

A L E D O

Independent School District



Annual Financial Report

For the fiscal year ended
August 31, 2025

Aledo Independent School District

Annual Financial Report

For the fiscal year ended
August 31, 2025



Prepared by:
Aledo ISD Business Office

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ALEDO INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2025

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CERTIFICATE OF THE BOARD

Aledo Independent School District
Name of School District

Parker
County

184-907
Co. - Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) approved ___ disapproved for the year ended August 31, 2025, at a meeting of the board of trustees of such school district on the 20th day of January, 2026.



Signature of Board Secretary



Signature of Board President

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

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees of
Aledo Independent School District
Aledo, Texas

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying 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 the District, as of August 31, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter – Change of Accounting Principle

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

OFFICE LOCATIONS

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The combining statements and required TEA schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and required TEA schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

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

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

Waco, Texas
January 20, 2026

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Aledo Independent School District (the "District"), we offer this narrative overview and analysis of the financial activities of the District for the fiscal year ended August 31, 2025. Please read this narrative in conjunction with the independent auditor's report and the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$39,284,500 (*deficit net position*).
- The District's net position increased by \$13,293,691 as a result of this year's operations and a change in accounting principle, which was an increase of approximately 25%.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$73,407,124, a decrease of \$9,447,592 in comparison with the prior year. This decrease is primarily due to significant capital spending in the current year.
- The General Fund ended the year with a fund balance of \$28,733,089, an increase of \$5,023,450 from prior year.
- The resources available for appropriation were \$3,711,262 more than budgeted for the General Fund, largely due to the changes in local and state revenues estimated to be allocated to the district.
- The total cost of the District's programs in governmental activities was \$115,581,746, compared to the previous year's cost of \$125,379,870, a decrease of \$9,798,124.

OVERVIEW OF THE FINANCIAL STATEMENTS

The table below summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each statement.

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

Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short-term, as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for tax levies and the appropriations budget. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee.

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

The combining statements for nonmajor funds are presented immediately following the required supplementary information and contain even more information about the District's individual funds. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that provides a budgetary schedule for the General Fund. The sections labeled TEA Required Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies.

Type of Statements	Government-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the district that are not proprietary or fiduciary	Instances in which the district is the trustee or agent for someone else's resources
Required Financial Statements	Statement of net position, Statement of activities	Balance sheet, Statement of revenues, expenditures & changes in fund balance	Statement of fiduciary net position, Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
Type of deferred outflows/inflows	A consumption or acquisition of net position applicable to a future period	A consumption or acquisition of fund balance applicable to a future period	A consumption or acquisition of net position applicable to a future period
Type of inflows/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins with the statement of net position and statement of activities. Their primary objective is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets, deferred outflows (inflows) of resources and liabilities while the Statement of Activities includes all the revenue and expenses generated by the District's operations during the year. These apply the accrual basis of accounting, which is the same method used by most private sector companies.

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

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

In the Statement of Net Position and the Statement of Activities, the District has two kinds of activity:

Governmental Activities – All of the District's basic services are reported here, including instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.

Business-type Activities – All of the District's enterprise activities are reported here, including the Pre-K Academy, Bearcat Store, and Stadium/Gym Advertising.

Reporting the District's Most Significant Funds

Fund Financial Statements

The Fund financial statements begin on page 16 and provide detailed information about the most significant funds – not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under ESEA Title I from the U. S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District has three fund types – governmental, proprietary, and fiduciary.

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

Proprietary Funds – Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. As mentioned above in the government-wide definition, the District uses the business-type activities or Enterprise Funds to report activities for the District's Pre-K Academy, Bearcat Store, and Stadium/Gym Advertising.

Fiduciary Funds – The District is the trustee, or fiduciary, for money raised by student activities and scholarships. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position. We exclude these resources from the District's other financial statements because the District cannot use them to support its operations.

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.

Required Supplementary Information

The required supplementary information includes budgetary comparison information and pension and other postemployment benefits (OPEB) information.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$39,284,500 at the close of the most recent fiscal year.

