

# **Peaster Independent School District**

Annual Financial Report

For the Year Ended June 30, 2025

Peaster Independent School District  
Annual Financial Report  
For The Year Ended June 30, 2025

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## Introductory Section


CERTIFICATE OF BOARD

Peaster Independent School District  
Name of School District

Parker  
County

184-908  
Co. Dist. Number

We, the undersigned, certify that the attached financial reports of the above named school district were reviewed and (check one)  approved  disapproved for the year ended June 30, 2025, at a meeting of the board of trustees of such school district on the 23 day of February, 2026.

  
Signature of Board Secretary  
Justin McKinley

  
Signature of Board President  
Jake Bashore

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

## Financial Section



**SNOW GARRETT WILLIAMS**  
CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditor's Report**

To the Board of Trustees  
Peaster Independent School District  
3602 Harwell Lake Rd  
Weatherford, TX 76088

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Peaster Independent School District ("the District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Peaster Independent School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Peaster Independent School District as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

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

***Emphasis of Matter***

As described in Note A to the financial statements, in Fiscal Year 2025, Peaster Independent School District adopted new accounting guidance, Governmental Accounting Standards Board 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 Peaster Independent School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the District's proportionate share of the net pension liability, schedule of the District's pension contributions, schedule of the District's proportionate share of the net OPEB liability, and schedule of the District's OPEB contributions 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 Peaster Independent School District's basic financial statements. The accompanying financial information listed as other supplementary information in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles; and Audit Requirements for Federal Awards*, and is also 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 other supplementary information 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.

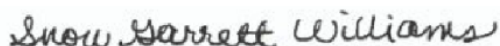
### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2026, on our consideration of Peaster Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Peaster Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Peaster Independent School District's internal control over financial reporting and compliance.



Snow Garrett Williams  
February 20, 2026

## Management's Discussion and Analysis (Unaudited)

As management of the District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which follow this section.

### Financial Highlights

- The assets and deferred outflows of the District exceeded its liabilities and deferred inflows at the close of the most recent period by \$1,058,268 (*net position*). Of this amount, a negative \$6,876,194 is unrestricted net position.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$10,734,992. Approximately 26% of this total amount, \$2,760,967, is *available for spending* at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,760,967, or 15% of the total general fund expenditures.

### Overview of the Financial Statements

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

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

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

The *statement of activities* presents information for all of the current year's revenues and expenses regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the District's government-wide financial statements distinguish the functions of the District as being principally supported by taxes and intergovernmental revenues (*governmental activities*) as opposed to *business-type activities* that are intended to recover all or a significant portion of their costs through user fees and charges. The District has no component units for which it is financially accountable. The government-wide financial statements can be found on pages 14-15 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The fund financial statements provide more detailed information about the District's most significant funds-not the District as a whole.

- Some funds are required by State law and/or bond covenants.
- Other funds may be established by the Board to control and manage money for particular purposes or to show that it is properly using certain taxes or grants.

All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The District adopts an annual appropriated budget for its general fund, debt service fund and food service fund. A budgetary comparison schedule has been provided to demonstrate compliance with these budgets. The basic governmental fund financial statements can be found on pages 16-21 of this report.
- **Proprietary funds.** Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. There are two proprietary fund types. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District does not have any business-type activities or enterprise funds. The second type of proprietary fund is the internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the various functions. The District uses an internal service fund for its workers compensation program. The basic proprietary fund financial statements can be found on pages 22-24 of this report
- **Fiduciary funds.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The District is the trustee, or *fiduciary*, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and statement of changes in fiduciary net position that can be found on pages 25-26.
- **Notes to the financial statements.** The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-51 of this report.

**Other information.** 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. Required supplementary information can be found on pages 53-59 of this report.

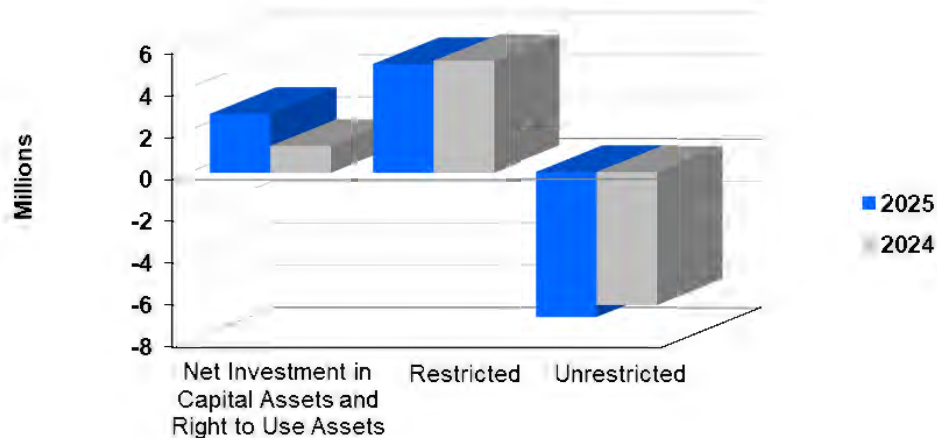
## Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, governmental assets and deferred outflows exceeded liabilities and deferred inflows by \$1,058,267 as of June 30, 2025.

### The District's Net Position-Governmental Activities

	June 30, 2025	June 30, 2024
Current assets	\$ 13,645,968	\$ 15,714,618
Capital assets	43,746,968	45,791,253
Total assets	<u>57,392,936</u>	<u>61,505,871</u>
Deferred outflows of resources		
Deferred loss on refunding	221,187	234,976
Deferred outflows related to pensions	1,871,604	2,963,510
Deferred outflows related to OPEB	3,041,217	2,126,768
Total deferred outflows of resources	<u>5,134,008</u>	<u>5,325,254</u>
Current liabilities	3,141,969	4,079,447
Long-term liabilities outstanding	54,476,333	57,632,277
Total liabilities	<u>57,618,302</u>	<u>61,711,724</u>
Deferred inflows of resources		
Deferred inflows related to pensions	132,671	302,205
Deferred inflows related to OPEB	3,717,703	4,542,762
Total deferred inflows of resources	<u>3,850,374</u>	<u>4,844,967</u>
Net position		
Net investment in capital assets	2,780,919	1,272,674
Restricted	5,153,543	5,307,512
Unrestricted	(6,876,194)	(6,305,752)
Total net position	<u>\$ 1,058,268</u>	<u>\$ 274,434</u>

### Net Position as of 6/30/2025

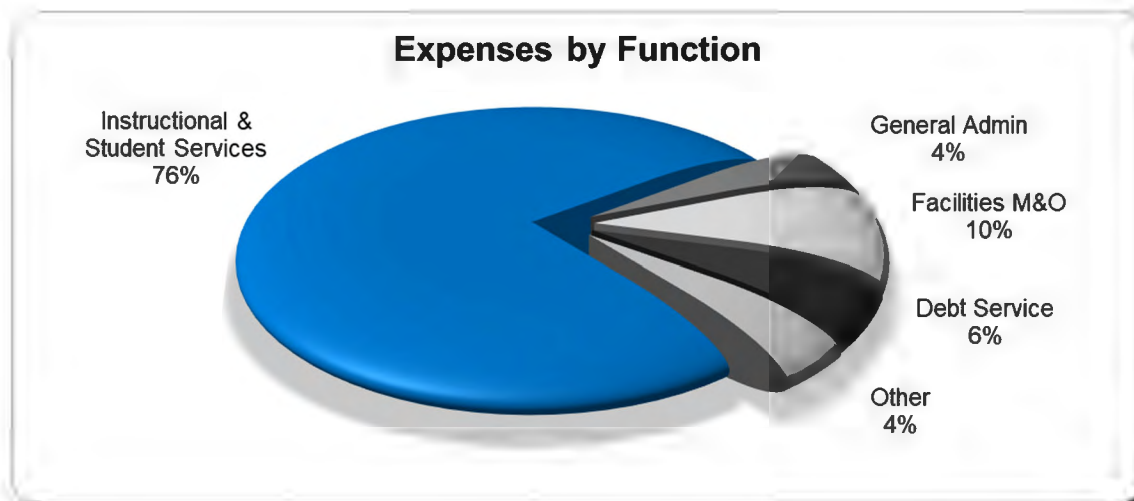


Net investment in capital assets (e.g., land, construction in progress, buildings and improvements, furniture and equipment, right to use assets, and library books) is \$2,780,919. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net position, \$5,153,543, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* is a negative \$6,876,194. This deficit is not an indication that the District has insignificant assets that are available to meet financial obligations next year, but rather the result of having long-term commitments that exceed currently available resources.

**Governmental activities.** The District's total governmental activities net position increased \$700,640 during the current year. The total cost of all *governmental activities* this year was \$27,161,495. The amount that our taxpayers paid for these activities through property taxes was \$9,710,643 or 36%. During the year, the District determined that certain right to use lease assets were understated and accumulated depreciation was overstated, resulting in an increase of \$83,194 to beginning net position. Additional information is located in Note N on page 51 of this report.

**Changes in the District's Net Position - Governmental Activities**

	<u>Fiscal Year June 30, 2025</u>	<u>Fiscal Year June 30, 2024</u>
Revenues:		
Program revenues		
Charges for services	\$ 3,397,375	\$ 2,742,597
Operating grants and contributions	3,292,309	3,641,819
General revenues		
Property taxes	9,710,643	8,945,267
State grants	10,087,692	10,184,854
Other	1,374,116	730,114
Total revenues	<u>27,862,135</u>	<u>26,244,651</u>
Expenses:		
Instruction	13,447,830	13,879,782
Instructional resources and media services	287,571	240,126
Curriculum and staff development	16,017	35,584
Instructional leadership	628,556	632,102
School leadership	1,223,942	1,080,881
Guidance, counseling & evaluation services	1,503,182	1,341,799
Health services	242,044	212,814
Student transportation	772,558	831,865
Food service	1,055,379	947,643
Cocurricular/extracurricular activities	1,489,527	1,768,250
General administration	1,127,557	1,095,048
Facilities maintenance and operations	2,661,704	3,185,788
Security and monitoring services	283,910	262,852
Data processing	255,227	340,498
Interest on long-term debt	1,520,896	1,337,274
Bond issuance costs and fees	24,666	3,949
Facilities acquisition and construction	120,572	-
Payments related to shared service arrangements	351,508	297,248
Other intergovernmental charges	148,849	134,956
Total expenses	<u>27,161,495</u>	<u>27,628,459</u>
Increase (decrease) in net position	700,640	(1,383,808)
Beginning net position	274,434	1,658,242
Prior period adjustment	83,194	-
Ending net position	<u>\$ 1,058,268</u>	<u>\$ 274,434</u>



#### Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, bond covenants, and segregation for particular purposes.

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$10,734,992, a decrease of \$694,172. Approximately 26% of this total amount, or \$2,760,967, constitutes *unassigned fund balance*. The remainder of the fund balance is *restricted or committed* to indicate that it is not available for new spending and has already been *restricted* to pay (1) for federal/state funds grant restrictions (\$191,144), (2) for retirement of long-term debt (\$4,200,305), (3) for capital acquisitions and contractual obligations (\$2,738,844), and (4) for other restrictions (\$647,778), *committed* for (1) other commitments (\$195,954).

