490	Committed for campus activities	-	-
3590	Assigned for subsequent year's budget	856,733	-
3600	Unassigned	<u>3,267,081</u>	-
3000	Total fund balances	<u>4,678,527</u>	<u>20,353,806</u>
4000	Total liabilities and fund balances	<u>\$ 5,162,289</u>	<u>\$ 21,500,634</u>

The accompanying notes are an integral part of this financial statement.

429 Other State Special Revenue	ONMF Other Funds	98 Total Governmental Funds
\$ -	\$ 587,167	\$ 973,480
-	35,473	25,190,590
-	37,135	245,446
-	(5,570)	(36,817)
311,397	505,653	977,177
-	2,661	708,009
-	3,348	27,809
-	-	10,858
-	-	43,635
<u>311,397</u>	<u>1,165,867</u>	<u>28,140,187</u>
2,181	15,104	1,208,722
-	34,549	301,803
318,408	386,940	708,009
-	3,213	11,023
-	105,249	105,249
<u>320,589</u>	<u>545,055</u>	<u>2,334,806</u>
-	28,928	190,356
-	28,928	190,356
-	-	10,858
-	-	43,635
-	42,244	542,464
-	-	20,353,806
-	528,689	528,689
-	20,951	20,951
-	-	856,733
(9,192)	-	3,257,889
<u>(9,192)</u>	<u>591,884</u>	<u>25,615,025</u>
\$ 311,397	\$ 1,165,867	\$ 28,140,187

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LA PRYOR INDEPENDENT SCHOOL DISTRICT

EXHIBIT C-2

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

AUGUST 31, 2025

Total fund balances - governmental funds	\$ 25,615,025
Amounts reported for governmental activities in the statement of net position are different because:	
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.	9,440,854
2 Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Losses on refunding of bonds and the premium on issuance of bonds payable are netted against the long-term liabilities in the statement of net position.	(25,569,723)
3 Included in the items related to debt is the recognition of the District's proportion share of the net pension liability required by GASB 68.	
Deferred outflows related to pensions	843,681
Deferred inflows related to pensions	(70,529)
Net pension liability	(2,616,727)
4 Included in the items related to debt is the recognition of the District's proportion share of the net OPEB liability required by GASB 75.	
Deferred outflows related to OPEB	1,282,948
Deferred inflows related to OPEB	(2,190,385)
Net OPEB liability	(1,695,493)
5 Uncollected property taxes are reported as deferred inflows in the governmental funds balance sheet, but are recognized as revenue in the statement of activities.	<u>190,356</u>
29 Net position of governmental activities	<u>\$ 5,230,007</u>

LA PRYOR 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	60
		General	Capital Projects
REVENUES			
5700	Local and intermediate sources	\$ 2,985,657	\$ 242,714
5800	State programs	3,815,565	-
5900	Federal programs	<u>747,246</u>	<u>-</u>
5020	Total revenues	<u>7,548,468</u>	<u>242,714</u>
EXPENDITURES			
Current:			
0011	Instruction	3,157,298	-
0012	Instructional resources and media services	73	-
0013	Curriculum and instructional staff development	1,250	-
0021	Instructional leadership	231,717	-
0023	School leadership	433,685	-
0031	Guidance, counseling and evaluation services	205,825	-
0033	Health services	66,080	-
0034	Student (pupil) transportation	168,159	-
0035	Food services	491,816	-
0036	Extracurricular activities	432,848	-
0041	General administration	798,685	-
0051	Facilities maintenance and operations	917,591	-
0052	Security and monitoring services	134,669	-
0053	Data processing services	194,072	-
0061	Community services	6,872	-
Debt service:			
0071	Principal	70,000	-
0072	Interest	20,765	-
0073	Bond issuance costs and fees	-	267,288
Capital outlay:			
0081	Facilities acquisition and construction	66,443	2,842,108
Intergovernmental:			
0099	Other intergovernmental charges	<u>66,288</u>	<u>-</u>
6030	Total expenditures	<u>7,464,136</u>	<u>3,109,396</u>
1100	EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>84,332</u>	<u>(2,866,682)</u>
OTHER FINANCING SOURCES (USES)			
7911	Bond issuance	-	16,675,000
7916	Premium on issuance of bonds	-	592,288
7915	Transfers in	1,213	-
8911	Transfers out	<u>(525)</u>	<u>-</u>
7080	Total other financing sources (uses)	<u>688</u>	<u>17,267,288</u>
1200	NET CHANGE IN FUND BALANCES	85,020	14,400,606
0100	FUND BALANCES, BEGINNING, AS PREVIOUSLY REPORTED	<u>4,593,507</u>	<u>5,953,200</u>
Adjustments			
1300	Change within the financial reporting entity	<u>-</u>	<u>-</u>
0100	FUND BALANCES - BEGINNING, AS ADJUSTED	<u>4,593,507</u>	<u>5,953,200</u>
3000	FUND BALANCE - ENDING	<u>\$ 4,678,527</u>	<u>\$ 20,353,806</u>

The accompanying notes are an integral part of this financial statement.

429 Other State Special Revenue	ONMF Other Funds	98 Total Governmental Funds
\$ -	\$ 605,137	\$ 3,833,508
373,230	223,688	4,412,483
<u>-</u>	<u>1,178,069</u>	<u>1,925,315</u>
<u>373,230</u>	<u>2,006,894</u>	<u>10,171,306</u>
15,751	819,798	3,992,847
-	-	73
125,084	27,033	153,367
69,680	266,433	567,830
480	2,028	436,193
-	77,296	283,121
-	506	66,586
-	-	168,159
-	3,049	494,865
-	20,967	453,815
-	5,762	804,447
-	4,564	922,155
136,450	-	271,119
-	2,701	196,773
-	2,631	9,503
-	270,000	340,000
-	303,477	324,242
-	1,325	268,613
25,785	180,000	3,114,336
<u>-</u>	<u>-</u>	<u>66,288</u>
<u>373,230</u>	<u>1,987,570</u>	<u>12,934,332</u>
<u>-</u>	<u>19,324</u>	<u>(2,763,026)</u>
-	-	16,675,000
-	-	592,288
-	525	1,738
<u>-</u>	<u>(1,213)</u>	<u>(1,738)</u>
<u>-</u>	<u>(688)</u>	<u>17,267,288</u>
-	18,636	14,504,262
<u>-</u>	<u>564,056</u>	<u>11,110,763</u>
<u>(9,192)</u>	<u>9,192</u>	<u>-</u>
<u>(9,192)</u>	<u>573,248</u>	<u>11,110,763</u>
<u>\$ (9,192)</u>	<u>\$ 591,884</u>	<u>\$ 25,615,025</u>

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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

Net change in fund balances - total governmental funds	\$ 14,504,262
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	2,761,590
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	29,831
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in treatment of long-term debt and related items.	(16,856,262)
GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$260,990. Contributions made before the measurement date and during the previous fiscal year were expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling \$249,747. Finally, the proportionate share of pension expense on the plans as a whole had to be recorded. The net pension expense decreased the change in net position by \$186,338. The net result is a decrease in net position.	(175,095)
GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$48,393. Contributions made before the measurement date and during the previous fiscal year were expended and recorded as a reduction in net OPEB liability. This caused a decrease in net position totaling \$48,094. Finally, the proportionate share of OPEB expense on the plans as a whole had to be recorded. The net OPEB expense increased the change in net position by \$343,503. The net result is an increase in net position.	<u>343,802</u>
Change in net position of governmental activities	<u>\$ 608,128</u>

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

AUGUST 31, 2025

	Private Purpose Trust Fund	Custodial Fund
ASSETS		
Cash and cash equivalents	\$ 5,095	\$ 66,799
Total assets	<u>5,095</u>	<u>66,799</u>
LIABILITIES		
Accounts payable	-	746
Total liabilities	<u>-</u>	<u>746</u>
NET POSITION		
Restricted for other purposes	<u>5,095</u>	<u>66,053</u>
Total net position	<u>\$ 5,095</u>	<u>\$ 66,053</u>

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2025

	Private Purpose Trust Fund	Custodial Fund
ADDITIONS		
Contributions from individuals and student groups	\$ 1,725	\$ 67,637
Total additions	<u>1,725</u>	<u>67,637</u>
DEDUCTIONS		
Scholarship disbursements	1,725	-
Payments on behalf of student groups	<u>-</u>	<u>66,388</u>
Total deductions	<u>1,725</u>	<u>66,388</u>
NET CHANGE IN FIDUCIARY NET POSITION	-	1,249
NET POSITION, BEGINNING	<u>5,095</u>	<u>64,804</u>
NET POSITION, ENDING	<u>\$ 5,095</u>	<u>\$ 66,053</u>

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LA PRYOR INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

AUGUST 31, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

La Pryor Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven-member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in *Statement of Auditing Standards No. 69* of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

A. Reporting Entity

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

B. Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the La Pryor Independent School District nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants, and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support.