TABLE 1
CONDENSED SCHEDULE OF NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
ASSETS						
Current and other assets	\$ 86,552,991	\$ 100,799,062	\$ 262,887	\$ 135,054	\$ 86,815,878	\$ 100,934,116
Capital assets	<u>317,142,165</u>	<u>305,630,247</u>	<u>-</u>	<u>-</u>	<u>317,142,165</u>	<u>305,630,247</u>
Total assets	<u>403,695,156</u>	<u>406,429,309</u>	<u>262,887</u>	<u>135,054</u>	<u>403,958,043</u>	<u>406,564,363</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charges for refunding Pension/OPEB related	5,936,192	7,000,078	-	-	5,936,192	7,000,078
	<u>19,919,846</u>	<u>23,775,803</u>	<u>-</u>	<u>-</u>	<u>19,919,846</u>	<u>23,775,803</u>
Total deferred outflows of resources	<u>25,856,038</u>	<u>30,775,881</u>	<u>-</u>	<u>-</u>	<u>25,856,038</u>	<u>30,775,881</u>
LIABILITIES						
Long-term liabilities	442,566,553	454,617,203	-	-	442,566,553	454,617,203
Other liabilities	<u>13,151,793</u>	<u>17,912,309</u>	<u>38,435</u>	<u>11,526</u>	<u>13,190,228</u>	<u>17,923,835</u>
Total liabilities	<u>455,718,346</u>	<u>472,529,512</u>	<u>38,435</u>	<u>11,526</u>	<u>455,756,781</u>	<u>472,541,038</u>
DEFERRED INFLOWS OF RESOURCES						
Pension/OPEB related	<u>13,341,800</u>	<u>17,377,397</u>	<u>-</u>	<u>-</u>	<u>13,341,800</u>	<u>17,377,397</u>
NET POSITION						
Net investment in capital assets	16,926,411	(12,075,422)	-	-	16,926,411	(12,075,422)
Restricted	7,441,584	7,212,557	-	-	7,441,584	7,212,557
Unrestricted	<u>(63,876,947)</u>	<u>(47,838,854)</u>	<u>224,452</u>	<u>123,528</u>	<u>(63,652,495)</u>	<u>(47,715,326)</u>
Total net position	<u>\$(39,508,952)</u>	<u>\$(52,701,719)</u>	<u>\$ 224,452</u>	<u>\$ 123,528</u>	<u>\$(39,284,500)</u>	<u>\$(52,578,191)</u>

A large portion of the District's deficit net position, \$16,926,411, reflects the District's net investment in capital assets (e.g., land, buildings, furniture and equipment, and accumulated depreciation), less any related debt used to acquire those assets that is still outstanding. 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, \$7,441,584, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, (\$63,652,495), is a deficit. This is not an indication that the District has insufficient resources available to meet financial obligations next year, but rather the result of having long-term commitments that are more than currently available resources.

At the end of the current fiscal year, the District reported a positive balance in net investment in capital assets compared to a deficit in the prior year. Unrestricted net position is still a deficit.

The prior year balances in the table above have not been restated for the change in accounting principle.

TABLE 2
CONDENSED SCHEDULE OF CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
REVENUES						
Program revenues:						
Charges for services	\$ 5,718,277	\$ 5,089,393	\$ 1,038,856	\$ 932,948	\$ 6,757,133	\$ 6,022,341
Operating grants and contributions	9,480,908	13,178,966	-	-	9,480,908	13,178,966
Capital grants and contributions	6,046,140	-	-	-	6,046,140	-
General revenues:						
Maintenance and operations taxes	48,190,208	44,613,377	-	-	48,190,208	44,613,377
Debt service taxes	28,689,585	26,466,187	-	-	28,689,585	26,466,187
State aid - formula grants	31,159,188	28,544,932	-	-	31,159,188	28,544,932
Grants and contributions not restricted	136,825	206,142	-	-	136,825	206,142
Investment earnings	4,354,175	7,676,876	-	-	4,354,175	7,676,876
Miscellaneous local & intermediate revenue	318,815	217,939	-	-	318,815	217,939
Transfers	-	(66,499)	-	66,499	-	-
Total revenues	<u>134,094,121</u>	<u>125,927,313</u>	<u>1,038,856</u>	<u>999,447</u>	<u>135,132,977</u>	<u>126,926,760</u>
EXPENSES						
Instruction	56,357,384	62,856,821	-	-	56,357,384	62,856,821
Instructional resources and media services	799,137	931,760	-	-	799,137	931,760
Curriculum and staff development	807,774	910,749	-	-	807,774	910,749
Instructional leadership	987,290	993,122	-	-	987,290	993,122
School leadership	4,936,776	5,055,434	-	-	4,936,776	5,055,434
Guidance, counseling, and evaluation services	3,665,700	3,933,993	-	-	3,665,700	3,933,993
Health services	769,359	832,364	-	-	769,359	832,364
Student (pupil) transportation	4,335,458	4,549,620	-	-	4,335,458	4,549,620
Food service	4,430,704	4,242,655	-	-	4,430,704	4,242,655
Extracurricular activities	3,722,537	3,767,676	-	-	3,722,537	3,767,676
General administration	3,330,408	3,715,153	-	-	3,330,408	3,715,153
Facilities maintenance and operations	10,708,631	10,774,574	-	-	10,708,631	10,774,574
Security and monitoring services	1,478,376	3,379,205	-	-	1,478,376	3,379,205
Data processing services	2,878,101	2,762,499	-	-	2,878,101	2,762,499
Community services	37,517	81,062	-	-	37,517	81,062
Debt Service	14,553,554	14,958,462	-	-	14,553,554	14,958,462
Contracted instructional services between schools	859,115	716,726	-	-	859,115	716,726
Other intergovernmental charges	923,925	917,995	-	-	923,925	917,995
Aledo ISD Pre-K Academy	-	-	800,349	810,426	800,349	810,426
Aledo ISD Bearcat Store	-	-	85,531	125,310	85,531	125,310
Stadium/gym advertising	-	-	52,052	59,829	52,052	59,829
Total expenses	<u>115,581,746</u>	<u>125,379,870</u>	<u>937,932</u>	<u>995,565</u>	<u>116,519,678</u>	<u>126,375,435</u>
CHANGE IN NET POSITION	18,512,375	547,443	100,924	3,882	18,613,299	551,325
NET POSITION, BEGINNING	<u>(52,701,719)</u>	<u>(64,334,355)</u>	<u>123,528</u>	<u>119,646</u>	<u>(52,578,191)</u>	<u>(64,214,709)</u>
CHANGE IN ACCOUNTING PRINCIPLE	<u>(5,319,608)</u>	<u>11,085,193</u>	<u>-</u>	<u>-</u>	<u>(5,319,608)</u>	<u>11,085,193</u>
NET POSITION, ENDING	<u>\$ (39,508,952)</u>	<u>\$ (52,701,719)</u>	<u>\$ 224,452</u>	<u>\$ 123,528</u>	<u>\$ (39,284,500)</u>	<u>\$ (52,578,191)</u>