The general fund is the primary operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,760,967. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to the total fund expenditures. All fund balance in the general fund is unassigned and represents 15% of the total general fund expenditures.

The debt service fund has a total fund balance of \$4,200,305, all of which is restricted for the payment of debt service. The net decrease in fund balance during the period in the debt service fund was \$551,431.

The capital projects fund has a total fund balance of \$2,738,844, a decrease of \$62,235 from the prior year primarily due to spending previously issued debt proceeds. The entire fund balance is restricted for capital acquisitions and contractual obligations.

#### General Fund Budgetary Highlights

Over the course of the year, the District recommended and the Board approved several revisions to budgeted revenue and appropriations. These amendments fall into the following categories:

- There were no significant amendments to the original budget during the fiscal year.

The following are significant variations between the final budget and actual amounts for the general fund:

- Actual revenues were higher than budgeted by \$383,924, primarily related to a higher than anticipated insurance recovery and state program revenues; and
- Actual expenditures were lower than budgeted by \$818,200, primarily due to decreases within general administration, instruction and facilities maintenance and operations.

### Capital Asset and Debt Administration

**Capital Assets.** The District's investment in capital assets for its governmental activities as of June 30, 2025, amounts to \$43,746,968 (net of accumulated depreciation/amortization). This investment in capital assets includes land, construction in progress, buildings and improvements, furniture and equipment, right of use assets, and library books.

Major capital asset events during the year included completion of the new intermediate school, rock gym improvements, and the purchase of a handicap bus.

#### District's Capital Assets (Net of Depreciation/Amortization)

	June 30, 2025	June 30, 2024
Land	\$ 1,021,906	\$ 1,021,906
Construction in progress	101,491	20,712,995
Buildings and improvements	40,980,572	22,361,052
Furniture and equipment	1,580,098	1,641,958
Right to use assets	59,980	53,342
Library books and media	2,921	-
Total at historical cost	\$ 43,746,968	\$ 45,791,253

Additional information on the District's capital assets can be found in Note C on page 35 of this report.

**Long-term Debt.** As of June 30, 2025, the District had total long-term debt outstanding of \$54.5 million. The District's long-term liabilities decreased by \$2.7 million (4.8%) from the prior year, primarily due to scheduled principal payment offset by an increase in net OPEB liability.

	June 30 2025	June 30 2024	Change
<b>Governmental Activities:</b>			
General Obligation Bonds	\$ 39,859,352	\$ 43,432,306	\$ (3,572,954)
Premium on Bonds	3,282,908	3,482,380	(199,472)
Maintenance Tax Notes	222,100	242,100	(20,000)
Accum Accretion on CABs	531,537	463,587	67,950
Net Pension Liability	6,061,047	6,392,461	(331,414)
Net OPEB Liability	4,489,205	3,125,101	1,364,104
Lease Liability	27,567	62,191	(34,624)
SBITA Liability	2,617	4,186	(1,569)
Total governmental activities	\$ 54,476,333	\$ 57,204,312	\$ (2,727,979)

Additional information on the District's long-term debt can be found in Note E on pages 36 - 37 of this report.

## **Economic Factors and Next Year's Budgets and Rates**

- Appraised taxable value used for the 2025-2026 budget preparation was \$905 million, an increase of \$3.6 million or 5.8%, over last year's appraised taxable values.
- The District has appropriated revenues and expenditures in the 2024-2025 budgets of \$18,455,739 and \$18,443,878, respectively in its general fund.

## **Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances as well as demonstrate accountability for funds the District receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Peaster ISD Business Office at 3602 Harwell Lake Road, Weatherford, Texas 76088.



## Basic Financial Statements

**PEASTER INDEPENDENT SCHOOL DISTRICT**

STATEMENT OF NET POSITION  
 JUNE 30, 2025

Exhibit A-1

1

Data Control Codes		Governmental Activities
	<b>ASSETS:</b>	
1110	Cash and Cash Equivalents	\$ 3,703,598
1120	Current Investments	6,675,806
1225	Property Taxes Receivable (Net)	279,772
1240	Due from Other Governments	2,964,523
1290	Other Receivables	22,269
	Capital Assets:	
1510	Land	1,021,906
1520	Buildings and Improvements (Net)	40,980,572
1530	Furniture and Equipment (Net)	1,580,098
1550	Right to Use Assets (Net)	59,980
1560	Library Books and Media (Net)	2,921
1580	Construction in Progress	101,491
1000	Total Assets	<u>57,392,936</u>
	<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
	Deferred Loss on Refunding	221,187
	Deferred Outflow Related to Pensions	1,871,604
	Deferred Outflow Related to OPEB	3,041,217
1700	Total Deferred Outflows of Resources	<u>5,134,008</u>
	<b>LIABILITIES:</b>	
2110	Accounts Payable	70,458
2140	Interest Payable	510,766
2165	Accrued Liabilities	1,686,784
2180	Due to Other Governments	8,298
2190	Due to Student Groups	4,432
2200	Accrued Expenditures	116,575
2300	Unearned Revenue	744,657
	Noncurrent Liabilities	
2501	Due Within One Year	1,512,810
2502	Due in More Than One Year	42,413,270
2540	Net Pension Liability	6,061,047
2545	Net OPEB Liability	4,489,205
2000	Total Liabilities	<u>57,618,302</u>
	<b>DEFERRED INFLOWS OF RESOURCES:</b>	
	Deferred Inflow Related to Pensions	132,671
	Deferred Inflow Related to OPEB	3,717,703
2600	Total Deferred Inflows of Resources	<u>3,850,374</u>
	<b>NET POSITION</b>	
3200	Net Investment in Capital Assets	2,780,919
	Restricted For:	
3820	Federal and State Programs	191,144
3850	Debt Service	4,314,621
3890	Shared Service Arrangements	647,778
3900	Unrestricted	(6,876,194)
3000	Total Net Position	<u>\$ 1,058,268</u>

**PEASTER INDEPENDENT SCHOOL DISTRICT**  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2025

**Exhibit B-1**

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues		4 Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Governmental Activities		
	Governmental Activities:					
11	Instruction	\$ 13,447,830	\$ 2,123,872	\$ 1,006,351	\$ (10,317,607)	
12	Instructional Resources and Media Services	287,571	1,584	5,881	(280,106)	
13	Curriculum and Staff Development	16,017	1,846	809	(13,362)	
21	Instructional Leadership	628,556	433,577	(1,003)	(195,982)	
23	School Leadership	1,223,942	6,744	24,759	(1,192,439)	
31	Guidance, Counseling, and Evaluation Services	1,503,182	42,522	917,005	(543,655)	
33	Health Services	242,044	1,345	1,981	(238,718)	
34	Student Transportation	772,558	5,015	28,509	(739,034)	
35	Food Service	1,055,379	462,966	459,402	(133,011)	
36	Cocurricular/Extracurricular Activities	1,489,527	194,667	40,417	(1,254,443)	
41	General Administration	1,127,557	12,388	40,614	(1,074,555)	
51	Facilities Maintenance and Operations	2,661,704	54,886	115,240	(2,491,578)	
52	Security and Monitoring Services	283,910	1,449	156,057	(126,404)	
53	Data Processing Services	255,227	1,396	21,629	(232,202)	
72	Interest on Long-term Debt	1,520,896	4,226	448,453	(1,068,217)	
73	Bond Issuance Costs and Fees	24,666	-	-	(24,666)	
81	Facilities Acquisition and Construction	120,572	582	5,912	(114,078)	
93	Payments Related to Shared Services Arrangements	351,508	48,310	20,293	(282,905)	
99	Other Intergovernmental Charges	148,849	-	-	(148,849)	
TG	Total Governmental Activities	<u>27,161,495</u>	<u>3,397,375</u>	<u>3,292,309</u>	<u>(20,471,811)</u>	
TP	Total Primary Government	<u>\$ 27,161,495</u>	<u>\$ 3,397,375</u>	<u>\$ 3,292,309</u>	<u>(20,471,811)</u>	
			General Revenues:			
MT			Property Taxes, Levied for General Purposes		5,702,713	
DT			Property Taxes, Levied for Debt Service		4,007,930	
IE			Investment Earnings		411,055	
SF			State Aid-Formula Grants		10,087,692	
MI			Miscellaneous		963,061	
TR			Total General Revenues		<u>21,172,451</u>	
CN			Change in Net Position		700,640	
NB			Net Position - Beginning		274,434	
			Prior Period Adjustment		83,194	
			Net Position - Beginning, as Restated		<u>357,628</u>	
NE			Net Position - Ending		<u>\$ 1,058,268</u>	

**PEASTER INDEPENDENT SCHOOL DISTRICT**  
 BALANCE SHEET - GOVERNMENTAL FUNDS  
 JUNE 30, 2025

**Exhibit C-1**  
 Page 1 of 2

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
<b>ASSETS:</b>			
1110	\$ 697,659	\$ 1,705,865	\$ -
1120	1,985,458	2,485,392	2,202,548
1225	218,070	141,579	-
1230	(52,614)	(27,263)	-
1240	2,534,722	-	-
1260	414,793	-	536,296
1290	13,221	9,048	-
1000	<u>\$ 5,811,309</u>	<u>\$ 4,314,621</u>	<u>\$ 2,738,844</u>
<b>LIABILITIES:</b>			
2110	\$ -	\$ -	\$ -
2150	261,232	-	-
2160	1,105,933	-	-
2170	785,083	-	-
2180	-	-	-
2190	-	-	-
2200	85,824	-	-
2300	646,814	-	-
2000	<u>2,884,886</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOW OF RESOURCES:</b>			
	Property Taxes	165,456	114,316
2600	<u>165,456</u>	<u>114,316</u>	<u>-</u>
<b>FUND BALANCES:</b>			
Restricted Fund Balances:			
3450	Federal/State Funds Grant	-	-
3470	Capital Acquisition and Contractual Obligation	-	2,738,844
3480	Retirement of Long-Term Debt	4,200,305	-
3490	Other Restrictions - SSA	-	-
Committed Fund Balances:			
3545	Other Committed Fund Balance - Campus Activity	-	-
3600	Unassigned	2,760,967	-
3000	<u>2,760,967</u>	<u>4,200,305</u>	<u>2,738,844</u>
4000	<u>\$ 5,811,309</u>	<u>\$ 4,314,621</u>	<u>\$ 2,738,844</u>