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

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

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

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

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

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

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The District considers all revenues available if they are collectible within 60 days after year-end.

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

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

The fiduciary funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included in the fund Statement of Net Position. The fund equity is segregated into invested in capital assets net of related debt, restricted net position, and unrestricted net position.

The District reports the following major funds:

General Fund – The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund – The District accounts for activity related to the use of bond funds and District resources for the construction of capital facilities and the purchase of capital equipment.

Other State Special Revenue Fund – The District accounts for activity related to the use of grant funds received from TEA for the Safe Cycle Grant, Technology Lending Grant, and the Strong Foundations Planning, and Learning Acceleration Support Opportunities grants.

Additionally, the District reports the following fund types:

Governmental Funds:

Special Revenue Funds – The District accounts for resources restricted to or designated for specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in special revenue funds, and sometimes unused balances must be returned to the grantor at the close of specified project periods.

Debt Service Fund – used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

Fiduciary Funds:

Private Purpose Trust Fund – The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District's Private Purpose Trust Fund is the La Pryor ISD Education Foundation.

Custodial Fund – This fund accounts for activities of student groups. This accounting reflects the District's custodial relationship with the student activity organizations.

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

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

D. Assets, Liabilities, and Net Position or Equity

1. Cash and Cash Equivalents

Cash and cash equivalents include cash and highly liquid investments such as certificates of deposits, money market funds, local government investment pools, Treasury bills, and commercial paper that have a maturity from time of purchase of three months or less.

2. Inventories

The District records purchases of supplies as expenditures. Inventory on the balance sheet is recorded at cost and represents supplies and materials purchased for the subsequent school year. Food service commodities are recorded at fair market value as supplied by the Texas Department of Health and Human Services.

3. Prepayments

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments in both government-wide and fund financial statements.

4. Capital Assets

Capital assets, which include land, building, furniture and equipment are reported in the governmental activities columns in the financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire an asset with equipment service potential at the acquisition date.

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

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

Asset Class	Estimated Useful Life
Buildings	40
Buildings and improvements	40
Vehicles	7
Office equipment	5
Computer equipment	5

5. *Compensated Absences*

District employees earn state and local leave in accordance with Board policy. Leave balances may accumulate and are available for use in subsequent periods.

The District recognizes a liability for leave that is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid or settled. Based on historical experience and management’s evaluation, a large portion of accumulated state leave is considered more likely than not to be used or paid; therefore, a liability for such leave (including applicable payroll-related costs) has been recorded in the governmental activities.

6. *Long-term Obligations*

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

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.

7. *Pensions*

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

8. *Other Post-Employment Benefits*

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

9. Deferred outflows/inflows of resources

Deferred outflows and inflows of resources are reported in the financial statements 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 had the following deferred outflows of resources:

- Deferred outflows of resources for pension – 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, the results of differences between expected and actual economic experience, changes in actuarial assumptions, differences between projected and actual investment earnings, and changes in proportion and difference between the employer's contributions and the proportional share of contributions. 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.
- 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 pension liability, differences between expected and actual experiences, changes in actuarial assumptions, differences between projected and actual investment earnings, and changes in proportion and difference between the employer's contributions and the proportionate share of contributions. The deferred outflows related to OPEB resulting to District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year.

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 had three items that qualify for reporting in this category:

- Deferred inflow of resources for unavailable revenues – Reported only in the governmental funds balance sheet, for unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of revenues in the period that the amounts become available. During the current year, the District recorded deferred inflow of resources as unavailable revenues – property taxes with the General Fund and Debt Service Fund, respectively.
- Deferred inflow of resources for pensions – Reported in the government-wide financial statement of net position, these deferred inflows result from differences between expected and actual economic experience, changes in actuarial assumptions, and changes in proportion and difference between the employer's contributions and the proportionate share of contributions.
- Deferred inflow of resources for OPEB – Reported in the government-wide financial statement of net position, these deferred inflows result from differences between expected and actual economic experience, changes in actuarial assumptions, and changes in proportion and difference between the employer's contributions and the proportionate share of contributions.

10. 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. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year. It also includes the long-term amount of loans and notes receivable.
- **Restricted:** This classification includes amounts that are restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions of enabling legislation.
- **Committed:** This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's Board of Trustees. Those committed amounts cannot be used for any other purposes unless the Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- **Assigned:** This classification includes amounts that are constrained by the District's intent to be used for specific purposes but are neither restricted nor committed. Intent should be expressed by the Board or by other officials to which the Board has delegated the authority to assign amounts to be used for specific purposes. When it is appropriate for fund balance to be assigned, the Board delegates the responsibility to assign funds to the Superintendent or his/her designee.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

11. Fund Balance Flow Assumptions

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

12. Net Position

Net position represents the difference between assets, deferred outflows (inflows) of resources and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by 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 their 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.

13. Net Position Flow Assumption

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

14. Program Revenue

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

15. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are delinquent if not paid by February 1 of the year following the year in which it was imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Delinquent taxes not paid by August 31 are subject to penalty and interest charges plus delinquent collection fees for attorney costs. 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.

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 taxes are periodically reviewed and written off by the District as provided by specific statutory authority from the Texas Legislature.

The assessed value of the property tax roll on January 1, 2024, upon which the levy for the 2024-2025 fiscal year was based, was \$3,353,244. 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 \$.753000 and \$.016000 per \$100 valuation, respectively, for a total of \$0.913000 per \$100 valuation.

16. Data Control Codes

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

17. Estimates

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

18. Encumbrance Accounting

Encumbrance accounting, under which purchase orders, contracts, and other commitments are recorded in order to reserve that portion of the applicable appropriation, is used in all governmental funds. Encumbrance accounting is utilized to ensure effective budgetary control and accountability. Encumbrances outstanding at year-end are commitments that do not constitute expenditures or liabilities. Since appropriations lapse at the end of each fiscal year, outstanding encumbrances are appropriately provided for in the subsequent fiscal year's budget to provide for the liquidation of the prior commitments. There were no outstanding encumbrances at the end of the fiscal year that were subsequently provided for in the 2025-2026 budget.

19. Change in Accounting Principle

During fiscal year 2025, the District adopted the following new accounting guidance:

GASB Statement No. 101, *Compensated Absences* – The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Accordingly, the cumulative effect of the accounting change has been recognized in a restatement of beginning net position for the year ended August 31, 2024.

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNTS

A. Deposits and 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, and (9) bid solicitation preferences for certificates of deposit.

State statutes and Board policy authorize the District to invest in 1) Obligations of, or guaranteed by, governmental entities as permitted by Government Code 2256.009.; 2) Certificates of deposit and share certificates as permitted by Government Code 2256.010.; 3) Fully collateralized repurchase agreements permitted by Government Code 2256.011.; 4) A securities lending program as permitted by Government Code 2256.0115.; 5) Banker's acceptances as permitted by Government Code 2256.012.; 6) Commercial paper as permitted by Government Code 2256.013.; 7) No-load money market mutual funds and no-load mutual funds as permitted by Government Code 2256.014; 8) A guaranteed investment contract as an investment vehicle for bond proceeds, provided it meets the criteria and eligibility requirements established by Government Code 2256.015.; and 9) Public funds investment pools as permitted by Government Code 2256.016.

In compliance with the Public Funds Investment Act, the District has adopted an investment policy. The District is in substantial compliance with the requirements of the Act and with local policies. The risks that the District may be subject are:

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, including checking, money market accounts and certificates of deposit, may not be returned to it. During fiscal year 2025, the District's combined deposits were fully insured by federal depository insurance or collateralized with securities pledged to the District and held by the District's agent.

Custodial Credit Risk – Investments

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. Any investment that is both uninsured and unregistered is exposed to custodial credit risk if the investment is held by the counterparty, or if the investment is held by the counterparty's trust department or agent, but not in the name of the investor government. Investments are subject to custodial credit risk only if they are evidenced by securities that exist in physical or book entry form. Positions in external investment pools are not subject to custodial credit risk.

Interest Rate Risk

Interest rate risk occurs when potential purchasers of debt securities do not agree to pay face value for those securities if interest rates rise. Investments with interest rates that are fixed for longer periods are likely to be subject to more variability in their fair values as a result of future changes in interest rates.