The District's net position increased by \$13,293,691 from the prior fiscal year. This change is primarily due to increased capital grants and property tax revenues.

The prior year balances in the table above have not been restated for the change in accounting principle.

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

General Fund revenue increased \$6,766,357 from the prior year due to changes to state funding based on increased student attendance, and an increase in the value of taxable property. General Fund expenditures decreased by \$624,474 due primarily to decreases in payroll costs and other cost cutting measures across the board. Facilities maintenance and operations costs went up due to contracted services budget at the beginning of the school year. The net increase to fund balance was \$5,023,450.

The Debt Service Fund had an increase in revenue of \$2,460,883 from the previous year due to increased value of taxable property. There was an increase of \$2,966,264 in expenditures from the previous year due to debt obligations. The net increase to fund balance was \$591,788.

The Capital Projects Fund had a decrease in revenue of \$3,260,910. Expenditures in the Capital Projects Fund decreased by \$55,770,439, primarily due to decreased spending on multiple capital projects in progress. The net decrease to fund balance was \$14,770,455, caused by significant capital spending.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Board of Trustees revised the District's budget several times. These budget amendments fall into three categories:

- 1) Amendments and supplemental appropriations that were approved shortly after the beginning of the year and reflect the actual beginning balances (versus the amounts we originally estimated).
- 2) Amendments to reflect unanticipated costs when developing the original budget. This type of amendment added \$1,820,000 to the original budget.
- 3) Amendments to move funds from programs that did not need all the resources originally appropriated to programs with resource needs.

The District's actual General Fund balance of \$28,733,089 differs from the General Fund's budgetary fund balance of \$22,948,550. The difference is primarily due to actual state revenue exceeding budgeted state revenues by \$3,504,594 and actual expenditures being less than budgeted expenditures by \$1,985,697.

FUND BALANCES

Fund balance is the accumulated excess of revenues over expenditures during the life of a school District. At any given point, the amount in fund balance represents the difference between governmental fund assets and liabilities. Although fund balance may change drastically during the business cycle of a school District, the standard measuring point is at the fiscal year end.

The amount maintained in fund balance is critical. First, such balances indicate financial stability. This is especially important when the District issues bonds. Second, by maintaining this balance at August 31, operations can continue without requiring debt until state funds and taxes are received. State funds are generally received in the first three and last five months of the fiscal year. Local property taxes are received primarily from early October through the end of January. The Appraisal District mails tax statements in early October.

The District records five types of fund balance categories. The non-spendable portion of General fund balance may be comprised of inventories and prepaid items that cannot be converted to cash and spent. Restricted fund balance is the amount that is restricted to a specific purpose. The constraint on the use of these funds is externally imposed by creditors, grantors, contributors, laws and regulations. Committed fund balance is the amount that can only be used for specific purposes that the Board of Trustees determines through formal action. Assigned fund balance is the amount that the District intends to use on a specific purpose. The Superintendent or designee has the authority to assign fund balance and does not need formal board approval. The remaining fund balance is unassigned and may be used for any purpose without constraints.

The General Fund unassigned fund balance of \$24,244,009 is equivalent to approximately 3.5 months of expenditures. A shortfall in unassigned fund balance could increase the likelihood that the District would be required to enter the short-term debt market to pay for current operating expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's investments in capital assets for its governmental activities at the end of this fiscal year amount to \$317,142,165 (net of accumulated depreciation) for a net increase of \$11,511,918 from last year. This investment in capital assets includes land, buildings and improvements, furniture and equipment.

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

	Governmental Activities	
	2025	2024
Land	\$ 21,659,186	\$ 15,609,046
Construction in progress	-	7,877,034
Buildings and improvements	385,976,836	365,277,092
Furniture and equipment	47,625,359	43,758,117
Less depreciation	<u>(138,119,216)</u>	<u>(126,891,042)</u>
Totals	<u>\$ 317,142,165</u>	<u>\$ 305,630,247</u>

Debt

At year-end, the District had \$396,653,781 in long-term debt for a net decrease of \$18,291,873, primarily due to current year debt service payments.