The accompanying notes are an integral part of this statement.<sup>16</sup>

**PEASTER INDEPENDENT SCHOOL DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2025**

**Exhibit C-1**  
Page 2 of 2

Data Control Codes	Other Governmental Funds	98 Total Governmental Funds	
<b>ASSETS:</b>			
1110	Cash and Cash Equivalents	\$ 1,300,074	\$ 3,703,598
1120	Current Investments	2,408	6,675,806
1225	Taxes Receivable	-	359,649
1230	Allowance for Uncollectible Taxes (Credit)	-	(79,877)
1240	Due from Other Governments	429,801	2,964,523
1260	Due from Other Funds	244,849	1,195,938
1290	Other Receivables	-	22,269
1000	Total Assets	<u>\$ 1,977,132</u>	<u>\$ 14,841,906</u>
<b>LIABILITIES:</b>			
2110	Accounts Payable	\$ 70,458	\$ 70,458
2150	Payroll Deductions and Withholdings	-	261,232
2160	Accrued Wages Payable	319,619	1,425,552
2170	Due to Other Funds	414,793	1,199,876
2180	Due to Other Governments	8,298	8,298
2190	Due to Student Groups	4,432	4,432
2200	Accrued Expenditures	26,813	112,637
2300	Unearned Revenues	97,843	744,657
2000	Total Liabilities	<u>942,256</u>	<u>3,827,142</u>
<b>DEFERRED INFLOW OF RESOURCES:</b>			
	Property Taxes	-	279,772
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>279,772</u>
<b>FUND BALANCES:</b>			
Restricted Fund Balances:			
3450	Federal/State Funds Grant	191,144	191,144
3470	Capital Acquisition and Contractual Obligation	-	2,738,844
3480	Retirement of Long-Term Debt	-	4,200,305
3490	Other Restrictions - SSA	647,778	647,778
Committed Fund Balances:			
3545	Other Committed Fund Balance - Campus Activity	195,954	195,954
3600	Unassigned	-	2,760,967
3000	Total Fund Balances	<u>1,034,876</u>	<u>10,734,992</u>
4000	Total Liabilities and Fund Balances	<u>\$ 1,977,132</u>	<u>\$ 14,841,906</u>

**PEASTER INDEPENDENT SCHOOL DISTRICT**  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET POSITION  
 JUNE 30, 2025

**Exhibit C-1R**

Total fund balances - governmental funds balance sheet \$ 10,734,992

Amounts reported for governmental activities in the Statement of Net Position are different because:

Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	279,772
Capital assets used in governmental activities are not reported in the funds.	43,746,968
Deferred resource outflows related to the pension plan are not reported in the funds.	1,871,604
Deferred resource outflows related to the OPEB plan are not reported in the funds.	3,041,217
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(6,061,047)
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.	(4,489,205)
Deferred resource inflows related to the pension plan are not reported in the funds.	(132,671)
Deferred resource inflows related to the OPEB plan are not reported in the funds.	(3,717,703)
Deferred loss on refunding bonds is not reported in the funds.	221,187
Payables for bond principal which are not due in the current period are not reported in the funds.	(39,859,352)
Payables for right-to-use leases which are not due in the current period are not reported in the funds.	(27,567)
Payables for bond interest which are not due in the current period are not reported in the funds.	(510,766)
Premiums on bonds which are not due and payable in the current period are not reported in the funds.	(3,282,908)
The accumulated accretion of interest on capital appreciation bonds is not reported in the funds.	(531,536)
Payables for notes which are not due in the current period are not reported in the funds.	(222,100)
Payables for right-to-use SBITAs which are not due in the current period are not reported in the funds.	(2,617)

Net position of governmental activities - Statement of Net Position \$ 1,058,268

**PEASTER INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

**Exhibit C-2**  
Page 1 of 2

Data Control Codes		10 General Fund	50 Debt Service Fund	60 Capital Projects
<b>REVENUES:</b>				
5700	Local and Intermediate Sources	\$ 6,630,178	\$ 4,145,011	\$ 103,469
5800	State Program Revenues	11,164,992	444,382	-
5900	Federal Program Revenues	79	-	-
5020	Total Revenues	<u>17,795,249</u>	<u>4,589,393</u>	<u>103,469</u>
<b>EXPENDITURES:</b>				
Current:				
0011	Instruction	9,335,661	-	-
0012	Instructional Resources and Media Services	265,503	-	-
0013	Curriculum and Staff Development	12,449	-	-
0021	Instructional Leadership	120,155	-	-
0023	School Leadership	1,130,186	-	-
0031	Guidance, Counseling, and Evaluation Services	431,377	-	-
0033	Health Services	225,308	-	-
0034	Student Transportation	840,370	-	-
0035	Food Service	37,858	-	-
0036	Cocurricular/Extracurricular Activities	1,107,443	-	-
0041	General Administration	1,023,601	-	-
0051	Facilities Maintenance and Operations	2,442,016	-	-
0052	Security and Monitoring Services	105,410	-	-
0053	Data Processing Services	233,929	-	-
Debt Service Fund Service:				
0071	Principal on Long-term Debt Service Fund	53,993	3,572,954	-
0072	Interest on Long-term Debt Service Fund	9,921	1,544,104	-
0073	Bond Issuance Costs and Fees	-	23,766	900
0081	Facilities Acquisition and Construction	97,536	-	164,804
Intergovernmental:				
0093	Payments to Shared Service Arrangements	301,508	-	-
0099	Other Intergovernmental Charges	148,849	-	-
6030	Total Expenditures	<u>17,923,073</u>	<u>5,140,824</u>	<u>165,704</u>
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	(127,824)	(551,431)	(62,235)
1200	Net Change in Fund Balances	<u>(127,824)</u>	<u>(551,431)</u>	<u>(62,235)</u>
0100	Fund Balances - Beginning	2,839,247	4,751,736	2,801,079
1300	Prior Period Adjustments	49,544	-	-
0100	Fund Balances - Beginning as Restated	<u>2,888,791</u>	<u>4,751,736</u>	<u>2,801,079</u>
3000	Fund Balances - Ending	<u>\$ 2,760,967</u>	<u>\$ 4,200,305</u>	<u>\$ 2,738,844</u>

**PEASTER INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

**Exhibit C-2**  
Page 2 of 2

Data Control Codes		Other Governmental Funds	98 Total Governmental Funds
<b>REVENUES:</b>			
5700	Local and Intermediate Sources	\$ 3,582,991	\$ 14,461,649
5800	State Program Revenues	773,901	12,383,275
5900	Federal Program Revenues	1,660,225	1,660,304
5020	Total Revenues	<u>6,017,117</u>	<u>28,505,228</u>
<b>EXPENDITURES:</b>			
Current:			
0011	Instruction	3,097,214	12,432,875
0012	Instructional Resources and Media Services	-	265,503
0013	Curriculum and Staff Development	1,999	14,448
0021	Instructional Leadership	463,298	583,453
0023	School Leadership	-	1,130,186
0031	Guidance, Counseling, and Evaluation Services	915,962	1,347,339
0033	Health Services	-	225,308
0034	Student Transportation	-	840,370
0035	Food Service	957,779	995,637
0036	Cocurricular/Extracurricular Activities	279,969	1,387,412
0041	General Administration	6,546	1,030,147
0051	Facilities Maintenance and Operations	42,009	2,484,025
0052	Security and Monitoring Services	151,019	256,429
0053	Data Processing Services	-	233,929
Debt Service Fund Service:			
0071	Principal on Long-term Debt Service Fund	2,201	3,629,148
0072	Interest on Long-term Debt Service Fund	1,803	1,555,828
0073	Bond Issuance Costs and Fees	-	24,666
0081	Facilities Acquisition and Construction	-	262,340
Intergovernmental:			
0093	Payments to Shared Service Arrangements	50,000	351,508
0099	Other Intergovernmental Charges	-	148,849
6030	Total Expenditures	<u>5,969,799</u>	<u>29,199,400</u>
1100	Excess (Deficiency) of Revenues Over (Under)		
1100	Expenditures	47,318	(694,172)
1200	Net Change in Fund Balances	<u>47,318</u>	<u>(694,172)</u>
0100	Fund Balances - Beginning	983,741	11,375,803
1300	Prior Period Adjustments	3,817	53,361
0100	Fund Balances - Beginning as Restated	<u>987,558</u>	<u>11,429,164</u>
3000	Fund Balances - Ending	<u>\$ 1,034,876</u>	<u>\$ 10,734,992</u>

**PEASTER INDEPENDENT SCHOOL DISTRICT**RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND  
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2025

Exhibit C-3

Net change in fund balances - total governmental funds \$ (694,172)

Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:

Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	20,403
Capital outlays are not reported as expenses in the SOA.	427,250
The depreciation / amortization of capital assets used in governmental activities is not reported in the funds.	(2,501,367)
GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows.	
These pension contributions made after the measurement date of the plan increased ending net position.	430,200
Pension contributions made before the measurement date and during the previous fiscal year were expended and recorded as a reduction to net pension liability.	(474,085)
Changes in the net pension liability and related deferred inflows and outflows are recognized in the government wide financials but are not reported in the fund financial statements. The net effect of the change is a decrease in net position.	(547,073)
GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows.	
These OPEB contributions made after the measurement date of the plan increased net position.	96,754
OPEB contributions made before the measurement date and during the previous fiscal year were expended and recorded as a reduction in the net OPEB liability.	(114,713)
Changes in the net OPEB liability and related deferred inflows and outflows are recognized in the government wide financials but are not reported in the fund financial statements. The net effect of the change is an increase in net position.	393,363
Repayment of note principal is an expenditure in the funds but is not an expense in the SOA.	20,000
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	3,572,954
Repayment of right-to-use lease principal is an expenditure in the funds but is not an expense in the SOA.	34,624
Repayment of right-to-use SBITA principal is an expenditure in the funds but is not an expense in the SOA.	1,569
Increase in accrued interest on bonds from beginning of period to end of period.	(82,801)
Premiums on bonds are amortized in the SOA but not in the funds.	199,472
Deferred loss on refunding bonds is not reported in the funds.	(13,789)
The accumulated accretion of interest on capital appreciation bonds is not reported in the funds.	(67,949)

Change in net position of governmental activities - Statement of Activities \$ 700,640

**PEASTER INDEPENDENT SCHOOL DISTRICT**

Exhibit D-1

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

JUNE 30, 2025

Data Control Codes		Internal Service Fund
		Workers Compensation
	<b>ASSETS:</b>	
	Receivables:	
1260	Due from Other Funds	\$ 3,938
	Total Current Assets	3,938
1000	Total Assets	3,938
	<b>LIABILITIES:</b>	
	Current Liabilities:	
2210	Accrued Expenditures	3,938
	Total Current Liabilities	3,938
2000	Total Liabilities	3,938
	<b>NET POSITION:</b>	
3900	Unrestricted	-
3000	Total Net Position	\$ -

**PEASTER INDEPENDENT SCHOOL DISTRICT**

**Exhibit D-2**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET POSITION - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes		Internal Service Fund
		Workers Compensation
	<b>OPERATING REVENUES:</b>	
5020	Total Revenues	\$ -
	<b>OPERATING EXPENSES:</b>	
6030	Total Expenses	-
1300	Change in Net Position	-
0100	Total Net Position - Beginning	-
3300	Total Net Position - Ending	\$ -

**PEASTER INDEPENDENT SCHOOL DISTRICT**

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2025

Exhibit D-3

	<u>Internal Service Fund</u>
	<u>Workers Compensation</u>
<b>Cash Flows from Operating Activities</b>	
Net Cash Provided (Used) by Operating Activities	<u>\$ -</u>
Net Increase (Decrease) in Cash and Cash Equivalents	-
Cash and Cash Equivalents at Beginning of Year	-
Cash and Cash Equivalents at End of Year	<u><u>\$ -</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>	
Operating Income	\$ -
Change in Assets and Liabilities:	
Total Adjustments	-
Net Cash Provided (Used) by Operating Activities	<u><u>\$ -</u></u>

**PEASTER INDEPENDENT SCHOOL DISTRICT**  
 STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 JUNE 30, 2025

Exhibit E-1

Data Control Codes		Custodial Fund
	<b>ASSETS:</b>	
1110	Cash and Cash Equivalents	\$ 553,078
1000	Total Assets	<u>553,078</u>
	<b>LIABILITIES:</b>	
	Current Liabilities:	
2000	Total Liabilities	<u>-</u>
	<b>NET POSITION:</b>	
3800	Restricted for Student Activities and Scholarships	553,078
3000	Total Net Position	<u>\$ 553,078</u>

**PEASTER INDEPENDENT SCHOOL DISTRICT**  
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2025

Exhibit E-2

	Custodial Fund
<b>ADDITIONS:</b>	
Revenues from Student Activities	\$ 40,014
Interest Income	7,668
Total Additions	<u>47,682</u>
<b>DEDUCTIONS:</b>	
Payments for Student Activities	35,407
Scholarships Awarded	84,262
Total Deductions	<u>119,669</u>
Change in Fiduciary Net Position	(71,987)
Net Position-Beginning of the Year	<u>625,065</u>
Net Position-End of the Year	<u><u>\$ 553,078</u></u>

# PEASTER INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

### A. Summary of Significant Accounting Policies

The basic financial statements of Peaster Independent School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide ("Resource Guide"). The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

#### 1. Reporting Entity

The Board of School Trustees ("Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental reporting entity.