Concentration of Credit Risk

Concentration risk is defined as positions of five percent or more in the securities of a single issuer. This is the issuer of the underlying investment, and not a pool. This does not apply to U.S. Government securities.

Cash Deposits

On August 31, 2025, the amount of the District's cash balance in checking accounts was \$1,045,374.

Investments – Cash Equivalents

The District's investments - cash equivalents on August 31, 2025, are shown below:

<u>Investment Type</u>	<u>Rating</u>	<u>Weighted Average Maturity</u>	<u>Reported Value</u>	<u>Weighted Average Maturity (Days)</u>
Lone Star Investment Pool	AAA	92 days	<u>\$ 25,190,590</u>	26

The investment pools used by the District are organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government code, and the Public Funds Investment Act Chapter 2256, Texas Government Code. Investment pools are public funds investment pools created to provide a safe environment for the placement of local government funds in authorized short-term investments.

The District's investment in investment pools, which are exempt from regulation by the Securities and Exchange Commission, have as one of their objectives the maintenance of a stable net asset value of \$1.00. The book value of the position in the pools is the same as the number of the shares in each pool; the fair value of a share should approximately equal the book value of a share.

The Lone Star investment pool has a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

In accordance with state law and the District's investment policy, investments in investment pools must be rated at least AAA or have an equivalent rating, and obligations of states, agencies, counties and cities must be rated at least A or its equivalent. As of August 31, 2025, the District's investments in investment pools met or exceeded the ratings criteria.

B. Interfund Receivables and Transfers

Interfund balances on August 31, 2025, consisted of the following amounts and are attributable to payroll and disbursement clearing activities.

<u>Due from</u>	<u>Due to</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 705,348
Nonmajor governmental	General	<u>2,661</u>
		<u><u>708,009</u></u>

Balances resulted from the time lag between the dates that 1) interfund goods and services are provided on reimbursable expenditures occur, and 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

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

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 1,213
Nonmajor governmental	General	<u>525</u>
		<u><u>\$ 1,738</u></u>

C. Accounts Receivable

Accounts receivable consisted of the following balances as of August 31, 2025:

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>
Miscellaneous	\$ 24,461	\$ 3,348	\$ 27,809
Total, net	<u>\$ 24,461</u>	<u>\$ 3,348</u>	<u>\$ 27,809</u>

Based on prior experience, management considers the entire outstanding balances collectible. As such, no allowance for uncollectable accounts has been recorded.

D. Due From other Governments

As of August 31, 2025, the District reported receivables due from other governments from the following sources:

	<u>General</u>	<u>Other State Special Revenue</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
State entitlements	\$ 112,954	\$ -	\$ -	\$ 112,954
State grants	-	311,397	214,801	526,198
Federal grants	<u>47,173</u>	<u>-</u>	<u>290,852</u>	<u>338,025</u>
Total	<u>\$ 160,127</u>	<u>\$ 311,397</u>	<u>\$ 505,653</u>	<u>\$ 977,177</u>

Based on prior experience, management considers the entire outstanding balances collectible. As such, no allowance for uncollectable accounts has been recorded.

E. Unearned Revenue

Unearned revenues represent cash received from granting agencies in advance of when they are spent on eligible expenditures. The amounts will be recognized as revenue in future years proportionate to the amount of eligible costs incurred. As of August 31, 2025, the District reported unearned revenue of \$105,249 in the nonmajor governmental funds, of which \$58,100 relates to the IDEA-B Formula program, and \$47,149 relates to UTEEN grant received from the University of Texas at San Antonio.

F. Capital Assets

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

	Beginning Balance 09/01/2024	Increases	Decreases	Ending Balance 08/31/2025
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 97,095	\$ -	\$ -	\$ 97,095
Construction in Progress	54,300	2,919,008	-	2,973,308
Total capital assets, not being depreciated	151,395	2,919,008	-	3,070,403
Capital assets, being depreciated:				
Buildings and improvements	13,509,484	104,060	-	13,613,544
Furniture and equipment	2,180,951	301,327	-	2,482,278
Total capital assets, being depreciated	15,690,435	405,387	-	16,095,822
Less accumulated depreciation for:				
Buildings and improvements	(7,465,210)	(312,803)	-	(7,778,013)
Furniture and equipment	(1,697,356)	(173,102)	-	(1,870,458)
Total accumulated depreciation	(9,162,566)	(485,905)	-	(9,648,471)
Total governmental activities capital assets, net	\$ 6,679,264	\$ 2,838,490	\$ -	\$ 9,517,754

Depreciation expense was charged to the functions of the government as follows:

Governmental activities:	
Instruction	\$ 195,627
Health services	37,704
Student (pupil) transportation	53,456
Food services	10,216
Co-curricular/extracurricular activities	65,043
General administration	4,993
Plant maintenance and operations	68,529
Security and monitoring services	47,077
Data Processing	3,260
Total depreciation expense	\$ 485,905

G. Long-term Debt

The following is a summary of changes in long-term liabilities:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Long-term debt:					
General Obligation Bonds	\$ 7,200,000	\$ 16,675,000	\$ 270,000	\$ 23,605,000	\$ 215,000
Maintenance Tax Notes	785,000	-	70,000	715,000	70,000
Premium on Bonds	374,966	592,288	21,429	945,825	-
Total long-term debt	8,359,966	17,267,288	361,429	25,265,825	285,000
Other Liabilities:					
Compensated Absences	350,505	-	67,917	282,588	23,545
Net OPEB Liability	1,253,945	441,548	-	1,695,493	-
Net Pension Liability	2,813,173	-	196,446	2,616,727	-
Total long-term liabilities	\$ 12,777,589	\$ 17,708,836	\$ 625,792	\$ 29,860,633	\$ 308,545

Note that changes in compensated absences are reported in the schedule above as a single, net increase or decrease.

Bonds Payable

Bonded indebtedness of the District is reflected in the government-wide statements, and current requirements for principal and interest expenditures are accounted for in the Debt Service Fund.

A summary of changes in bonds payable for the year ended August 31, 2025, is as follows:

Date of Issue	Description	Interest Rates	Original Issue	Final Maturity Date	Debt Principal
8/15/2016	Series 2016A	2.00 to 4.00	\$ 2,130,000	8/15/2036	\$ 1,110,000
9/25/2024	Series 2024	5.00 to 4.125	5,970,000	8/15/2054	5,820,000
8/21/2025	Series 2025	5.00	16,675,000	8/15/2055	16,675,000
Total					<u>\$ 23,605,000</u>

In May 2024, voters of the District approved a ballot measure authorizing the issuance of bonds up to \$23 million for the purpose of updating and replacing outdated facilities. In fiscal year 2024, \$6 million of bonds were issued, and as described below, the remaining \$17 million of bonds were issued in fiscal year 2025. As of August 31, 2025, all authorized bonds have been issued.

In August 2025, the District issued \$16,675,000 of unlimited tax school building bonds, Series 2025 with an interest rate of 5.00%. These bonds were issued for construction, rehabilitation, renovation, expansion, improvement and equipment of school buildings and purchase of new school buses. The net proceeds of \$17,000,000 (after a premium of \$592,288 and payment of bond issuance costs) were recorded in the Capital Projects Fund for use beginning in fiscal year 2026. Principal payments begin February 15, 2026, and are paid annually through August 15, 2055.

Debt service requirements to maturity for bonds payable are as follows:

Year Ending August 31	Governmental Activities		
	Principal	Interest	Total Requirements
2026	\$ 215,000	\$ 1,340,740	\$ 1,555,740
2027	490,000	1,245,506	1,735,506
2028	265,000	1,122,656	1,387,656
2029	600,000	1,108,031	1,708,031
2030	365,000	1,079,706	1,444,706
2031-2035	2,710,000	5,027,531	7,737,531
2036-2040	3,430,000	4,265,875	7,695,875
2041-2045	4,055,000	3,336,825	7,391,825
2046-2050	5,195,000	8,008,782	13,203,782
2051-2055	<u>6,280,000</u>	<u>2,203,932</u>	<u>8,483,932</u>
Total	<u>\$ 23,605,000</u>	<u>\$ 28,739,584</u>	<u>\$ 52,344,584</u>

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

Tax Notes

The District issues tax notes for certain capital expenditures. Tax notes are accounted for in the General Fund. Details on the District’s tax note as of August 31, 2025, are as follows:

Date of Issue	Description	Interest Rates	Original Issue	Final Maturity Date	Debt Principal
2/15/2020	Series 2017	2.15 to 2.90	\$ 1,000,000	8/15/2034	<u>\$ 715,000</u>

Debt service requirements to maturity for tax notes are as follows:

Year Ending August 31	Governmental Activities		
	Principal	Interest	Total Requirements
2026	\$ 70,000	\$ 20,765	\$ 90,765
2027	70,000	19,190	89,190
2028	75,000	17,510	92,510
2029	75,000	15,673	90,673
2030	80,000	12,766	92,766
2031-2034	345,000	30,554	375,554
Total	\$ 715,000	\$ 116,458	\$ 831,458

H. **Defined Benefit Pension Plan**

Plan Description. The 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). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

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

Pension Plan Fiduciary Net Position. Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at https://trs.texas.gov/Pages/about_publications.aspx; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

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 in 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.