	Governmental Activities	
	2025	2024
Bonds payable	\$ 356,288,000	\$ 372,659,929
Accreted interest	5,977,463	6,209,710
Unamortized premium/(discount)	<u>34,388,318</u>	<u>36,076,015</u>
Total bonds payable	<u>\$ 396,653,781</u>	<u>\$ 414,945,654</u>

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

- The District’s 2024-2025 student attendance rate increased to 95.84% from 95.41% in 2023-2024. Although there was an increase in the student attendance rate, attendance rates have not returned to the levels the District experienced prior to the COVID-19 pandemic.
- The District’s 2024-2025 student enrollment growth was 269 students, a 3.30% increase.
- The 2024 certified taxable value of all property in the District was \$6,867,156,827, an increase in value of \$566.77 million, or 9.00%, from the 2023 certified taxable value. As 2024 was not a re-appraisal year, all of this tax value increase was attributable to new construction and/or development.
- Following is the outlook for the 2025-2026 fiscal year:
 - The continued uncertainty to district operations created by the changes in student attendance patterns as a result of the COVID-19 pandemic, as well as minimal discretionary additional funding from the Texas Legislature, led the District to be conservative with the budget assumptions and/or projections used for the development of the District’s 2025-2026 budget. For instance, the projected average daily attendance was reduced because of the changes with student attendance trends the District has experienced and the slowdown in new housing construction in the District.
 - The most recent demographic projection of student enrollment growth (low growth scenario) forecasts an additional 263 students, a 3.12% increase from the Fall 2024 PEIMS submission.

- The 2025 certified taxable value of all property in the District was \$7,166,590,487, an increase in value of \$299.43 million, or 4.36% from the 2024 certified value. As 2025 was a re-appraisal year, approximately 50% of this tax value increase was attributable to new construction and/or development with the remaining 50% increase attributable to re-appraisal of existing property. The 89th Texas Legislature passed legislation to provide property tax relief to Texas taxpayers. Senate Bill 4 (SB4) increased the state-mandated school district general homestead exemption from \$100,000 to \$140,000 and Senate Bill 23 (SB23) increased the exemption for persons 65 or older or disabled from \$10,000 to \$60,000. Voters approved both of the related constitutional amendments in the November 4, 2025, election. These legislative actions led to reductions in the 2025 certified taxable values.
- The 2025-2026 Maintenance and Operations tax rate was adopted at \$0.7442 per \$100 valuation, a decrease of \$0.0110 from the 2024-2025 rate of \$0.7552. The 2025-2026 Debt Service tax rate remained unchanged at \$0.4500 per \$100 valuation. The District's 2025-2026 total tax rate is \$1.1942 per \$100 valuation.
- Due to the increase in certified taxable property value, 2025-2026 budgeted current year local tax revenues in the General Fund increased by \$1,936,885 to \$50,026,242. Budgeted state revenues and other revenue resources increased to \$41,662,079 primarily because of the public school finance changes passed by the 89th Texas Legislature and projected student enrollment growth. This results in total 2025-2026 budgeted General Fund revenues of \$91,688,321 with General Fund appropriations budgeted at \$91,499,486. The increase in General Fund appropriations is primarily attributable to the costs associated with the general pay increase provided to district employees, additional staff positions, and increased costs for utilities and custodial services and grounds services.
- Due to the increase in taxable property value, while maintaining the same Debt Service tax rate, 2025-2026 budgeted local revenues in the Debt Service Fund increased to \$31,220,922 while budgeted state revenues decreased to \$2,556,243. Budgeted Debt Service Fund appropriations increased to \$33,777,165. The fund balance in the Debt Service Fund is projected to remain stable at \$5,740,031.
- Due to the increase in the District's certified property taxable value and scheduled debt service requirements, the District called for redemption prior to maturity \$10,120,000 of Aledo ISD Unlimited Tax Refunding Bonds Series 2016. This amount is included in the 2025-2026 Debt Service Fund budgeted appropriation amount stated in the item above. This redemption prior to maturity will save the District and its taxpayers \$7,890,250 in future interest costs.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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 Business Office, at Aledo ISD, 1008 Bailey Ranch Road, Aledo, Texas 76008.

BASIC FINANCIAL STATEMENTS

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ALEDO INDEPENDENT SCHOOL DISTRICT