#### 2. Basis of Presentation, Basis of Accounting

##### a. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

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

Debt Service Fund: This fund is used to account for and report financial resources restricted, committed, or assigned to expenditure for principal and interest.

Capital Projects Fund: This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets.

# PEASTER INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

In addition, the District reports the following fund types:

**Internal Service Funds** - These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

**Custodial Funds:** These funds are used to report student activity funds and other resources held in a purely custodial capacity. Custodial funds typically involve only the receipt, temporary investment, and remittance of the fiduciary resources to individuals, private organizations, or other governments.

Custodial funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee capacity, and are therefore not available to support District programs, these funds are not included in the government-wide statements.

b. **Measurement Focus, Basis of Accounting**

**Government-wide and Fiduciary Fund Financial Statements:** These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**Governmental Fund Financial Statements:** Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty 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. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under lease contracts are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

3. **Financial Statement Amounts**

a. **Cash and Cash Equivalents**

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

# PEASTER INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

b. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the fiscal year.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

c. Inventories and Prepaid Items

The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory in accordance with the Resource Guide.

d. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets and donated works of art and similar items are recorded at their acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used. Significant accounting policies for right-to-use assets are located at Note F for leases and Note G for Subscription-Based IT Arrangements (SBITAs).

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	40 years
Furniture and Equipment	7-10 years
Right-to-Use Leased Assets	Lease Term
Right-to-Use SBITA Assets	SBITA Term

e. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide and proprietary statements of net position and governmental funds balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense / expenditure) until then.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

# PEASTER INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

f. Receivable and Payable Balances

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

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

g. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

h. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

i. Data Control Codes

Data Control Codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA, in order to ensure accuracy in building a statewide database for policy development and funding plans.

j. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

**Nonspendable Fund Balance** - represents amounts that cannot be spent because they are either not spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

**Restricted Fund Balance** - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

**Committed Fund Balance** - represents amounts that can only be used for a specific purpose because of a formal action by the District's Board of Trustees, which is a Board resolution. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Board of Trustees. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

**Assigned Fund Balance** - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself. The Board has granted the Superintendent authority to assign fund balance.

# PEASTER INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

### k. 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.

### l. Fund Balance Flow Assumptions

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

## 4. 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 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.

## 5. 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.

## 6. Implementation of New Standards

In the current fiscal year, the District implemented the following new standard. The applicable provisions of the new standard is summarized below.

### GASB Statement No. 101, *Compensated Absences*

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

**PEASTER INDEPENDENT SCHOOL DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025

The District reviewed its compensated absence policies, historical leave usage, and accrual practices to determine whether a liability should be recognized under the new standard. Based on this review, the District determined that there was no liability that met the recognition criteria under GASB 101. Accordingly, there was no effect on the District's financial statements as a result of implementing GASB Statement No. 101.

**B. Deposits and Investments**

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

**1. Cash Deposits:**

At June 30, 2025, the carrying amount of the District's deposits was \$4,256,676 and the bank balance was \$4,958,370. The District's cash deposits at June 30, 2025 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

**2. Investments:**

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, 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.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, (1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) securities lending program, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) commercial paper.

The District's investments at June 30, 2025 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Value</u>
TexPool	Wtd Avg Maturity = 42 days	\$ 2,408
LoneStar	Wtd Avg Maturity = 52 days	6,673,398
Total Investments		<u>\$ 6,675,806</u>

**3. Analysis of Specific Deposit and Investment Risks**

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and, if so, the reporting of certain related disclosures:

**a. Credit Risk**

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

At June 30, 2025, the District's investments, other than those which are obligations of or guaranteed by the U. S. Government, are rated as to credit quality as follows:

TexPool LGIP	AAAm
LoneStar LGIP	AAAm

# PEASTER INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At year end, the District was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

### Investment Accounting Policy

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

The District reports its local government investment pools (Pools) at amortized cost as permitted by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. In addition, the Pools do not have any limitations or restrictions on withdrawals such as notice periods or maximum transaction amounts. The Pools do not impose any liquidity fees or redemption gates.

### Public Funds Investment Pools

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

# PEASTER INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

### TexPool

The District invests in the Texas Local Government Investment Pool (TexPool), which is a local government investment pool that was established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The State Comptroller of Public Accounts oversees TexPool. Federated Investors, Inc. is the administrator and investment manager of TexPool under a contract with the State Comptroller. In accordance with the Public Funds Investment Act, the State Comptroller has appointed the TexPool Investment Advisory Board to advise with respect to TexPool. The board is composed equally of participants in TexPool Portfolios and other persons who do not have a business relationship with TexPool Portfolios and are qualified to advise in respect to TexPool Portfolios. The Advisory Board members review the investment policy and management fee structure. TexPool is rated AAAM by Standard & Poor's. TexPool uses amortized cost to value portfolio assets and follows the criteria established by GASB 79. The stated objective of TexPool is to maintain a stable average \$1.00 per unit net asset value; however, the \$1.00 net asset value is not guaranteed or insured. The financial statements can be obtained from the Texas Trust Safekeeping Trust Company website at [www.ttstc.org](http://www.ttstc.org).

### Lone Star

The Lone Star Investment Pool (Lone Star) is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Texas Government Code, Chapter 791, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. Lone Star is administered by First Public, a subsidiary of the Texas Association of School Boards (TASB), with Standish and American Beacon Advisors managing the investment and reinvestment of Lone Star's assets. State Street Bank provides custody and valuation services to Lone Star. All of the board of trustees' eleven members are Lone Star participants by either being employees or elected officials of a participant. Lone Star has established an advisory board composed of both members and non-members. Lone Star is rated AAAM by Standard and Poor's and operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The District is invested in the Government Overnight Fund of Lone Star which seeks to maintain a net asset value of one dollar. Lone Star has three different funds: Government Overnight, Corporate Overnight, and Corporate Overnight Plus. The Government Overnight and Corporate Overnight maintain a net asset value of one dollar and the Corporate Overnight Plus maintains a net asset value of 50 cents.

**PEASTER INDEPENDENT SCHOOL DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025

C. Capital Assets

Capital asset activity for the year ended June 30, 2025, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<u>Governmental activities:</u>				
Capital assets not being depreciated / amortized:				
Land	\$ 1,021,906	\$ -	\$ -	\$ 1,021,906
Construction in progress	20,712,995	101,491	20,712,995	101,491
Total capital assets not being depreciated / amortized	<u>21,734,901</u>	<u>101,491</u>	<u>20,712,995</u>	<u>1,123,397</u>
Capital assets being depreciated / amortized:				
Buildings and improvements	44,075,019	20,732,326	-	64,807,345
Furniture and equipment	5,581,065	306,427	-	5,887,492
Right-to-use assets - leased equipment*	135,204	-	-	135,204
Right-to-use assets - SBITAs	7,020	-	-	7,020
Library Books and Media	3,983	-	-	3,983
Total capital assets being depreciated / amortized	<u>49,802,291</u>	<u>21,038,753</u>	<u>-</u>	<u>70,841,044</u>
Less accumulated depreciation / amortization for:				
Buildings and improvements	(21,713,967)	(2,112,806)	-	(23,826,773)
Furniture and equipment	(3,942,426)	(364,968)	-	(4,307,394)
Right-to-use assets - leased equipment*	(56,241)	(21,791)	-	(78,032)
Right-to-use assets - SBITAs	(2,808)	(1,404)	-	(4,212)
Library Books and Media	(664)	(398)	-	(1,062)
Total accumulated depreciation / amortization	<u>(25,716,106)</u>	<u>(2,501,367)</u>	<u>-</u>	<u>(28,217,473)</u>
Total capital assets being depreciated / amortized, net	<u>24,086,185</u>	<u>18,537,386</u>	<u>-</u>	<u>42,623,571</u>
Governmental activities capital assets, net	<u>\$ 45,821,086</u>	<u>\$ 18,638,877</u>	<u>\$ 20,712,995</u>	<u>\$ 43,746,968</u>

\*The beginning balance has been restated. Additional information is provided in Note N.

Depreciation / amortization was charged to functions as follows:

Instruction	\$ 1,375,594
Instructional resources and media services	28,823
Curriculum and staff development	1,568
Instructional Leadership	63,330
School leadership	122,692
Guidance, counseling, and evaluation service	146,265
Health services	24,459
Student transportation	81,309
Food service	102,013
Extracurricular activities	119,781
General administration	111,797
Plant maintenance and operations	270,503
Security and monitoring services	27,838
Data processing services	25,395
Total Depreciation/Amortization	<u>\$ 2,501,367</u>

**PEASTER INDEPENDENT SCHOOL DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025

D. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at June 30, 2025, consisted of the following:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 414,793
Capital Projects Fund	General Fund	536,296
Nonmajor Governmental Funds	General Fund	244,849
Nonmajor Internal Service Fund	General Fund	3,938
	Total	<u>\$ 1,199,876</u>

The outstanding balances between funds result mainly from the time lag between the dates that reimbursable expenditures occur or deposits of revenue are received, the dates the transactions are recorded in the accounting system, and the date the interfund payments are actually settled. All interfund receivables and payables will be liquidated within the next fiscal year.