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

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025.

	Contribution Rates	
	2024	2025
Member	8.25%	8.25%
Non-employer contributing entity (State)	8.25%	8.25%
Employers	8.25%	8.25%
Current fiscal year employer contributions		\$ 260,990
Current fiscal year member contributions		384,449
2024 measurement year NECE on-behalf contributions		247,503

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

As the non-employer contributing entity for public education 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 school, junior college, other entities, or the State of Texas as the employer for senior 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 part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

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

- All public schools, charter schools, and regional educational service centers must contribute 1.7 percent of the member's salary beginning in fiscal year 2022, 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, 2022, actuarial valuation rolled forward to August 31, 2023, and was determined using the following actuarial assumptions:

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

The actuarial methods and assumptions 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 August 31, 2024.

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 rate of return on pension plan investments is 7.00%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2024, are summarized below:

Asset Class	Target Allocation²	Long-Term Expected Geometric Real Rate of Return³	Expected Contribution to Long-Term Portfolio Return
Global Equity			
U.S.	18.00%	4.40%	1.00%
Non-U.S. Developed	13.00%	4.20%	0.80%
Emerging Markets	9.00%	5.20%	0.70%
Private Equity	14.00%	6.70%	1.20%
Stable Value			
Government Bonds	16.00%	1.90%	0.40%
Absolute Return ¹	5.00%	3.00%	0.20%
Stable Value Hedge Funds	0.00%	4.00%	0.00%
Real Return			
Real Estate	15.00%	6.60%	1.20%
Energy, Natural Resources & Infrastructure	6.00%	5.60%	0.40%
Commodities	0.00%	2.50%	-
Risk Parity	8.00%	4.00%	0.40%
Asset Allocation Leverage			
Cash	2.00%	1.00%	0.00%
Asset Allocation Leverage	-6.00%	1.30%	-0.10%
Inflation Expectation			2.40%
Volatility Drag ⁴			-0.70%
Expected Return	100.00%		7.90%

¹ Absolute Return includes Credit Sensitive Investments.

² Target allocations are based on the FY2025 policy model.

³ Capital Market Assumptions (CMA) come from 2025 SAA Study CMA Survey (as of 12/31/2024)

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

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the net pension liability if the discount rate used was 1 percentage point lower than and 1 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 net pension liability	\$ 4,179,577	\$ 2,616,727	\$ 1,321,796

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. On August 31, 2025, the District reported a liability of \$2,616,727 for its 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	\$ 2,616,727
State's proportionate share that is associated with the District	<u>2,682,798</u>
Total	<u>\$ 5,299,525</u>

The net pension liability was measured as of August 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's portion 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, through August 31, 2024.

On August 31, 2024, the employer’s proportion of the collective net pension liability was 0.0042838056% which was a decrease of 0.0001883649% from its proportion measured as of August 31, 2023.

Change of Assumptions Since the Prior Measurement Date. The actuarial assumptions and methods are the same as used in the determination of the prior year’s Net Pension Liability.

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

For the year ended August 31, 2025, the District recognized pension expense of \$756,724 and revenue of \$320,639 for support provided by the State.

On August 31, 2025, the District’s reported its proportionate share of the TRS’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 144,230	\$ 20,430
Changes in actuarial assumptions	135,107	18,113
Difference between projected and actual investment earnings	15,906	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	287,448	31,986
Contributions subsequent to the measurement date	<u>260,990</u>	<u>-</u>
Total as of fiscal year-end	<u>\$ 843,681</u>	<u>\$ 70,529</u>

\$260,990 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total pension liability for the year ending August 31, 2026. The net amounts of the employer’s balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ended August 31,	Pension Expense
2026	\$ 86,812
2027	372,739
2028	83,417
2029	(50,849)
2030	20,044

I. Health Care

During the year ended August 31, 2025, employees of the District were covered by the state sponsored health insurance plan. The District paid premiums of \$300 per employee to the plan and employees, at their option, authorized payroll withholdings to pay premiums for dependents.

All premiums were paid to TRS-ActiveCare, the statewide health coverage program for public education employees administered by Aetna. The Plan was authorized by Article 3 .51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the District and TRS ActiveCare is renewable September 1 of each year and terms of coverage and premium costs are included in the contractual provisions.

The latest financial statements for Aetna are available for the most recent year and have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

J. 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 other post-employment benefit (OPEB) plan that has a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

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

OPEB Plan Fiduciary Net Position. Detailed information about the TRS-Care’s fiduciary net position is available in the separately issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://www.trs.texas.gov/Pages/about_publications.aspx; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

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

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

Texas Insurance Code, section 1575.202 establishes the state’s contribution rate which is 1.25% of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act.

The following table shows contributions to the TRS-Care plan by type of contributor.

	Contribution Rates	
	2024	2025
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%
Current fiscal year employer contributions		\$ 48,393
Current fiscal year member contributions		30,287
2024 measurement year NECE on-behalf contributions		63,579

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.

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

Actuarial Assumptions. The actuarial valuation was performed as of August 31, 2023. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2024. The actuarial valuation was determined using the following actuarial assumptions. The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were developed in 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	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	
Rates of Disability	

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables. The rates were projected on a fully generational basis using the ultimate improvement rates from mortality projection scale MP-2018.

Valuation Date	August 31, 2023 rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.30%
Single Discount Rate	3.87% as of August 31, 2024
Aging Factors	Based on the Society of Actuaries' 2013 Study "Health Care Costs - From Birth to Death".
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Salary Increases	2.95% to 8.95%, including inflation
Healthcare Trend Rates	The initial medical trend rate was 6.75 percent for non-Medicare retirees. For Medicare retirees, trend rates are higher in the first two years due to anticipated growth but thereafter match those of non-Medicare retirees. The initial prescription drug trend rate was 7.25 percent for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25 percent over a period of 11 years.
Election Rates	Normal Retirement - 62% participation rate prior to age 65 and 25% participation after age 65. Pre-65 retirees - 30% of pre-65 retirees are assumed to discontinue coverage at age 65.

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

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

The source of the municipal bond rate is the Fidelity "20-year Municipal GO AA Index" as of August 31, 2023, using the fixed-income, market data/yield curve/data municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the net OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used in measuring the net OPEB liability.

	1% Decrease in Discount Rate (2.87%)	Discount Rate (3.87%)	1% Increase in Discount Rate (4.87%)
Proportionate share of net OPEB liability	\$ 2,014,325	\$ 1,695,493	\$ 1,437,872

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. On August 31, 2025, the District reported a liability of \$1,695,493 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction in 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	\$ 1,695,493
State's proportionate share that is associated with the District	<u>2,124,430</u>
Total	<u>\$ 3,819,923</u>

The Net OPEB Liability was measured as of August 31, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The employer's portion 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, through August 31, 2024.

On August 31, 2024, the employer's proportion of the collective net OPEB liability was 0.0055861868% which was an increase of 0.0000779550% from its proportion measured as of August 31, 2023.

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Proportionate share of net OPEB liability	\$ 1,380,728	\$ 1,695,493	\$ 2,105,664

Changes Since the Prior Actuarial Valuation. The discount rate changed from 4.13 percent as of August 31, 2023, accompanied by revised demographic and economic assumptions based on the TRS experience study.

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

For the year ended August 31, 2025, the District recognized OPEB expense of \$(571,546) and revenue of \$(276,137) for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experiences	\$ 324,969	\$ 846,143
Changes in actuarial assumptions	217,003	553,220
Differences between projected and actual investment earnings	-	4,748
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	692,583	786,274
Contributions subsequent to the measurement date	48,393	-
Total as of fiscal year-end	<u>\$ 1,282,948</u>	<u>\$ 2,190,385</u>

The \$48,393 reported as deferred outflows of resources related to OPEBs resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ending August 31, 2026. The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year Ended August 31,	OPEB Expense
2026	\$ (336,894)
2027	(260,103)
2028	(220,790)
2029	(121,264)
2030	(10,841)
Thereafter	(5,938)

K. Medicare Part D- On-behalf Payments

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 Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments of \$31,801, \$25,796 and \$26,969 were required for the years ended August 31, 2025, 2024 and 2023, respectively, as equal revenues and expenditures.