EXHIBIT A-1

STATEMENT OF NET POSITION

AUGUST 31, 2025

Data Control Codes	Primary Government			
	1 Governmental Activities	2 Business-type Activities	3 Total	
ASSETS				
1110	Cash and cash equivalents	\$ 80,750,018	\$ 240,600	\$ 80,990,618
1220	Property taxes receivable (delinquent)	1,255,830	-	1,255,830
1230	Allowance for uncollectible taxes	(641,512)	-	(641,512)
1240	Due from other governments	4,828,128	-	4,828,128
1290	Other receivables	28,894	-	28,894
1300	Inventories	142,553	22,287	164,840
1410	Prepaid items	189,080	-	189,080
Capital assets:				
1510	Land	21,659,186	-	21,659,186
1520	Buildings and improvements, net	269,530,191	-	269,530,191
1530	Furniture and equipment, net	25,952,788	-	25,952,788
1000	Total assets	<u>403,695,156</u>	<u>262,887</u>	<u>403,958,043</u>
DEFERRED OUTFLOWS OF RESOURCES				
1701	Deferred charge for refunding	5,936,192	-	5,936,192
1705	Deferred outflows related to NPL	8,044,726	-	8,044,726
1706	Deferred outflows related to OPEB	11,875,120	-	11,875,120
1700	Total deferred outflows of resources	<u>25,856,038</u>	<u>-</u>	<u>25,856,038</u>
LIABILITIES				
2110	Accounts payable	2,987,064	38,435	3,025,499
2140	Interest payable	620,244	-	620,244
2150	Payroll deductions and withholding payable	660,983	-	660,983
2160	Accrued wages payable	4,922,052	-	4,922,052
2180	Due to other governments	3,700,099	-	3,700,099
2200	Accrued expenses	109,715	-	109,715
2300	Unearned revenue	151,636	-	151,636
Noncurrent liabilities:				
2501	Due within one year			
	Long-term debt, compensated absences	12,811,926	-	12,811,926
2502	Due in more than one year			
	Long-term debt, compensated absences	388,681,445	-	388,681,445
2540	Net pension liability	25,414,712	-	25,414,712
2545	Net OPEB liability	15,658,470	-	15,658,470
2000	Total liabilities	<u>455,718,346</u>	<u>38,435</u>	<u>455,756,781</u>
DEFERRED INFLOWS OF RESOURCES				
2605	Deferred inflows related to NPL	374,349	-	374,349
2606	Deferred inflows related to OPEB	12,967,451	-	12,967,451
2600	Total deferred inflows of resources	<u>13,341,800</u>	<u>-</u>	<u>13,341,800</u>
NET POSITION				
3200	Net investment in capital assets	16,926,411	-	16,926,411
Restricted:				
3820	Federal and state programs	1,333,863	-	1,333,863
3850	Debt service	6,107,721	-	6,107,721
3900	Unrestricted	(63,876,947)	224,452	(63,652,495)
3000	Total net position	<u>\$ (39,508,952)</u>	<u>\$ 224,452</u>	<u>\$ (39,284,500)</u>

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

ALEDO INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes	Functions/Programs	1 Expenses	Program Revenues	
			3 Charges for Services	4 Operating Grants and Contributions
Primary government:				
Governmental activities:				
11	Instruction	\$ 56,357,384	\$ 1,337,669	\$ 2,310,704
12	Instructional resources and media services	799,137	-	20,923
13	Curriculum and staff development	807,774	-	145,079
21	Instructional leadership	987,290	-	30,193
23	School leadership	4,936,776	-	134,333
31	Guidance, counseling, and evaluation services	3,665,700	-	1,179,173
33	Health services	769,359	-	20,830
34	Student (pupil) transportation	4,335,458	-	85,227
35	Food service	4,430,704	3,082,637	1,235,552
36	Extracurricular activities	3,722,537	932,628	48,360
41	General administration	3,330,408	-	244,910
51	Facilities maintenance and operations	10,708,631	365,343	38,544
52	Security and monitoring services	1,478,376	-	799,037
53	Data processing services	2,878,101	-	37,703
61	Community services	37,517	-	27,051
72	Debt Service - interest on long-term debt	14,553,554	-	3,123,289
91	Contracted instructional services between schools	859,115	-	-
99	Other intergovernmental charges	923,925	-	-
TG	Total governmental activities	<u>115,581,746</u>	<u>5,718,277</u>	<u>9,480,908</u>
Business-type activities:				
01	Aledo ISD Pre-K Academy	800,349	826,441	-
02	Aledo ISD Bearcat Store	85,531	88,831	-
04	Stadium/gym advertising	52,052	123,584	-
TB	Total business-type activities	<u>937,932</u>	<u>1,038,856</u>	<u>-</u>
TP	Total primary government	<u>\$ 116,519,678</u>	<u>\$ 6,757,133</u>	<u>\$ 9,480,908</u>
General revenues:				
Taxes:				
MT	Property taxes, levied for general purposes			
DT	Property taxes, levied for debt service			
SF	State aid - formula grants			
GC	Grants and contributions not restricted			
IE	Investment earnings			
MI	Miscellaneous local and intermediate revenue			
TR	Total general revenues and transfers			
CN	Change in net position			
NB	Net position, beginning			
PA	Change in accounting principle			
NB	Net position, beginning, restated			
NE	Net position, ending			