E. Long-Term Obligations

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

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2025, are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<u>Governmental Activities:</u>					
General Obligation Bonds	\$ 43,432,306	\$ -	\$ 3,572,954	\$ 39,859,352	\$ 1,473,502
Premium on Bonds	3,482,380	-	199,472	3,282,908	-
Maintenance Tax Notes	242,100	-	20,000	222,100	19,000
Accum. Accretion on CABs	463,587	67,949	-	531,536	-
Net Pension Liability*	6,392,461	-	331,414	6,061,047	-
Net OPEB Liability*	3,125,101	1,364,104	-	4,489,205	-
Lease Liability	62,191	-	34,624	27,567	18,675
SBITA Liability	4,186	-	1,569	2,617	1,633
Total governmental activities	<u>\$ 57,204,312</u>	<u>\$ 1,432,053</u>	<u>\$ 4,160,033</u>	<u>\$ 54,476,332</u>	<u>\$ 1,512,810</u>

\* Other long-term liabilities

The funds typically used to liquidate other long-term liabilities in the past are as follows:

<u>Liability</u>	<u>Activity Type</u>	<u>Fund</u>
Net Pension Liability *	Governmental	General
Net OPEB Liability *	Governmental	General

**PEASTER INDEPENDENT SCHOOL DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025

General Obligation Bonds	Interest Rate	Maturity	Amount of Original Issue	Amount Outstanding at 6/30/2025
U/L TAX REFUNDING BONDS 2015 SERIES	0.05-4.00%	8/15/2035	\$ 3,555,000	\$ 1,665,000
U/L TAX REFUNDING BONDS 2018 SERIES	2.00-5.00%	8/15/2036	6,900,000	4,790,000
U/L TAX SCHOOL BUILDING BONDS 2018A SERIES	2.00-5.00%	8/15/2036	3,699,429	1,036,475
U/L TAX SCHOOL BUILDING BONDS 2018B SERIES	3.34-4.00%	8/15/2036	2,177,877	1,007,877
U/L TAX REFUNDING BONDS 2020 SERIES	1.57-5.00%	8/15/2034	4,710,000	4,650,000
U/L TAX SCHOOL BUILDING BONDS 2021 SERIES	3.00-5.00%	8/15/2041	24,300,000	23,815,000
U/L TAX SCHOOL BUILDING BONDS 2022 SERIES	4.00-5.00%	8/15/2052	3,470,000	2,895,000
				<u>\$39,859,352</u>
<b>Notes from Direct Borrowings</b>				
2020 SERIES MAINTENANCE TAX NOTES	3.00-4.00%	8/15/2035	\$ 318,000	\$ 222,100
				<u>\$ 222,100</u>

2. Debt Service Requirements

Debt service requirements on long-term debt at June 30, 2025, are as follows:

Year Ending June 30	Governmental Activities				Total
	Bonds		Notes from Direct Borrowings		
	Principal	Interest	Principal	Interest	
2026	\$ 1,473,502	\$ 1,385,171	\$ 19,000	\$ 7,227	\$ 2,884,900
2027	1,508,938	1,338,535	20,000	6,790	2,874,263
2028	1,464,034	1,293,539	21,000	6,073	2,784,646
2029	1,551,911	1,198,912	21,000	5,338	2,777,161
2030	1,596,815	1,135,508	22,000	4,585	2,758,908
2031-2035	8,703,628	4,716,367	119,100	12,295	13,551,390
2036-2040	5,855,524	3,294,051	-	-	9,149,575
2041-2045	6,115,000	2,279,250	-	-	8,394,250
2046-2050	7,930,000	1,192,400	-	-	9,122,400
2051-2055	3,660,000	122,925	-	-	3,782,925
<b>Totals</b>	<u>\$ 39,859,352</u>	<u>\$ 17,956,658</u>	<u>\$ 222,100</u>	<u>\$ 42,308</u>	<u>\$ 58,080,418</u>

The District did not have any unused lines of credit, assets pledged as collateral for debt, or terms specified in debt agreements related to significant events of default with finance-related consequences, termination events with finance-related consequences, or subjective acceleration clauses as of June 30, 2025.

F. Leases

The District is a lessee for noncancelable leases of equipment. The District recognizes a lease liability, reported with long-term debt, and a right-to-use lease asset, reported with other capital assets, in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the District measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments. The lease asset is initially measured at the initial amount of the lease liability, adjusted for lease payments made at or before the commencement of the lease term, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or its useful life.

**PEASTER INDEPENDENT SCHOOL DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses its estimated incremental borrowing rate as the discount rate for the lease.
- The lease term includes the noncancelable period of the lease.
- Lease payments included in the measurement of the liability are composed of fixed payments and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

The leases with Xerox matures on January 15, 2027 and is for copier equipment with an initial value of \$78,652, payable in monthly installments of \$1,150 at an interest rate of 7.4%.

The lease with Konica matures on September 1, 2026 and is for a telephone system with an initial value of \$13,841, payable in monthly installments of \$224 at an interest rate of 10.0%.

The lease with K State Bank matured on October 24, 2025 and is for telephones with an initial value of \$42,711, payable in monthly installments of \$962 at an interest rate of 4.0%.

There were no variable payments or residual value guarantees or penalties not included in the measurement of the lease. The District did not have any commitments under leases not yet commenced at year-end, components of losses associated with asset impairments, or sublease transactions for fiscal year 2025.

Future lease payment maturity schedule is as follows:

Year Ending June 30	Principal	Interest	Total
2026	\$ 18,675	\$ 1,741	\$ 20,416
2027	7,699	407	8,106
2028	1,193	28	1,221
Totals	<u>\$ 27,567</u>	<u>\$ 2,176</u>	<u>\$ 29,743</u>

**G. Subscription Based IT Arrangements**

The District is a contractee for noncancelable Subscription Based IT Arrangements (SBITAs). The District recognizes a SBITA liability, reported with long-term debt, and a right-to-use lease asset, reported with other capital assets, in the government-wide financial statements. The District recognizes SBITA liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a SBITA, the District measures the SBITA liability at the present value of payments expected to be made during the SBITA term. Subsequently, the SBITA liability is reduced by the principal portion of SBITA payments. The SBITA asset is initially measured at the initial amount of the SBITA liability, adjusted for SBITA payments made at or before the commencement of the SBITA term, plus capitalizable initial implementation costs as described in GASB 96 paragraph 29b. Subsequently, the SBITA asset is amortized on a straight-line basis over the shorter of the SBITA term or it's useful life.

Key estimates and judgments related to SBITAs include how the District determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) SBITA term, and (3) SBITA payments.

- The District uses its estimated incremental borrowing rate as the discount rate for SBITA.
- The SBITA term includes the noncancelable SBITA period of the lease.

**PEASTER INDEPENDENT SCHOOL DISTRICT**

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SBITA payments included in the measurement of the liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, payments for penalties of terminating the SBITA, SBITA incentives receivable from the vendor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The District monitors changes in circumstances that would require a remeasurement of its SBIT As and will remeasure the SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the SBITA liability.

The SBITA with YSoft matures on July 13, 2027 and is for classroom management software totaling \$7,020, with annual payments of \$1,708 and an interest rate of 4.0%.

Future lease payment maturity schedule is as follows:

Year Ending June 30	Principal	Interest	Total
2026	\$ 1,633	\$ 75	\$ 1,708
2027	984	13	997
Totals	\$ 2,617	\$ 88	\$ 2,705

There were no variable payments or residual value guarantees or penalties not included in the measurement of the SBITAs. The District did not have any commitments under SBITAs not yet commenced at year-end, or components of losses associated with asset impairments for fiscal year 2025.

**H. Risk Management**

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2025, Peaster Independent School District carried insurance through various plans described below. 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.

**Property and Liability**

During the fiscal year, Peaster ISD met its statutory property casualty obligations through participation in the Property Casualty Alliance of Texas (the Fund). The Fund was created pursuant to the provisions of the Interlocal Cooperation Act, Chapter 791, Title 7 of the Texas Government Code. All districts participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides property and casualty coverage and services to its members.

The Fund and its members are protected against higher than expected claims costs through reinsurance contracts for claims in excess of the Fund's self-insured retentions. The Fund uses the services of an independent actuary to help determine the reserve adequacy. As of August 31, 2024, the Fund carries a total of \$15,042,461 in current loss reserves, including \$4,673,631 for claims incurred but not yet reported. Losses and reserves are based on estimates and could be more or less than originally estimated.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year. The Fund's audited financial statements are available for inspection at the Fund's administrative offices.

**Workers Compensation**

The District participates in the Public Workers' Compensation Program (PWCP), a fully guaranteed costs workers' compensation program servicing school districts and counties throughout Texas. The plan for workers' compensation benefit is authorized by Section 504.011 of the Labor Code. Claims are paid by a third party administrator acting on behalf of the District under the terms of a contractual agreement. Administrative fees are included within the provision of that agreement.

# PEASTER INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

### I. Pension Plan

#### 1. Plan Description

The District participates in a multiple-employer, cost sharing, 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.

#### 2. Pension Plan Fiduciary Net Position

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

#### 3. Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3% (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic cost of living adjustments (COLAs). Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (1) above. Accordingly, the 2023 Texas Legislature passed Senate Bill (SB) 10 and House Joint Resolution (HJR) 2 to provide eligible retirees with a one-time stipend and an ad hoc cost-of-living-adjustment (COLA).

#### **One-Time Stipends**

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

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

#### **Cost-of-Living Adjustment**

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

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

**PEASTER INDEPENDENT SCHOOL DISTRICT**

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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.

4. Contributions

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

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

	<u>Contribution Rates</u>	
	<u>2024</u>	<u>2025</u>
Member	8.25%	8.25%
Non-Employer Contributing Entity (State)	8.25%	8.25%
Employers	8.25%	8.25%
District's 2025 Employer Contributions	\$	528,074
District's 2025 Member Contributions	\$	1,143,613
2024 NECE On-Behalf Contributions (State)	\$	822,684

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 colleges, universities and medical schools) are required to pay the employer contribution rate in the following instances:

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

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

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

**PEASTER INDEPENDENT SCHOOL DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025

5. Actuarial Assumptions

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

Valuation Date	August 31, 2022 rolled forward to August 31, 2023
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 2023	3.87% *
Last year ending August 31 in Projection Period (100 years)	2123
Inflation	2.30%
Salary Increases including inflation	2.95% to 8.95%
Ad hoc post-employment benefit changes	None

\* 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.

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

6. Discount Rate

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

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

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

**PEASTER INDEPENDENT SCHOOL DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025

<b>Asset Class *</b>	<b>Target Allocation **</b>	<b>Long-Term Expected Arithmetic Real Rate of Return ***</b>	<b>Expected Contribution to Long-Term Portfolio Returns</b>
<b>Global Equity</b>			
USA	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%
<b>Stable Value</b>			
Government Bonds	16.00%	1.90%	0.40%
Stable Value Hedge Funds	5.00%	3.00%	0.20%
Absolute Return*	0.00%	4.00%	0.00%
<b>Real Return</b>			
Real Estate	15.00%	6.60%	1.20%
Energy, Natural Resources and Infrastructure	6.00%	5.60%	0.40%
Commodities	0.00%	2.50%	0.00%
<b>Risk Parity</b>	8.00%	4.00%	0.40%
<b>Asset Allocation Leverage</b>			
Cash	2.00%	1.00%	0.00%
Asset Allocation Leverage	-6.00%	1.30%	-0.10%
<b>Inflation Expectation</b>			2.40%
<b>Volatility Drag ****</b>			-0.70%
<b>Expected Return</b>	<b><u>100.00%</u></b>		<b><u>7.90%</u></b>
<p>* Absolute Return includes Credit Sensitive Investments.</p> <p>** Target allocations are based on the FY2024 policy model.</p> <p>*** Capital Market Assumptions (CMA) come from 2024 SAA Study CMA Survey (as of 12/31/2023).</p> <p>**** The volatility drag results from the conversion between arithmetic and geometric mean returns.</p>			

7. 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 the net pension liability:	\$ <u>9,681,029</u>	\$ <u>6,061,047</u>	\$ <u>3,061,636</u>

**PEASTER INDEPENDENT SCHOOL DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025

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

At June 30, 2025, the District reported a liability of \$6,061,047 for its proportionate share of the TRS 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	\$ 6,061,047
State's proportionate share that is associated with District	<u>8,917,452</u>
Total	<u>\$ 14,978,499</u>

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

At August 31, 2024 the employer's proportion of the collective net pension liability was 0.009922%, which was an increase of 0.000616% from its proportion measured as of August 31, 2023.