L. Self-Insured Workers' Compensation

During the year ended August 31, 2025, the District was a participant in the Texas Public Schools Workers' Compensation Project (School Comp) self-insurance fund as authorized by Section 504.011 (3) of the Texas Workers' Compensation Act and Texas Government Code Ch. 791, the Inter local Cooperation Act.

The primary responsibility for funding the project claims shall rest with the members who will fund claim payments within an individual self-insured retention and within a shared self-insured retention. Financial responsibility for the project claims shall be allocated for the project year. Each member will fund the cost of each of its claim occurrences up to a limit equivalent to twenty percent of its standard funding for the project year in which the claim occurred. Members will share responsibility for funding the cost of every claim occurrence exceeding twenty percent of standard funding of the member where the claim occurred. Such funding shall be on a pro rata basis relative to each member's standard funding for the project year in which the claim occurred. A member's claim funding responsibilities attributable to claims arising in any one project year shall cease when its out-of-pocket expenditures equal to its total standard funding. Excess workers compensation stop loss coverage was provided by Safety National Casualty Company.

The District paid costs of program administration and premiums of \$39,475 for the fiscal year. The District self-insurance retention for each occurrence/claim for the year was \$38,013. During the year, the District paid claims of \$6,872 as of August 31, 2025.

M. Commitments and Contingencies

Contingencies

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

Construction Commitments

The District has entered into various construction contracts for construction and improvement of campus facilities using bond proceeds. As of August 31, 2025, significant commitments under construction contracts were as follows:

Project	Total Contract	Amount Paid to Date	Future Commitment
La Pryor School Renovations	\$ 23,000,000	\$ 2,973,308	\$ 20,026,692
	\$ 23,000,000	\$ 2,973,308	\$ 20,026,692

Future payment on all committed amounts is dependent on satisfactory performance by the contractor.

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 year 2025 the district purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

N. Accounting Changes

1. Changes in Accounting Principle

During fiscal year 2025, the District adopted GASB Statement 101, Compensated Absences. In the prior year, the District did not report a compensated absences liability. With the adoption of the new GASB standard during the reporting period, the beginning compensated absences liability for fiscal year 2025 was \$350,505, per the District's analysis of historical leave earned and used by employees. This increased beginning liabilities and reduced beginning net position in the governmental activities by that same \$350,505 as of August 31, 2024.

2. Changes within the Financial Reporting Entity

During the year the District had one change within the financial reporting entity. The special revenue fund, Other State Special Revenue, was previously reported as a non-major governmental fund and now reported as a major fund. The change in classification is required based on quantitative factors.

During the fiscal year 2025, the change within accounting principle and change within the financial reporting entity described above, resulted in a restatement of beginning net position, and beginning fund balance, as follows:

	8/31/2024 As Previously Reported	Change in Accounting Principle (1)	Change Within Financial Reporting Entity (2)	8/31/2024 As Restated
Government-Wide				
Governmental activities	\$ 4,972,384	\$ (350,505)	\$ -	\$ 4,621,879
Total primary government	\$ 4,972,384	\$ (350,505)	\$ -	\$ 4,621,879
Governmental Funds				
Major funds:				
General Fund	\$ 4,593,507	\$ -	\$ -	\$ 4,593,507
Capital Projects	5,953,200	-	-	5,953,200
Other State Special Revenue	-	-	(9,192)	(9,192)
Nonmajor funds	564,056	-	9,192	573,248
Total governmental funds	\$ 11,110,763	\$ -	\$ -	\$ 11,110,763

O. New Accounting Standards

Significant forthcoming accounting standards issued by the GASB but not yet implemented by the District include the following:

GASB Statement No. 103, *Financial Reporting Model Improvements* – The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. This Statement also addresses certain application issues. This Statement will become effective for reporting periods beginning after June 15, 2025, and the impact has not yet been determined.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* – The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be presented separately in the note disclosures, including right-to-use assets related to leases, Subscription-Based Information Technology Arrangements, and public-private or public-public partnerships. Other intangible assets are also required to be presented separately by major class. Additional disclosures have also been required for capital assets held for sale. This Statement will become effective for reporting periods beginning after June 15, 2025, and the impact has not yet been determined.

GASB Statement No 105, *Subsequent Events* – The objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. This Statement will become effective for fiscal years beginning after June 15, 2026, and the impact has not yet been determined.

REQUIRED SUPPLEMENTARY INFORMATION

LA PRYOR INDEPENDENT SCHOOL DISTRICT

EXHIBIT G-1

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES					
5700	Local and intermediate sources	\$ 2,937,405	\$ 2,937,405	\$ 2,985,657	\$ 48,252
5800	State programs	3,961,782	3,961,782	3,815,565	(146,217)
5900	Federal programs	485,000	485,000	747,246	262,246
5020	Total revenues	<u>7,384,187</u>	<u>7,384,187</u>	<u>7,548,468</u>	<u>164,281</u>
EXPENDITURES					
Current:					
0011	Instruction	3,438,533	3,438,533	3,157,298	281,235
0012	Instructional resources and media services	8,230	8,230	73	8,157
0013	Curriculum and instructional staff development	15,800	15,800	1,250	14,550
0021	Instructional leadership	422,820	422,820	231,717	191,103
0023	School leadership	450,800	450,800	433,685	17,115
0031	Guidance, counseling and evaluation services	271,250	271,250	205,825	65,425
0033	Health services	70,180	70,180	66,080	4,100
0034	Student (pupil) transportation	251,250	251,250	168,159	83,091
0035	Food services	542,715	542,715	491,816	50,899
0036	Extracurricular activities	539,725	539,725	432,848	106,877
0041	General administration	732,100	732,100	798,685	(66,585)
0051	Facilities maintenance and operations	966,655	966,655	917,591	49,064
0052	Security and monitoring services	136,000	136,000	134,669	1,331
0053	Data processing services	273,575	273,575	194,072	79,503
0061	Community services	9,500	9,500	6,872	2,628
Debt service:					
0071	Principal	100,000	100,000	70,000	30,000
0072	Interest	-	-	20,765	(20,765)
Capital outlay:					
0081	Facilities acquisition and construction	700,000	700,000	66,443	633,557
Intergovernmental:					
0099	Other intergovernmental charges	66,289	66,289	66,288	1
6030	Total expenditures	<u>8,995,422</u>	<u>8,995,422</u>	<u>7,464,136</u>	<u>1,531,286</u>
1100	Excess/(deficiency) of revenues over/(under) expenditures	(1,611,235)	(1,611,235)	84,332	1,695,567
OTHER FINANCING SOURCES (USES)					
7915	Transfers in	-	-	1,213	1,213
8911	Transfers out	-	-	(525)	(525)
	Total other financing sources (uses)	-	-	688	688
1200	NET CHANGE IN FUND BALANCES	(1,611,235)	(1,611,235)	85,020	1,696,255
0100	FUND BALANCES, BEGINNING	<u>4,593,507</u>	<u>4,593,507</u>	<u>4,593,507</u>	-
3000	FUND BALANCE - ENDING	<u>\$ 2,982,272</u>	<u>\$ 2,982,272</u>	<u>\$ 4,678,527</u>	<u>\$ 1,696,255</u>

The accompanying notes are an integral part of this schedule.

LA PRYOR INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

AUGUST 31, 2025

Budgetary Information

The Board of Trustees adopts an "appropriated budget" for the General Fund and Debt Service Fund. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund budget report appears in Exhibit G-1 and the other report is in Exhibit J-2.

The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

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

Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. The budget was amended as necessary during the year.