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

Program Revenues	Net (Expense) Revenue and Changes in Net Position			
	5	6	7	8
Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
\$ 6,046,140	\$ (46,662,871)	\$ -	\$ (46,662,871)	
-	(778,214)	-	(778,214)	
-	(662,695)	-	(662,695)	
-	(957,097)	-	(957,097)	
-	(4,802,443)	-	(4,802,443)	
-	(2,486,527)	-	(2,486,527)	
-	(748,529)	-	(748,529)	
-	(4,250,231)	-	(4,250,231)	
-	(112,515)	-	(112,515)	
-	(2,741,549)	-	(2,741,549)	
-	(3,085,498)	-	(3,085,498)	
-	(10,304,744)	-	(10,304,744)	
-	(679,339)	-	(679,339)	
-	(2,840,398)	-	(2,840,398)	
-	(10,466)	-	(10,466)	
-	(11,430,265)	-	(11,430,265)	
-	(859,115)	-	(859,115)	
-	(923,925)	-	(923,925)	
<u>6,046,140</u>	<u>(94,336,421)</u>	<u>-</u>	<u>(94,336,421)</u>	
-	-	26,092	26,092	
-	-	3,300	3,300	
-	-	71,532	71,532	
-	-	100,924	100,924	
<u>\$ 6,046,140</u>	<u>(94,336,421)</u>	<u>100,924</u>	<u>(94,235,497)</u>	
	48,190,208	-	48,190,208	
	28,689,585	-	28,689,585	
	31,159,188	-	31,159,188	
	136,825	-	136,825	
	4,354,175	-	4,354,175	
	318,815	-	318,815	
	<u>112,848,796</u>	<u>-</u>	<u>112,848,796</u>	
	18,512,375	100,924	18,613,299	
	(52,701,719)	123,528	(52,578,191)	
	(5,319,608)	-	(5,319,608)	
	<u>(58,021,327)</u>	<u>123,528</u>	<u>(57,897,799)</u>	
	<u>\$ (39,508,952)</u>	<u>\$ 224,452</u>	<u>\$ (39,284,500)</u>	

ALEDO INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS

AUGUST 31, 2025

Data Control Codes		10 <u>General Fund</u>	50 <u>Debt Service</u>
	ASSETS		
1110	Cash and cash equivalents	\$ 34,159,653	\$ 6,400,384
1220	Property taxes - delinquent	837,176	418,654
1230	Allowance for uncollectible taxes	(441,030)	(200,482)
1240	Due from other governments	2,564,238	-
1260	Due from other funds	1,939,370	-
1290	Other receivables	28,894	-
1300	Inventories	-	-
1410	Prepays	189,080	-
1000	Total assets	<u>39,277,381</u>	<u>6,618,556</u>
	LIABILITIES		
2110	Accounts payable	916,989	-
2150	Payroll deductions and withholdings payable	660,983	-
2160	Accrued wages payable	4,684,195	-
2170	Due to other funds	-	-
2180	Due to other governments	3,631,291	68,565
2200	Accrued expenditures	103,052	-
2300	Unearned revenue	151,636	-
2000	Total liabilities	<u>10,148,146</u>	<u>68,565</u>
	DEFERRED INFLOWS OF RESOURCES		
2601	Unavailable revenue - property taxes	396,146	218,172
2600	Total deferred inflows of resources	<u>396,146</u>	<u>218,172</u>
	FUND BALANCES		
	Nonspendable:		
3410	Inventories	-	-
3430	Prepaid items	189,080	-
	Restricted for:		
3450	Federal or state funds	-	-
3470	Capital acquisition and contractual obligation	-	-
3480	Retirement of long-term debt	-	6,331,819
3545	Committed for campus activities	-	-
3570	Assigned for expenditures for equipment	2,800,000	-
3590	Assigned for deductible for property coverage	1,500,000	-
3600	Unassigned fund balance	24,244,009	-
3000	Total fund balances	<u>28,733,089</u>	<u>6,331,819</u>
4000	Total liabilities, deferred inflows of resources and fund balances	<u>\$ 39,277,381</u>	<u>\$ 6,618,556</u>

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

60		98
Capital Projects	Other Funds	Total Governmental Funds
\$ 37,771,077	\$ 2,418,904	\$ 80,750,018
-	-	1,255,830
-	-	(641,512)
44,833	2,219,057	4,828,128
5,087	-	1,944,457
-	-	28,894
-	142,553	142,553
-	-	189,080
<u>37,820,997</u>	<u>4,780,514</u>	<u>88,497,448</u>
1,636,643	433,432	2,987,064
-	-	660,983
-	237,857	4,922,052
-	1,944,457	1,944,457
-	243	3,700,099
-	6,663	109,715
-	-	151,636
<u>1,636,643</u>	<u>2,622,652</u>	<u>14,476,006</u>
-	-	614,318
-	-	614,318
-	142,553	142,553
-	-	189,080
-	1,333,863	1,333,863
36,184,354	-	36,184,354
-	-	6,331,819
-	681,446	681,446
-	-	2,800,000
-	-	1,500,000
-	-	24,244,009
<u>36,184,354</u>	<u>2,157,862</u>	<u>73,407,124</u>
<u>\$ 37,820,997</u>	<u>\$ 4,780,514</u>	<u>\$ 88,497,448</u>

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ALEDO INDEPENDENT SCHOOL DISTRICT