9. Changes in Assumptions and Benefits Since the Prior Actuarial Valuation

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

The 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 June 30, 2025, the District recognized pension expense of \$2,086,943 and revenue of \$1,065,785 for support provided by the State.

At June 30, 2025, the District reported its proportionate share of the TRS deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Actuarial Experience	\$ <u>334,077</u>	\$ <u>47,322</u>
Changes in Actuarial Assumptions	312,945	41,955
Difference Between Projected and Actual Investment Earnings	36,843	-
Changes in Proportion and Difference between District's Contributions and the Proportionate Share of Contributions	757,539	43,394
Contributions paid to TRS subsequent to the measurement date of the Net Pension Liability	<u>430,200</u>	<u>-</u>
Total	<u>\$ 1,871,604</u>	<u>\$ 132,671</u>

**PEASTER INDEPENDENT SCHOOL DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS  
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The District recognized \$430,200 as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the measurement year ended August 31, 2025. The other amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended June 30	Pension Expense Amount
2026	\$ 231,655
2027	851,739
2028	243,675
2029	(75,494)
2030	57,159
Thereafter	(1)

**J. Defined Other Post-Employment Benefit Plans**

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

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

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

3. 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 cost of living adjustments (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

**PEASTER INDEPENDENT SCHOOL DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS  
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4. Contributions

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

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

	<u>Contribution Rates</u>	
	<u>2024</u>	<u>2025</u>
Member	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding remitted by Employers	1.25%	1.25%
District's 2025 Employer Contributions		\$ 113,789
District's 2025 Member Contributions		\$ 77,141
2024 NECE On-Behalf Contributions (State)		\$ 168,340

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 TRS-Care a monthly surcharge of \$535 per retiree.

5. 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 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	Rates of Disability
Rates of Retirement	General Inflation
Rates of Termination	Wage Inflation

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

**PEASTER INDEPENDENT SCHOOL DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS  
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Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2023 rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.30%
Single Discount Rate	3.87% 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.
Projected Salary Increases	2.95% to 8.95%, including inflation
Ad hoc post-employment benefit changes	None

6. Discount Rate

A single discount rate of 3.87% was used to measure the Total OPEB Liability. This was a decrease of .26% in the discount rate since the previous year.

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

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

7. Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (2.87%)	Discount Rate (3.87%)	1% Increase in Discount Rate (4.87%)
District's proportionate share of the net OPEB liability:	\$ <u>5,333,385</u>	\$ <u>4,489,205</u>	\$ <u>3,807,094</u>

8. Healthcare Trend Rate Sensitivity Analysis

The following schedule shows the impact of the net OPEB liability if a healthcare trend rate is 1% less than and 1% greater than the health trend rates assumed.

	1% Decrease in the Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in the Healthcare Trend Rate
District's proportionate share of the net OPEB liability:	\$ <u>3,655,791</u>	\$ <u>4,489,205</u>	\$ <u>5,575,226</u>

**PEASTER INDEPENDENT SCHOOL DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025

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

At June 30, 2025, the District reported a liability of \$4,489,205 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB Liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 4,489,205
State's proportionate share that is associated with District	<u>5,624,912</u>
Total	<u>\$ 10,114,117</u>

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

At August 31, 2024 the District's proportion of the collective net OPEB liability was 0.014791%, which was an increase of 0.000674% from its proportion measured as of August 31, 2023.

10. Changes Since the Prior Actuarial Valuation

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

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

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

The amount of OPEB expense recognized by the District in the reporting period was (\$1,009,785) and revenue recognized was (\$731,135) for support provided by the State.

At June 30, 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 Experience	\$ 860,430	\$ 2,240,356
Changes in Actuarial Assumptions	574,565	1,464,776
Difference Between Projected and Actual Investment Earnings	-	12,571
Changes in Proportion and Difference between District's Contributions and the Proportionate Share of Contributions	1,509,468	-
Contributions paid to TRS subsequent to the measurement date of the Net OPEB Liability	<u>96,754</u>	<u>-</u>
Total	<u>\$ 3,041,217</u>	<u>\$ 3,717,703</u>

# PEASTER INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

The District recognized \$96,754 as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date, which will be recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2026. The other amounts of the District's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended June 30	OPEB Expense Amount
2026	\$ (375,861)
2027	(172,540)
2028	(262,110)
2029	(209,270)
2030	(47,101)
Thereafter	293,642

### 11. Medicare Part D Subsidies

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. For the fiscal year ended June 30, 2025, the subsidy payment received by TRS-Care on behalf of the District was \$90,272.

### K. Employee Health Care Coverage

During the year ended June 30, 2025, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$369 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third-party administrator, acting on behalf of the licensed insurer. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

The contract between the District and the third-party administrator is renewable annually, and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for the Plan are available and have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

### L. Commitments and Contingencies

#### 1. 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.

#### 2. Litigation

No reportable litigation was pending against the District at June 30, 2025.

**PEASTER INDEPENDENT SCHOOL DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025

M. Shared Services Arrangements

Shared Services Arrangement – Fiscal Agent

The District is the fiscal agent for a Shared Services Arrangement ("SSA") which provides special education services to the member districts listed below. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in a special revenue fund. The District, as Fiscal Agent, is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The activities are accounted for using Model 3 in the SSA section of the Resource Guide. Expenditures of the SSA are summarized below:

<u>Member Districts</u>	<u>Expenditures</u>
Brock ISD	\$ 546,915
Garner ISD	199,774
Millsap ISD	316,530
Peaster ISD	340,546
Poolville ISD	253,013
Total	<u>\$ 1,656,778</u>

The District is the fiscal agent for a Shared Services Arrangement ("SSA") which provides deaf education services to the member districts listed below. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in a special revenue. The District, as Fiscal Agent, is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The activities are accounted for using Model 3 in the SSA section of the Resource Guide. Expenditures of the SSA are summarized below:

<u>Member Districts</u>	<u>Expenditures</u>
Palo Pinto SSA	\$ 38,857
Central Texas SSA	29,813
Granbury ISD	167,907
Greater Erath SSA	22,109
Hood/Sommervell SSA	60,966
Mineral Wells ISD	126,454
Parker County Co-Op	149,735
Southwest Erath SSA	40,532
Springtown ISD	87,292
Stephenville ISD	56,276
Weatherford ISD	310,692
Total	<u>\$ 1,090,633</u>

**PEASTER INDEPENDENT SCHOOL DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025

N. Adjustments to Beginning Balances

Governmental Activities

During the current year, errors were identified in the prior year reporting of certain right-to-use lease assets in the government-wide statement of net position. Specifically, right-to-use lease assets were understated by \$26,361 and accumulated amortization was overstated by \$3,472. Additional adjustments were required to governmental fund balances, as described below. The correction of these errors resulted in an increase to beginning net position of \$83,194. See the table below showing the restatement:

		Government Wide
Beginning net position, as previously reported	\$	274,434
Correction of errors		83,194
Beginning fund balance, as adjusted	\$	<u>357,628</u>

In the governmental funds general fund, it was determined that prior year state funding revenues were understated by \$124,653 and prior year grant receivables were overstated by \$75,109. To correct these errors, beginning fund balance has been increased. Additionally, in the non-major governmental funds, it was determined that accounts payable was overstated by \$80,908 and prior year grant receivables were overstated by \$77,091. To correct these errors, beginning fund balance has been increased. See the table below showing the restatement:

	Governmental		
	General Fund	Other Governmental Funds	Total Governmental Funds
Beginning fund balance, as previously reported	\$ 2,839,247	\$ 983,741	\$ 11,375,803
Correction of errors	49,544	3,817	53,361
Beginning fund balance, as adjusted	\$ <u>2,888,791</u>	\$ <u>987,558</u>	\$ <u>11,429,164</u>

O. Subsequent Events

The District evaluated subsequent events through February 20, 2026, the date the financial statements were available to be issued and no subsequent events were noted.

## Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

**PEASTER INDEPENDENT SCHOOL DISTRICT**

**Exhibit G-1**

GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes	Budgeted Amounts			Variance with Final Budget Positive (Negative)	
	1	2	3		
	Original	Final	Actual		
<b>REVENUES:</b>					
5700	Local and Intermediate Sources	\$ 6,309,907	\$ 6,506,997	\$ 6,630,178	\$ 123,181
5800	State Program Revenues	10,155,212	10,898,528	11,164,992	266,464
5900	Federal Program Revenues	5,800	5,800	79	(5,721)
5020	Total Revenues	<u>16,470,919</u>	<u>17,411,325</u>	<u>17,795,249</u>	<u>383,924</u>
<b>EXPENDITURES:</b>					
Current:					
Instruction and Instructional Related Services:					
0011	Instruction	9,509,994	9,513,126	9,335,661	177,465
0012	Instructional Resources and Media Services	254,878	269,878	265,503	4,375
0013	Curriculum and Instructional Staff Development	68,545	68,545	12,449	56,096
	Total Instruction and Instr. Related Services	<u>9,833,417</u>	<u>9,851,549</u>	<u>9,613,613</u>	<u>237,936</u>
Instructional and School Leadership:					
0021	Instructional Leadership	140,605	140,605	120,155	20,450
0023	School Leadership	1,192,986	1,192,986	1,130,186	62,800
	Total Instructional and School Leadership	<u>1,333,591</u>	<u>1,333,591</u>	<u>1,250,341</u>	<u>83,250</u>
Student Support Services:					
0031	Guidance, Counseling and Evaluation Services	467,318	467,318	431,377	35,941
0033	Health Services	224,712	224,712	225,308	(596)
0034	Student Transportation	757,154	793,154	840,370	(47,216)
0035	Food Service	-	-	37,858	(37,858)
0036	Extracurricular Activities	1,062,642	1,124,642	1,107,443	17,199
	Total Student Support Services	<u>2,511,826</u>	<u>2,609,826</u>	<u>2,642,356</u>	<u>(32,530)</u>
Administrative Support Services:					
0041	General Administration	1,220,586	1,217,586	1,023,601	193,985
	Total Administrative Support Services	<u>1,220,586</u>	<u>1,217,586</u>	<u>1,023,601</u>	<u>193,985</u>
Support Services:					
0051	Facilities Maintenance and Operations	2,468,298	2,565,166	2,442,016	123,150
0052	Security and Monitoring Services	187,822	187,822	105,410	82,412
0053	Data Processing Services	320,925	320,925	233,929	86,996
	Total Support Services	<u>2,977,045</u>	<u>3,073,913</u>	<u>2,781,355</u>	<u>292,558</u>
Debt Service:					
0071	Principal on Long-Term Debt	93,300	79,675	53,993	25,682
0072	Interest on Long-Term Debt	-	13,625	9,921	3,704
	Total Debt Service	<u>93,300</u>	<u>93,300</u>	<u>63,914</u>	<u>29,386</u>
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	100,000	97,536	2,464
	Total Capital Outlay	<u>-</u>	<u>100,000</u>	<u>97,536</u>	<u>2,464</u>