Each budget is controlled at the organizational level by the administration, appropriate department head or campus principal within Board allocations at the revenue and expenditure function /object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

LA PRYOR INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED AUGUST 31, 2025

Measurement Year Ended August 31,	<u>2024</u>	<u>2023</u>	<u>2022</u>
District's proportion of the net pension liability (asset)	0.0042838%	0.0040954%	0.0030293%
District's proportionate share of net pension liability (asset)	\$ 2,616,727	\$ 2,813,173	\$ 809,168
States proportionate share of the net pension liability (asset) associated with the District	<u>2,682,798</u>	<u>3,705,374</u>	<u>2,023,900</u>
Total	<u>\$ 5,299,525</u>	<u>\$ 6,518,547</u>	<u>\$ 2,833,068</u>
District's covered payroll	\$ 4,841,202	\$ 4,980,667	\$ 2,833,068
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	54.05%	56.48%	28.56%
Plan fiduciary net position as a percentage of the total pension liability	77.51%	73.15%	83.25%

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.0035694%	0.0035444%	0.0035840%	0.0036479%	0.0031889%	0.0030108%	0.0036234%
\$ 1,261,735	\$ 1,339,381	\$ 1,145,974	\$ 2,007,917	\$ 1,657,714	\$ 1,612,530	\$ 922,755
<u>2,213,869</u>	<u>2,166,213</u>	<u>1,968,505</u>	<u>3,122,257</u>	<u>2,833,583</u>	<u>3,036,448</u>	<u>1,395,864</u>
<u>\$ 3,475,604</u>	<u>\$ 3,505,594</u>	<u>\$ 3,114,479</u>	<u>\$ 5,130,174</u>	<u>\$ 4,491,297</u>	<u>\$ 4,648,978</u>	<u>\$ 2,318,619</u>
\$ 3,475,604	\$ 3,505,594	\$ 3,661,733	\$ 3,642,139	\$ 3,642,894	\$ 3,946,314	\$ 4,159,846
36.30%	38.21%	31.30%	55.13%	45.51%	40.86%	22.18%
78.43%	78.00%	82.17%	73.74%	75.24%	75.54%	88.79%

LA PRYOR INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED AUGUST 31, 2025

Fiscal Year Ended August 31,	<u>2025</u>	<u>2024</u>	<u>2023</u>
Contractually required contribution	\$ 260,990	\$ 249,747	\$ 76,801
Contribution in relation to the contractually required contribution	<u>(260,990)</u>	<u>(249,747)</u>	<u>(76,801)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 4,659,992	\$ 4,841,202	\$ 3,581,435
Contributions as a percentage of covered payroll	5.60%	5.16%	2.14%

<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 94,464	\$ 97,964	\$ 127,066	\$ 120,439	\$ 128,266	\$ 155,595	\$ 208,555
<u>(94,464)</u>	<u>(97,964)</u>	<u>(127,066)</u>	<u>(120,439)</u>	<u>(128,266)</u>	<u>(155,595)</u>	<u>(208,555)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 3,360,328	\$ 3,661,733	\$ 3,642,139	\$ 3,642,894	\$ 3,946,314	\$ 4,159,846	\$ 4,632,139
2.81%	2.68%	3.49%	3.31%	3.25%	3.74%	4.50%

LA PRYOR INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED AUGUST 31, 2025

Measurement Year Ended August 31,	<u>2025</u>	<u>2024</u>	<u>2023</u>
District's proportion of the net OPEB liability (asset)	0.0055862%	0.0056641%	0.0069296%
District's proportionate share of net OPEB liability (asset)	\$ 1,695,493	\$ 1,253,945	\$ 3,013,417
States proportionate share of the net OPEB liability (asset) associated with the District	<u>2,124,430</u>	<u>1,513,077</u>	<u>2,792,648</u>
Total	<u>\$ 3,819,923</u>	<u>\$ 2,767,022</u>	<u>\$ 5,806,065</u>
District's covered payroll	\$ 4,841,202	\$ 4,980,667	\$ 3,661,733
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	35.02%	25.18%	82.29%
Plan fiduciary net position as a percentage of the total OPEB liability	13.70%	14.94%	0.91%

Note: 10 years of information is required, but information prior to 2018 is not available.

<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
0.0059670%	0.0050255%	0.0043663%	0.0051658%	0.0062022%
\$ 2,979,394	\$ 2,376,611	\$ 1,659,831	\$ 1,992,698	\$ 1,485,049
<u>3,031,526</u>	<u>3,157,985</u>	<u>2,230,415</u>	<u>2,669,771</u>	<u>1,811,527</u>
<u>\$ 6,010,920</u>	<u>\$ 5,534,596</u>	<u>\$ 3,890,246</u>	<u>\$ 4,662,469</u>	<u>\$ 3,296,576</u>
\$ 3,642,139	\$ 3,642,893	\$ 3,946,314	\$ 4,159,846	\$ 4,632,136
81.80%	65.24%	42.06%	47.90%	32.06%
1.57%	2.66%	4.99%	6.18%	11.52%

LA PRYOR INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED AUGUST 31, 2025

Fiscal Year Ended August 31,	<u>2025</u>	<u>2024</u>	<u>2023</u>
Contractually required contribution	\$ 48,393	\$ 48,094	\$ 42,727
Contribution in relation to the contractually required contribution	<u>(48,393)</u>	<u>(48,094)</u>	<u>(42,727)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 4,659,992	\$ 4,841,202	\$ 3,642,139
Contributions as a percentage of covered payroll	1.04%	0.99%	1.17%

Note: 10 years of information is required, but information prior to 2018 is not available.

<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
\$ 35,140	\$ 33,187	\$ 39,780	\$ 51,058	\$ 50,158
<u>(35,140)</u>	<u>(33,187)</u>	<u>(39,780)</u>	<u>(51,058)</u>	<u>(50,158)</u>
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 3,642,893	\$ 3,946,314	\$ 4,159,846	\$ 4,632,136	\$ 4,997,961
0.96%	0.84%	0.96%	1.10%	1.00%

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COMBINING STATEMENTS

LA PRYOR INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2025

Data Control Codes		Special Revenue Funds			
		211 Title I, Part A Improving Basic Program	224 IDEA Part B Formula	225 IDEA Part B Preschool	226 IDEA Part B Discretionary
ASSETS					
1110	Cash and cash equivalents	\$ -	\$ 23,863	\$ -	\$ -
1120	Investments - current	-	-	-	-
1220	Property tax receivable	-	-	-	-
1230	Allowance for uncollectible taxes (credit)	-	-	-	-
1240	Due from other governments	103,641	55,184	3,481	-
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1000	Total assets	<u>103,641</u>	<u>79,047</u>	<u>3,481</u>	<u>-</u>
LIABILITIES					
2110	Accounts payable	6,570	-	-	-
2160	Accrued wages payable	28,978	5,571	-	-
2170	Due to other funds	65,532	14,724	3,481	-
2200	Accrued expenditures	2,561	652	-	-
2300	Unearned revenue	-	58,100	-	-
2000	Total liabilities	<u>103,641</u>	<u>79,047</u>	<u>3,481</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
2601	Unavailable revenue - property taxes	-	-	-	-
2600	Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted for:					
3450	Grant funds	-	-	-	-
3480	Retirement of long-term debt	-	-	-	-
3490	Committed for campus activities	-	-	-	-
3000	Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total liabilities and fund balances	<u>\$ 103,641</u>	<u>\$ 79,047</u>	<u>\$ 3,481</u>	<u>\$ -</u>

Special Revenue Funds						
242 Summer Food Service Program	255 ESEA Title II Part A	270 Title V, Part B Rural and Low Income Program	281 ESSER II CRRSA Act	282 ESSER III ARPA	288 UTEEN Grant	289 Other Federal Special Revenue
\$ -	\$ -	\$ -	\$ 7,869	\$ -	\$ 47,149	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	15,146	10,583	-	-	-	102,817
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>15,146</u>	<u>10,583</u>	<u>7,869</u>	<u>-</u>	<u>47,149</u>	<u>102,817</u>
-	-	-	-	-	-	8,534
-	-	-	-	-	-	-
-	14,649	10,447	-	-	-	63,306
-	-	-	-	-	-	-
-	-	-	-	-	47,149	-
<u>-</u>	<u>14,649</u>	<u>10,447</u>	<u>-</u>	<u>-</u>	<u>47,149</u>	<u>71,840</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	497	136	7,869	-	-	30,977
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>497</u>	<u>136</u>	<u>7,869</u>	<u>-</u>	<u>-</u>	<u>30,977</u>
<u>\$ -</u>	<u>\$ 15,146</u>	<u>\$ 10,583</u>	<u>\$ 7,869</u>	<u>\$ -</u>	<u>\$ 47,149</u>	<u>\$ 102,817</u>