EXHIBIT C-2

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

AUGUST 31, 2025

Total fund balances - governmental funds	\$ 73,407,124
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.	317,142,165
2 Uncollected property taxes and penalties and interest are reported as deferred inflows in the governmental funds balance sheet, but are recognized as revenue in the statement of activities.	614,318
3 Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Losses on refunding of bonds and the premium on issuance of bonds payable are netted against the long-term liabilities in the statement of net position.	(395,557,179)
4 Interest payable is not due and payable in the current period and, therefore is not reported as a liability in the governmental funds.	(620,244)
5 Included in the items related to debt is the recognition of the District's proportionate share of net pension liability required by GASB 68. The net position related to TRS included a deferred resource outflow in the amount of \$8,044,726, a deferred resource inflow in the amount of \$374,349, and a net pension liability in the amount of \$25,414,712. This resulted in a decrease in net position.	(17,744,335)
6 Included in the items related to debt is the recognition of the District's proportionate share of net OPEB liability required by GASB 75. The net position related to TRS included a deferred resource outflow in the amount of \$11,875,120, a deferred resource inflow in the amount of \$12,967,451, and a net OPEB liability in the amount of \$15,658,470. This resulted in a decrease in net position.	<u>(16,750,801)</u>
29 Net position of governmental activities	<u>\$ (39,508,952)</u>

ALEDO INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes		10 <u>General Fund</u>	50 <u>Debt Service</u>
	REVENUES		
5700	Local and intermediate sources	\$ 51,770,083	\$ 29,362,443
5800	State program revenues	35,610,418	3,123,289
5900	Federal program revenues	<u>88,942</u>	<u>-</u>
5020	Total revenues	<u>87,469,443</u>	<u>32,485,732</u>
	EXPENDITURES		
	Current:		
0011	Instruction	47,040,608	-
0012	Instructional resources and media services	747,756	-
0013	Curriculum and instructional staff development	577,804	-
0021	Instructional leadership	954,379	-
0023	School leadership	4,549,242	-
0031	Guidance, counseling, and evaluation services	2,545,867	-
0033	Health services	780,710	-
0034	Student (pupil) transportation	3,677,936	-
0035	Food service	141,354	-
0036	Extracurricular activities	3,409,182	-
0041	General administration	3,343,555	-
0051	Facilities maintenance and operations	10,369,239	-
0052	Security and monitoring services	694,012	-
0053	Data processing services	1,840,484	-
0061	Community services	58,361	-
	Debt Service:		
0071	Principal on long-term debt	-	17,180,000
0072	Interest on long-term debt	-	14,703,576
0073	Bond issuance cost and fees	-	10,368
	Capital Outlay:		
0081	Facilities acquisition and construction	35,544	-
	Intergovernmental:		
0091	Contracted instructional services between schools	859,115	-
0099	Other intergovernmental	<u>923,925</u>	<u>-</u>
6030	Total expenditures	<u>82,549,073</u>	<u>31,893,944</u>
1100	EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,920,370	591,788
	OTHER FINANCING SOURCES (USES)		
7912	Sale of capital assets	<u>103,080</u>	<u>-</u>
7080	Total other financing sources (uses)	<u>103,080</u>	<u>-</u>
1200	NET CHANGE IN FUND BALANCES	5,023,450	591,788
0100	FUND BALANCES, BEGINNING	<u>23,709,639</u>	<u>5,740,031</u>
3000	FUND BALANCES, ENDING	<u>\$ 28,733,089</u>	<u>\$ 6,331,819</u>

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

60	98	98
Capital Projects	Other Funds	Total Governmental Funds
\$ 2,128,246	\$ 4,194,399	\$ 87,455,171
-	1,396,591	40,130,298
-	2,808,870	2,897,812
<u>2,128,246</u>	<u>8,399,860</u>	<u>130,483,281</u>
434,983	1,762,028	49,237,619
-	40,316	788,072
-	186,996	764,800
-	46,609	1,000,988
-	-	4,549,242
-	1,115,418	3,661,285
-	-	780,710
1,972,192	1,705	5,651,833
-	4,705,371	4,846,725
-	23,128	3,432,310
-	11,407	3,354,962
759,262	-	11,128,501
55,174	798,671	1,547,857
714,399	-	2,554,883
-	586	58,947
-	-	17,180,000
-	-	14,703,576
-	-	10,368
12,962,691	-	12,998,235
-	-	859,115
-	-	923,925
<u>16,898,701</u>	<u>8,692,235</u>	<u>140,033,953</u>
(14,770,455)	(292,375)	(9,550,672)
-	-	103,080
-	-	103,080
(14,770,455)	(292,375)	(9,447,592)
<u>50,954,809</u>	<u>2,450,237</u>	<u>82,854,716</u>
<u>\$ 36,184,354</u>	<u>\$ 2,157,862</u>	<u>\$ 73,407,124</u>

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RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2025

Net change in fund balances - total governmental funds	\$ (9,447,592)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful life as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	11,511,918
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	(150,366)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in treatment of long-term debt and related items.	17,820,408
GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$2,256,234. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in the change in net position totaling \$2,324,149. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by \$2,122,356 The net result is a decrease in the change in net position.	(2,190,271)
GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$395,551. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in OPEB pension liability. This caused a decrease in the change in net position totaling \$463,993. Finally, the proportionate share of the TRS OPEB expense on the plan as a whole had to be recorded. The net OPEB expense increased the change in net position by \$1,036,720. The net result is an increase in the change in net position.	<u>968,278</u>
Change in net position of governmental activities	<u>\$ 18,512,375</u>