**PEASTER INDEPENDENT SCHOOL DISTRICT**

**Exhibit G-1**

GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
	Intergovernmental Charges:				
0093	Payments to Shared Service Arrangements	301,508	301,508	301,508	-
0099	Other Intergovernmental Charges	160,000	160,000	148,849	11,151
	Total Intergovernmental Charges	<u>461,508</u>	<u>461,508</u>	<u>450,357</u>	<u>11,151</u>
6030	Total Expenditures	<u>18,431,273</u>	<u>18,741,273</u>	<u>17,923,073</u>	<u>818,200</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	(1,960,354)	(1,329,948)	(127,824)	1,202,124
1200	Net Change in Fund Balance	<u>(1,960,354)</u>	<u>(1,329,948)</u>	<u>(127,824)</u>	<u>1,202,124</u>
0100	Fund Balance - Beginning	2,839,247	2,839,247	2,839,247	-
1300	Prior Period Adjustments	-	-	49,544	49,544
0100	Fund Balances - Beginning as Restated	<u>2,839,247</u>	<u>2,839,247</u>	<u>2,888,791</u>	<u>49,544</u>
3000	Fund Balance - Ending	<u>\$ 878,893</u>	<u>\$ 1,509,299</u>	<u>\$ 2,760,967</u>	<u>\$ 1,202,124</u>

**PEASTER INDEPENDENT SCHOOL DISTRICT**

**Exhibit G-2**

SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
LAST TEN MEASUREMENT YEARS

	Measurement Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.010%	0.009%	0.009%	0.007%	0.007%	0.008%	0.007%	0.006%	0.004%	0.004%
District's proportionate share of the net pension liability	\$ 6,061,047	\$ 6,392,461	\$ 5,271,059	\$ 1,838,925	\$ 3,862,391	\$ 4,000,157	\$ 3,655,719	\$ 2,034,291	\$ 1,622,457	\$ 1,485,422
State's proportionate share of the net pension liability associated with the District	8,917,452	9,882,063	8,393,246	3,756,681	7,736,841	6,861,027	7,550,195	4,318,042	4,570,145	4,287,110
Total	<u>\$ 14,978,499</u>	<u>\$ 16,274,524</u>	<u>\$ 13,664,305</u>	<u>\$ 5,595,606</u>	<u>\$ 11,599,232</u>	<u>\$ 10,861,184</u>	<u>\$ 11,205,914</u>	<u>\$ 6,352,333</u>	<u>\$ 6,192,602</u>	<u>\$ 5,772,532</u>
District's covered payroll	\$ 13,913,724	\$ 12,766,753	\$ 11,705,059	\$ 10,377,814	\$ 10,035,988	\$ 9,124,317	\$ 8,531,822	\$ 7,971,169	\$ 7,970,209	\$ 7,486,629
District's proportionate share of the net pension liability as a percentage of its covered payroll	43.56%	50.07%	45.03%	17.72%	38.49%	43.84%	42.85%	25.52%	20.36%	19.84%
Plan fiduciary net position as a percentage of the total pension liability	77.51%	73.15%	75.62%	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%

**PEASTER INDEPENDENT SCHOOL DISTRICT**  
 SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 LAST TEN FISCAL YEARS

Exhibit G-3

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 528,074	\$ 550,427	\$ 463,815	\$ 393,965	\$ 303,080	\$ 296,180	\$ 267,414	\$ 224,038	\$ 212,190	\$ 188,331
Contributions in relation to the contractually required contribution	(528,074)	(550,427)	(463,815)	(393,965)	(303,080)	(296,180)	(267,414)	(224,038)	(212,190)	(188,331)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 13,861,974	\$ 13,852,713	\$ 12,466,039	\$ 11,458,373	\$ 10,378,404	\$ 10,032,056	\$ 9,191,639	\$ 8,531,822	\$ 7,970,209	\$ 7,932,279
Contributions as a percentage of covered payroll	3.81%	3.97%	3.72%	3.44%	2.92%	2.95%	2.91%	2.63%	2.66%	2.37%

**PEASTER INDEPENDENT SCHOOL DISTRICT**

**Exhibit G-4**

SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
 SHARE OF THE NET OPEB LIABILITY  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 LAST TEN MEASUREMENT YEARS \*

	Measurement Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the collective net OPEB liability	0.015%	0.014%	0.014%	0.012%	0.012%	0.011%	0.011%	0.011%	-	-
District's proportionate share of the collective net OPEB liability	\$ 4,489,205	\$ 3,125,101	\$ 3,312,201	\$ 4,557,278	\$ 4,457,943	\$ 5,426,550	\$ 5,450,980	\$ 4,571,943	\$ -	\$ -
State proportionate share of the collective net OPEB liability associated with the District	5,624,912	3,770,915	4,040,365	6,105,737	5,990,406	7,210,674	7,260,525	6,174,825	-	-
<b>Total</b>	<b>\$ 10,114,117</b>	<b>\$ 6,896,016</b>	<b>\$ 7,352,566</b>	<b>\$ 10,663,015</b>	<b>\$ 10,448,349</b>	<b>\$ 12,637,224</b>	<b>\$ 12,711,505</b>	<b>\$ 10,746,768</b>	<b>\$ -</b>	<b>\$ -</b>
District's covered payroll	\$ 13,913,724	\$ 12,766,753	\$ 11,705,059	\$ 10,377,814	\$ 10,035,988	\$ 9,124,317	\$ 8,531,822	\$ 7,971,169	\$ -	\$ -
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	32.26%	24.48%	28.30%	43.91%	44.42%	59.47%	63.89%	57.36%	-	-
Plan fiduciary net position as a percentage of the total OPEB liability	13.70%	14.94%	11.52%	6.18%	4.99%	2.66%	1.57%	0.91%	-	-

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

**PEASTER INDEPENDENT SCHOOL DISTRICT**

SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS  
TEACHER RETIREMENT SYSTEM OF TEXAS  
LAST TEN FISCAL YEARS \*

Exhibit G-5

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily or contractually required District contribution	\$ 113,789	\$ 134,057	\$ 120,326	\$ 109,640	\$ 91,828	\$ 86,312	\$ 81,197	\$ 75,012	\$ -	\$ -
Contributions recognized by OPEB in relation to statutorily or contractually required contribution	(113,789)	(134,057)	(120,326)	(109,640)	(91,828)	(86,312)	(81,197)	(75,012)	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 13,861,974	\$ 13,852,713	\$ 12,466,039	\$ 11,458,373	\$ 10,378,404	\$ 10,032,056	\$ 9,191,639	\$ 8,531,822	\$ -	\$ -
Contributions as a percentage of covered payroll	0.82%	0.97%	0.97%	0.96%	0.88%	0.86%	0.88%	0.88%	-	-

\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

**PEASTER INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2025**

Budget

The official budget was prepared for adoption for all Governmental Fund Types legally required (General Fund, Food Service Fund, and Debt Service Fund). The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data:

- a. Prior to June 19 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
- c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the Board.

Once a budget is approved, it can be amended at function and fund level only 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. Such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end as required by law.

Each amendment is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at June 30, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no end-of-year outstanding encumbrances that were provided for in the subsequent year's budget.

Defined Benefit Pension Plan and Defined Benefit OPEB Plan

Changes of benefit terms

Any changes of benefit terms that affected the measurement of the net pension liability during the measurement period are described in the notes to the financial statements (Note I).

Any changes of benefit terms that affected the measurement of the net OPEB liability during the measurement period are described in the notes to the financial statements (Note J).

Changes of assumptions

Any changes of assumptions that affected the measurement of the net pension liability during the measurement period are described in the notes to the financial statements (Note I).

Any changes of assumptions that affected the measurement of the net OPEB liability during the measurement period are described in the notes to the financial statements (Note J).

## Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

**PEASTER INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT J-1**

SCHEDULE OF DELINQUENT TAXES RECEIVABLE

FOR THE YEAR ENDED JUNE 30, 2025

Year Ended June 30	1 Tax Rates		3 Assessed/Appraised Value For School Tax Purposes	10 Beginning Balance 7/1/2024	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 6/30/2025	99 Total Taxes Refunded Under Sect. 26.1115(c)
	Maintenance	Debt Service								
2016 and Prior Years	Various	Various	Various	\$ 28,079	\$ -	\$ 65	\$ 11	\$ (159)	\$ 27,844	
2017	1.0400	.3600	295,353,771	2,181	-	-	-	-	2,181	
2018	1.0400	.4000	316,919,931	2,187	-	-	-	(1)	2,186	
2019	1.0400	.4000	356,874,646	2,936	-	47	18	-	2,871	
2020	.9700	.4000	411,162,090	7,893	-	566	233	(1)	7,093	
2021	.9089	.4100	450,964,922	5,488	-	(82)	(37)	(158)	5,449	
2022	.8720	.5000	566,631,792	9,065	-	3,594	2,061	3,747	7,157	
2023	.8546	.5000	647,337,054	38,048	-	17,598	10,296	10,067	20,221	
2024	.6692	.5000	760,472,074	249,948	-	85,907	64,186	(32,886)	66,969	
2025 (School Year Under Audit)	.6669	.4695	841,144,920	-	9,558,764	5,481,846	3,859,240	-	217,678	
1000 Totals				<u>\$ 345,825</u>	<u>\$ 9,558,764</u>	<u>\$ 5,589,541</u>	<u>\$ 3,936,008</u>	<u>\$ (19,391)</u>	<u>\$ 359,649</u>	

8000 - Total Taxes Refunded under Section 26.1115, Tax Code

\$ 113,680

9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code

\$ -

Column 20, the current year's levy is the ending levy due provided by Parker County Appraisal District

Column 3, Assessed/Appraised Value for School Tax Purposes is calculated based on current year total levy divided by current year total tax rate. This amount includes adjustments for frozen values.