LA PRYOR INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2025

Data Control Codes		Special Revenue Funds		
		410 State Instructional Materials	427 TWC Dual Credit Grant	461 Campus Activity Funds
ASSETS				
1110	Cash and cash equivalents	\$ -	\$ -	\$ 20,951
1120	Investments - current	-	-	-
1220	Property tax receivable	-	-	-
1230	Allowance for uncollectible taxes (credit)	-	-	-
1240	Due from other governments	-	214,801	-
1260	Due from other funds	-	-	-
1290	Other receivables	-	-	-
1000	Total assets	<u>-</u>	<u>214,801</u>	<u>20,951</u>
LIABILITIES				
2110	Accounts payable	-	-	-
2160	Accrued wages payable	-	-	-
2170	Due to other funds	-	214,801	-
2200	Accrued expenditures	-	-	-
2300	Unearned revenue	-	-	-
2000	Total liabilities	<u>-</u>	<u>214,801</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
2601	Unavailable revenue - property taxes	-	-	-
2600	Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted for:				
3450	Grant funds	-	-	-
3480	Retirement of long-term debt	-	-	-
3490	Committed for campus activities	-	-	20,951
3000	Total fund balances	<u>-</u>	<u>-</u>	<u>20,951</u>
4000	Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 214,801</u>	<u>\$ 20,951</u>

Special Revenue Funds	50 Debt Service Fund	Total Nonmajor Governmental Funds
499 Locally Funded Special Revenue		
\$ 2,765	\$ 484,570	\$ 587,167
-	35,473	35,473
-	37,135	37,135
-	(5,570)	(5,570)
-	-	505,653
-	2,661	2,661
-	3,348	3,348
<u>2,765</u>	<u>557,617</u>	<u>1,165,867</u>
-	-	15,104
-	-	34,549
-	-	386,940
-	-	3,213
-	-	105,249
-	-	<u>545,055</u>
-	28,928	28,928
-	28,928	28,928
2,765	-	42,244
-	528,689	528,689
-	-	20,951
<u>2,765</u>	<u>528,689</u>	<u>591,884</u>
<u>\$ 2,765</u>	<u>\$ 557,617</u>	<u>\$ 1,165,867</u>

LA PRYOR INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes		Special Revenue Funds			
		211 Title I, Part A Improving Basic Program	224 IDEA Part B Formula	225 IDEA Part B Preschool	226 IDEA Part B Discretionary
REVENUES					
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ -
5800	State programs	-	-	-	-
5900	Federal programs	382,457	104,582	3,215	253,178
5020	Total revenues	<u>382,457</u>	<u>104,582</u>	<u>3,215</u>	<u>253,178</u>
EXPENDITURES					
Current:					
0011	Instruction	377,747	30,603	3,215	253,178
0013	Curriculum and instructional staff development	3,098	-	-	-
0021	Instructional leadership	-	73,979	-	-
0023	Curriculum and staff development	-	-	-	-
0031	Guidance, counseling and evaluation services	1,612	-	-	-
0033	Health services	-	-	-	-
0035	Food services	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0053	Data processing	-	-	-	-
0061	Community services	-	-	-	-
Debt service:					
0071	Principal	-	-	-	-
0072	Interest	-	-	-	-
0073	Bond issuance costs and fees	-	-	-	-
0081	Facilities acquisition and construction	-	-	-	-
6030	Total expenditures	<u>382,457</u>	<u>104,582</u>	<u>3,215</u>	<u>253,178</u>
1100	EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
7915	Transfers in	-	-	-	-
8911	Transfers out	-	-	-	-
7080	Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	NET CHANGE IN FUND BALANCES	-	-	-	-
0100	FUND BALANCES - BEGINNING, AS PREVIOUSLY REPORTED	-	-	-	-
Adjustments:					
1300	Change within the financial reporting entity	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	FUND BALANCES - BEGINNING, AS ADJUSTED	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Special Revenue Funds						
242 Summer Food Service Program	255 ESEA Title II Part A	270 Title V, Part B Rural and Low Income Program	281 ESSER II CRRSA Act	282 ESSER III ARPA	288 UTEEN Grant	289 Other Federal Special Revenue
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	496	136	-	-	-	-
-	23,467	11,010	-	128,804	2,851	268,505
-	23,963	11,146	-	128,804	2,851	268,505
-	6,374	8,327	-	96,784	-	8,769
-	17,092	2,683	-	4,160	-	-
-	-	-	-	6,661	2,356	183,437
-	-	-	-	2,028	-	-
-	-	-	-	1,521	495	73,668
-	-	-	-	506	-	-
-	-	-	-	3,049	-	-
-	-	-	-	1,068	-	-
-	-	-	-	5,762	-	-
-	-	-	-	4,564	-	-
-	-	-	-	2,701	-	-
-	-	-	-	-	-	2,631
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	23,466	11,010	-	128,804	2,851	268,505
-	497	136	-	-	-	-
525	-	-	-	-	-	-
-	-	-	-	-	-	-
525	-	-	-	-	-	-
525	497	136	-	-	-	-
(525)	-	-	7,869	-	-	30,977
-	-	-	-	-	-	-
(525)	-	-	7,869	-	-	30,977
\$ -	\$ 497	\$ 136	\$ 7,869	\$ -	\$ -	\$ 30,977

LA PRYOR INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes		Special Revenue Funds			
		410 State Instructional Materials	427 TWC Dual Credit Grant	429 Other State Special Revenue	461 Campus Activity Funds
REVENUES					
5700	Local and intermediate sources	\$ -	\$ -		\$ 17,223
5800	State programs	-	214,801		-
5900	Federal programs	-	-		-
5020	Total revenues	<u>-</u>	<u>214,801</u>		<u>17,223</u>
EXPENDITURES					
Current:					
0011	Instruction	-	34,801		-
0013	Curriculum and instructional staff development	-	-		-
0021	Instructional leadership	-	-		-
0023	Curriculum and staff development	-	-		-
0031	Guidance, counseling and evaluation services	-	-		-
0033	Health services	-	-		-
0035	Food services	-	-		-
0036	Extracurricular activities	-	-		19,899
0041	General administration	-	-		-
0051	Facilities maintenance and operations	-	-		-
0053	Data processing	-	-		-
0061	Community services	-	-		-
Debt service:					
0071	Principal	-	-		-
0072	Interest	-	-		-
0073	Bond issuance costs and fees	-	-		-
0081	Facilities acquisition and construction	-	180,000		-
6030	Total expenditures	<u>-</u>	<u>214,801</u>		<u>19,899</u>
1100	EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>		<u>(2,676)</u>
OTHER FINANCING SOURCES (USES)					
7915	Transfers in	-	-		-
8911	Transfers out	(1,213)	-		-
7080	Total other financing sources (uses)	<u>(1,213)</u>	<u>-</u>		<u>-</u>
1200	NET CHANGE IN FUND BALANCES	(1,213)	-		(2,676)
0100	FUND BALANCES - BEGINNING, AS PREVIOUSLY REPORTED	1,213	-	(9,192)	23,627
Adjustments:					
1300	Change within the financial reporting entity	-	-	9,192	-
	FUND BALANCES - BEGINNING, AS ADJUSTED	<u>1,213</u>	<u>-</u>	<u>-</u>	<u>23,627</u>
3000	FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,951</u>

Special Revenue Funds		
499 Locally Funded Special Revenue	50 Debt Service Fund	Total Nonmajor Governmental Funds
\$ -	\$ 587,914	\$ 605,137
-	8,255	223,688
-	-	1,178,069
<u>-</u>	<u>596,169</u>	<u>2,006,894</u>
-	-	819,798
-	-	27,033
-	-	266,433
-	-	2,028
-	-	77,296
-	-	506
-	-	3,049
-	-	20,967
-	-	5,762
-	-	4,564
-	-	2,701
-	-	2,631
-	270,000	270,000
-	303,477	303,477
-	1,325	1,325
-	-	180,000
<u>-</u>	<u>574,802</u>	<u>1,987,570</u>
<u>-</u>	<u>21,367</u>	<u>19,324</u>
-	-	525
<u>-</u>	<u>-</u>	<u>(1,213)</u>
<u>-</u>	<u>-</u>	<u>(688)</u>
-	21,367	18,636
2,765	507,322	564,056
<u>-</u>	<u>-</u>	<u>9,192</u>
<u>2,765</u>	<u>507,322</u>	<u>573,248</u>
<u>\$ 2,765</u>	<u>\$ 528,689</u>	<u>\$ 591,884</u>

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REQUIRED TEA SCHEDULES

LA PRYOR INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECEIVABLE

FOR THE YEAR ENDED AUGUST 31, 2025

Last Ten Years Ended August 31,	1	2	3	10
	Tax Rates		Net Assessed/ Appraised Value for School Tax Purpose	Beginning Balance 9/1/2024
	Maintenance	Debt Service		
2016 and prior years	various	various	various	\$ 59,647
2017	1.170000	0.118000	101,375,240	7,512
2018	1.170000	0.118000	100,375,240	7,064
2019	1.170000	0.118000	118,060,742	12,031
2020	1.170000	0.118000	157,274,351	12,215
2021	0.963000	0.078500	234,897,415	13,544
2022	0.963000	0.687600	280,602,197	17,999
2023	0.942900	0.066500	301,378,768	28,431
2024	0.755300	0.066498	343,314,659	60,378
2025	0.753000	0.160000	367,277,547	-
1000 Totals				<u>\$ 218,821</u>

8000 - Taxes Refunded

EXHIBIT J-1

20	31	32	40	50	99
<u>Current Year's Total Levy</u>	<u>Maintenance Total Collections</u>	<u>Debt Service Total Collections</u>	<u>Entire Year's Adjustments</u>	<u>Ending Balance 8/31/2025</u>	<u>Total Taxes Refunded under Section 26.1115 (c)</u>
\$ -	\$ 1,399	\$ 86	\$ 812	\$ 58,974	
-	1,477	149	859	6,745	
-	2,064	208	1,137	5,929	
-	1,856	187	953	10,941	
-	1,372	152	657	11,348	
-	3,766	307	1,268	10,739	
-	6,999	501	2,223	12,722	
-	15,521	1,095	3,923	15,738	
-	35,368	2,494	4,761	27,277	
<u>3,353,244</u>	<u>2,668,759</u>	<u>567,067</u>	<u>(32,385)</u>	<u>85,033</u>	
<u>\$ 3,353,244</u>	<u>\$ 2,738,581</u>	<u>\$ 572,246</u>	<u>\$ (15,792)</u>	<u>\$ 245,446</u>	
					<u>\$ -</u>

LA PRYOR INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-2

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	Variance with Final Budget Positive (Negative)
		Original	Final		
	REVENUES				
5700	Local and intermediate sources	\$ 559,901	\$ 559,901	\$ 587,914	\$ 28,013
5800	State program revenues	<u>8,255</u>	<u>8,255</u>	<u>8,255</u>	<u>-</u>
5020	Total revenues	<u>568,156</u>	<u>568,156</u>	<u>596,169</u>	<u>28,013</u>
	EXPENDITURES				
	Debt service:				
0071	Principal	274,679	274,679	270,000	4,679
0072	Interest	303,477	303,477	303,477	-
0073	Bond issuance costs and fees	<u>-</u>	<u>-</u>	<u>1,325</u>	<u>(1,325)</u>
6030	Total expenditures	<u>578,156</u>	<u>578,156</u>	<u>574,802</u>	<u>3,354</u>
1200	NET CHANGE IN FUND BALANCES	(10,000)	(10,000)	21,367	31,367
0100	FUND BALANCES, BEGINNING	<u>507,322</u>	<u>507,322</u>	<u>507,322</u>	<u>-</u>
3000	FUND BALANCE - ENDING	<u>\$ 497,322</u>	<u>\$ 497,322</u>	<u>\$ 528,689</u>	<u>\$ 31,367</u>

LA PRYOR 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 LEA expend any state compensatory education program state allotment funds during the district’s fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	Total state allotment funds received for state compensatory education programs during the district’s fiscal year.	\$ 597,212
AP4	Actual direct program expenditures for state compensatory education programs during the LEA’s fiscal year. (PICs 24, 26, 28, 29, 30)	\$ 627,949

Section B: Bilingual Education Programs

AP5	Did your LEA expend any bilingual education program state allotment funds during the district’s fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	Total state allotment funds received for bilingual education programs during the LEA’s fiscal year.	\$ 8,467
AP8	Actual direct program expenditures for bilingual education programs during the LEA’s fiscal year. (PICs 25)	\$ 6,598

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FEDERAL AWARDS SECTION

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

Board of Trustees
La Pryor Independent School District
La Pryor, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of La Pryor Independent School District as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise La Pryor Independent School District's basic financial statements, and have issued our report thereon dated January 28, 2026.

Report on Internal Control over Financial Reporting

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

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

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

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of La Pryor Independent School 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 La Pryor Independent School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
January 28, 2026

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Board of Trustees
La Pryor Independent School District
La Pryor, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
January 28, 2026

LA PRYOR INDEPENDENT SCHOOL DISTRICT

EXHIBIT K-1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED AUGUST 31, 2025

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	(1) Federal Assistance Listing Number	(2a) Pass-Through Entity Identifying Number	(3) Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through the Texas Education Agency:			
School Breakfast Program	10.553	71402301	\$ 14,376
School Breakfast Program	10.553	71402401	2,252
School Breakfast Program	10.553	71402501	<u>111,381</u>
<i>Total Assistance Listing Number 10.553</i>			128,009
National School Lunch Program	10.555	71302301	28,636
National School Lunch Program	10.555	71302401	3,451
National School Lunch Program	10.555	71302501	<u>254,219</u>
<i>Total Passed through the Texas Education Agency</i>			414,315
Passed Through the Texas Department of Agriculture:			
NSLP - Commodities - Non-cash assistance	10.555	NT4XL1YGLGC5	<u>21,050</u>
<i>Total Assistance Listing Number 10.555</i>			<u>307,356</u>
<i>Total Child Nutrition Cluster</i>			435,365
Child & Adult Food Care Program	10.558	NT4XL1YGLGC5	69,640
COVID-19 - Commodity Delivery Reimbursement Program	10.560	NT4XL1YGLGC5	<u>1,323</u>
<i>Total Passed through the Texas Department of Agriculture</i>			<u>92,013</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>506,328</u>
U.S. DEPARTMENT OF EDUCATION			
Passed Through the Texas Education Agency:			
IDEA - Part B, Formula	84.027A	246600012549026000	8,057
IDEA - Part B, Formula	84.027A	256600012549026000	100,287
IDEA - Part B, Discretionary	84.027A	66002512	<u>253,178</u>
<i>Total Assistance Listing Number 84.027</i>			361,522
IDEA - Part B, Preschool	84.173A	246610012549026000	<u>3,392</u>
<i>Total Special Education Cluster (IDEA)</i>			364,914
ESEA, Title I, Part A - Improving Basic Programs	84.010A	25610101254902	382,457
Title V, Part B, SP2, RLIS	84.358B	25696001254902	11,615
Title II, Part A, Teacher & Principal Training	84.367A	25694501254902	24,757
Title IV, Part-A, Subpart 1	84.424A	25680101254902	7,182
Title IV, Part-A, Stronger Connections Grant (SCG)	84.424F	23680101254902	<u>261,718</u>
<i>Total Assistance Listing Number 84.424</i>			268,900
COVID-19 - Education Stabilization Fund - ESSER III	84.425U	21528001254902	<u>363,493</u>
<i>Total Passed Through the Texas Education Agency</i>			<u>1,416,136</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>1,416,136</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through UT Health San Antonio:			
IDEA - Part B, Discretionary	93.297	5TP1AH000285-03-00	<u>2,851</u>
<i>Total Passed Through UT Health San Antonio</i>			<u>2,851</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>2,851</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,925,315</u>

The accompanying notes are an integral part of this schedule.

LA PRYOR INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED AUGUST 31, 2025

1. GENERAL

The Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all applicable federal award programs of La Pryor Independent School District (the "District"). The District's reporting entity is defined in Note I of the financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the SEFA.

2. BASIS OF ACCOUNTING

The SEFA is presented using the modified accrual basis of accounting. The District's significant accounting policies, including the modified accrual basis of accounting, are presented in Note 1 of the basic financial statements. The SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

3. INDIRECT COSTS

The District did not elect to use a de minimis cost rate as described at 2 CFR §200.414(f)—Indirect (F&A) costs.

4. PASS-THROUGH EXPENDITURES

None of the amounts reported on the SEFA were passed through to subrecipients.

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

Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified,
that were not considered a material weakness None reported

Material noncompliance to the
financial statements noted? None

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified,
that were not considered a material weakness None reported

Type of auditor's report on compliance
for major programs Unmodified

Any audit findings disclosed that are required
to be reported in accordance with 2 CFR 200.516(a)? None

Identification of major programs:

Assistance Listing Numbers: Name of Federal Program or Cluster:
10.553, 10.555 Child Nutrition Cluster

Dollar threshold used to distinguish between type A
and type B programs \$750,000

Auditee qualified as low-risk auditee? Yes

**Findings Relating to the Financial Statements Which are Required to be Reported in
Accordance With *Government Auditing Standards***

None

Findings and Questioned Costs for Federal Awards

None

LA PRYOR INDEPENDENT SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED AUGUST 31, 2025

None.

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