**PEASTER INDEPENDENT SCHOOL DISTRICT**  
 NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2025

Exhibit J-2

Data Control Codes	1	3	Variance with Final Budget Positive (Negative)
	Budget	Actual	
<b>REVENUES:</b>			
5700 Local and Intermediate Sources	\$ 464,000	\$ 462,950	\$ (1,050)
5800 State Program Revenues	26,076	27,210	1,134
5900 Federal Program Revenues	400,540	436,569	36,029
5020 Total Revenues	<u>890,616</u>	<u>926,729</u>	<u>36,113</u>
<b>EXPENDITURES:</b>			
Current			
Student Support Services:			
0035 Food Services	949,122	957,779	(8,656)
Total Food Service	<u>949,122</u>	<u>957,779</u>	<u>(8,656)</u>
6030 Total Expenditures	<u>949,122</u>	<u>957,779</u>	<u>(8,656)</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	(58,506)	(31,050)	27,457
1200 Net Change in Fund Balance	<u>(58,506)</u>	<u>(31,050)</u>	<u>27,457</u>
0100 Fund Balance - Beginning	222,195	222,195	-
3000 Fund Balance - Ending	<u>\$ 163,689</u>	<u>\$ 191,145</u>	<u>\$ 27,457</u>

**PEASTER INDEPENDENT SCHOOL DISTRICT**

**Exhibit J-3**

DEBT SERVICE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes	1	2	3 Variance with Final Budget Positive (Negative)
	<u>Budget</u>	<u>Actual</u>	<u>(Negative)</u>
<b>REVENUES:</b>			
5700 Local and Intermediate Sources	\$ 3,255,000	\$ 4,145,011	\$ 890,011
5800 State Program Revenues	-	444,382	444,382
5020 Total Revenues	<u>3,255,000</u>	<u>4,589,393</u>	<u>1,334,393</u>
<b>EXPENDITURES:</b>			
Debt Service:			
0071 Principal on Long-Term Debt	3,720,000	3,572,954	147,046
0072 Interest on Long-Term Debt	1,419,348	1,544,104	(124,756)
0073 Bond Issuance Costs and Fees	4,000	23,766	(19,766)
Total Debt Service	<u>5,143,348</u>	<u>5,140,824</u>	<u>2,524</u>
6030 Total Expenditures	<u>5,143,348</u>	<u>5,140,824</u>	<u>2,524</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>(1,888,348)</u>	<u>(551,431)</u>	<u>1,336,917</u>
1200 Net Change in Fund Balance	<u>(1,888,348)</u>	<u>(551,431)</u>	<u>1,336,917</u>
100 Fund Balance - Beginning	4,751,736	4,751,736	-
3000 Fund Balance - Ending	<u>\$ 2,863,388</u>	<u>\$ 4,200,305</u>	<u>\$ 1,336,917</u>

**PEASTER INDEPENDENT SCHOOL DISTRICT**  
 USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAM  
 AS OF JUNE 30, 2025

**EXHIBIT J-4**

<u>Data Control Codes</u>		<u>Responses</u>
Section A: Compensatory Education Programs		
AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$ 757,834
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28 29, 30)	\$ 233,605
Section B: Bilingual Education Programs		
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$ 39,194
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PIC 25)	\$ 26,572



**SNOW GARRETT WILLIAMS**  
CERTIFIED PUBLIC ACCOUNTANTS

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  
Peaster Independent School District  
3602 Harwell Lake Rd  
Weatherford, TX 76088

Members of the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Peaster Independent School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Peaster Independent School District's basic financial statements, and have issued our report thereon dated February 20, 2026.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be a material weakness.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Peaster 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*.


We noted certain matters that we reported to management of Peaster Independent School District in a separate letter dated February 20, 2026.

## Peaster Independent School District's Response to Findings

*Government Auditing Standards* requires the auditor to perform limited procedures on Peaster Independent School District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Peaster Independent School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### Purpose of this Report

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



Snow Garrett Williams  
February 20, 2026



# SNOW GARRETT WILLIAMS

CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Trustees  
Peaster Independent School District  
3602 Harwell Lake Rd  
Weatherford, TX 76088

Members of the Board of Trustees:

## **Report on Compliance for Each Major Federal Program**

### ***Opinion on Each Major Federal Program***

We have audited Peaster Independent School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on Peaster Independent School District's major federal program for the year ended June 30, 2025. Peaster Independent School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Peaster Independent School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

### ***Basis for Opinion on Each Major Federal Program***

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

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

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

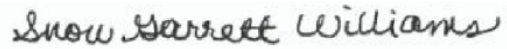
### **Report on Internal Control Over Compliance**

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

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

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

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.

A handwritten signature in black ink that reads "Snow Garrett Williams". The signature is written in a cursive style and is positioned above a light gray rectangular background.

Snow Garrett Williams  
February 20, 2026

**PEASTER INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

A. Summary of Auditor's Results

1 Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified?  X  Yes   No

One or more significant deficiencies identified that are not considered to be material weaknesses?   Yes  X  None Reported

Noncompliance material to financial statements noted?   Yes  X  No

2 Federal Awards

Internal control over major programs:

One or more material weaknesses identified?   Yes  X  No

One or more significant deficiencies identified that are not considered to be material weaknesses?   Yes  X  None Reported

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

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, para. 200.516(a)?   Yes  X  No

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027/84.173	Special Education Cluster (IDEA)

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

Auditee qualified as low-risk auditee?   Yes  X  No

**PEASTER INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

B. Financial Statement Findings

**Finding 2025-01 Material Weakness in Internal Control Over Financial Reporting**

Condition:

Audit adjustments were required to properly present the District's financial statements in accordance with generally accepted accounting principles. The adjustments primarily related to grant fund reconciliations, interfund payables and receivables, restatements of prior period balances, and cash reconciliations that were not accurate or performed in a timely manner.

Criteria:

Management is responsible for establishing and maintaining effective internal control over financial reporting. Internal controls should ensure that financial transactions are properly recorded, reconciled, and reviewed in a timely manner so that financial statements and interim financial reports are accurate and reliable. Timely and accurate financial reporting is essential for evaluating financial condition, monitoring compliance with budgetary appropriations, and preparing long-range financial plans.

Cause:

The condition appears to have resulted primarily from deficiencies in the preparation and timely review of monthly bank reconciliations. Specifically, cash accounts were not consistently reconciled to the general ledger in a timely manner, and reconciling items were not adequately investigated and resolved. In addition, weaknesses were noted in controls over grant reconciliations, interfund receivables and payables reconciliations, and monitoring of prior period balances.

Effect:

As a result of these deficiencies, material audit adjustments were required to properly present the District's financial statements. Because cash balances and related accounts serve as the foundation for financial reporting, errors in bank reconciliations increase the risk that material misstatements could occur and not be detected and corrected in a timely manner. Additionally, weaknesses in grant reconciliations and interfund receivables and payables reconciliations increase the risk of misstated fund balances and inaccurate reporting of amounts due to and from other funds. Consequently, financial information relied upon by management and the Board during the fiscal year may have been incomplete or inaccurate.

Auditor's Recommendation:

We recommend the District strengthen internal controls by ensuring timely preparation and documented supervisory review of monthly bank reconciliations, with prompt investigation and resolution of reconciling items. In addition, grant activity and interfund receivables and payables should be formally reconciled on a periodic basis to ensure accurate financial reporting.

District Response:

The District agrees with the finding and has implemented corrective measures to strengthen internal controls over financial reporting. See the District's Corrective Action Plan on page 73 for additional details.

C. Federal Award Findings and Questioned Costs

None

**PEASTER INDEPENDENT SCHOOL DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

<u>Finding/Recommendation</u>	<u>Current Status</u>
Finding 2024-001 - Material Weakness - Internal Controls Over Cash Balances and Bank Reconciliations	Unresolved - See Schedule of Findings and Questioned Costs 2025-001.

# PEASTER INDEPENDENT SCHOOL DISTRICT

*HOME OF THE GREYHOUNDS*

PO BOX 129 PEASTER, TX 76485

3602 HARWELL LAKE ROAD

817-341-5000 817-868-6560 FAX PEASTER.NET

2525-01 Material Weakness in Internal Control Over Financial Reporting

Responsible Parties:

Mayra Molina

District Phone Number: 817-341-5000

Corrective Action Plan:

Peaster ISD has strengthened its internal controls over financial reporting and the reconciliation process. The District has updated procedures to ensure the timely and accurate completion of bank reconciliations and related financial reporting.

Effective July 1st, 2025, Peaster ISD entered into a contract with Education Service Center Region 11 to perform monthly bank reconciliation and assist with financial reporting. Mayra Molina will serve as the secondary reviewer and approver, with specific oversight of grant activity and interfund receivables. The contract with ESC Region 11 will continue through the 26-27 SY.

The District will also require the reconciliation and supporting documents be retained for audit review.

Estimated Completion Date: May 2026

**PEASTER INDEPENDENT SCHOOL DISTRICT**

**Exhibit K-1**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2025

(1) Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	(2) Federal ALN	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
<b>CHILD NUTRITION CLUSTER:</b>			
<u>U. S. Department of Agriculture</u>			
Passed Through State Department of Education:			
School Breakfast Program	10.553	71402501	\$ 73,539
National School Lunch Program	10.555	71302501	269,037
Total Passed Through State Department of Education			342,576
Passed Through Texas Department of Agriculture:			
School Breakfast Program	10.553	NT4XL1YGLGC5	679
Commodity Supplemental Food Program (Non-cash)	10.555	NT4XL1YGLGC5	55,930
Total Passed Through Texas Department of Agriculture			56,609
Total U.S. Department of Agriculture			399,185
Total Child Nutrition Cluster			399,185
<b>SPECIAL EDUCATION (IDEA) CLUSTER:</b>			
<u>U. S. Department of Education</u>			
Passed Through State Department of Education:			
SSA IDEA-Part B, Discretionary Deaf	84.027	25660011849086673	80,908
SSA IDEA-Part B, Formula	84.027	246600011849086600	30,554
SSA IDEA-Part B, Formula	84.027	256600011849086600	870,858
Total ALN 84.027			982,320
SSA IDEA-Part B, Preschool	84.173	246610011849086610	401
SSA IDEA-Part B, Preschool	84.173	256610011849086610	12,959
Total ALN 84.173			13,360
Total Passed Through State Department of Education			995,680
Total U. S. Department of Education			995,680
Total Special Education (IDEA) Cluster			995,680
<b>OTHER PROGRAMS:</b>			
<u>U.S. Department of Agriculture</u>			
Passed Through Texas Department of Agriculture:			
Local Food for Schools	10.185	NT4XL1YGLGC5	37,385
Total Passed Through Texas Department of Agriculture			37,385
Total U.S. Department of Agriculture			37,385
<u>U. S. Department of Education</u>			
Passed Through State Department of Education:			
ESEA Title I Part A - Improving Basic Programs	84.010A	24610101184908	28,962
ESEA Title I Part A - Improving Basic Programs	84.010A	25610101184908	148,987
Total ALN 84.010A			177,949
ESEA Title II, Part A, Teacher & Principal Training & Recruiting	84.367A	24694501184908	8,298
ESEA Title II, Part A, Teacher & Principal Training & Recruiting	84.367A	25694501184908	24,486
Total ALN 84.367A			32,784
Title IV, Part A, Subpart 1	84.424	25680101184908	17,242
Total Passed Through State Department of Education			227,975
Total U. S. Department of Education			227,975
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,660,225

**PEASTER INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

Basis of Presentation

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

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. These expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Peaster Independent School District has elected not to use the 10-percent *de minimis indirect cost rate* allowed under the Uniform Guidance.

Reconciliation

The following table reconciles expenditures per the Schedule of Expenditures of Federal Awards to the federal program revenues per the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds:

Federal Program Revenues	\$	1,660,304
Less:		
SHARS		(79)
Total Expenditures of Federal Awards	\$	<u><u>1,660,225</u></u>

**PEASTER INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT L-1**

SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS  
AS OF JUNE 30, 2025

Data Control Codes		Responses
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments.)	Yes
	Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued.	
	Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	Yes
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year-end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end	\$ 531,537