ALEDO INDEPENDENT SCHOOL DISTRICT

EXHIBIT D-1

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

AUGUST 31, 2025

	<u>Business-Type Activities Total Enterprise Funds</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 240,600
Inventories	<u>22,287</u>
Total assets	<u>262,887</u>
LIABILITIES	
Current liabilities:	
Accounts payable	<u>38,435</u>
Total liabilities	<u>38,435</u>
NET POSITION	
Unrestricted	<u>224,452</u>
Total net position	<u>\$ 224,452</u>

ALEDO INDEPENDENT SCHOOL DISTRICT

EXHIBIT D-2

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2025

	<u>Business-Type Activities</u>
	Total Enterprise Funds
OPERATING REVENUES	
Local and intermediate sources	\$ 1,022,459
State program revenues	<u>16,397</u>
Total operating revenues	<u>1,038,856</u>
OPERATING EXPENSES	
Payroll costs	747,086
Professional and contracted services	2,782
Supplies and materials	125,298
Other operating costs	<u>62,766</u>
Total operating expenses	<u>937,932</u>
CHANGE IN NET POSITION	100,924
NET POSITION, BEGINNING	<u>123,528</u>
NET POSITION, ENDING	<u>\$ 224,452</u>

ALEDO INDEPENDENT SCHOOL DISTRICT

EXHIBIT D-3

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2025

	Business-Type Activities
	<u>Total Enterprise Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from user charges	\$ 1,038,856
Cash payments to employees for services	(654,450)
Cash payments for suppliers	(222,237)
Cash payments for other operating expenses	<u>(38,362)</u>
Net cash provided (used) by operating activities	<u>123,807</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	<u>123,807</u>
CASH AND CASH EQUIVALENTS, BEGINNING	<u>116,793</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>240,600</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Net operating income (loss)	100,924
Adjustments to reconcile operating income to net cash provided by operating activities:	
(Increase) decrease in inventories	(96,662)
(Increase) decrease in due from other funds	92,636
Increase (decrease) in due to other funds	27,439
Increase (decrease) in accounts payable	<u>(530)</u>
Net cash provided (used) by operations	<u>\$ 123,807</u>

ALEDO INDEPENDENT SCHOOL DISTRICT**EXHIBIT E-1**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

AUGUST 31, 2025

	Private-Purpose Trust Funds	Custodial Fund
ASSETS		
Cash and cash equivalents	\$ 83,541	\$ 792,631
Total assets	<u>83,541</u>	<u>792,631</u>
LIABILITIES		
Accounts payable	-	134,188
Total liabilities	<u>-</u>	<u>134,188</u>
NET POSITION		
Restricted for:		
Scholarships	83,541	-
Student groups	-	658,443
Total net position	<u>\$ 83,541</u>	<u>\$ 658,443</u>

ALEDO INDEPENDENT SCHOOL DISTRICT

EXHIBIT E-2

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2025

	Private-Purpose Trust Funds	Custodial Fund
ADDITIONS		
Contributions, gifts, and donations	\$ 28,328	\$ -
Earnings from temporary deposits	4,394	-
Collections from student groups	<u>-</u>	<u>1,365,949</u>
Total additions	<u>32,722</u>	<u>1,365,949</u>
DEDUCTIONS		
Payments on-behalf of student groups	-	1,426,565
Other deductions	<u>55,675</u>	<u>-</u>
Total deductions	<u>55,675</u>	<u>1,426,565</u>
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	(22,953)	(60,616)
NET POSITION, BEGINNING	<u>106,494</u>	<u>719,059</u>
NET POSITION, ENDING	<u>\$ 83,541</u>	<u>\$ 658,443</u>

ALEDO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Aledo Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. The Board of Trustees (the "Board"), a seven-member group, has governance responsibilities over all activities related to public school 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 and there are no component units included within the District's reporting entity.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by taxes, state foundation funds and intergovernmental revenue. Business-type activities incorporate data from the District's enterprise funds.

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

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

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be *available* when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if it is collectible within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt is reported as other financing sources.

Property taxes, state foundation funds, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. Entitlements are recorded as revenue when all eligibility requirements are met, including any time requirements, and the amount received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the District.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

D. Fund Accounting

The District reports the following major governmental funds:

The **General Fund** is the District's general operating fund. It is used to account for all financial transactions except for those required to be accounted for in another fund. Major revenue sources include local property taxes and state funding under the Foundation School Program. Expenditures include all costs associated with the daily operations of the District except for costs incurred by programs accounted for in other funds. The General Fund is always considered a major fund. The General Fund is a budgeted fund, and any fund balances are considered resources for current and future operations.

The **Debt Service Fund** accounts for the resources accumulated and payments made on long-term general obligation debt of governmental funds. Revenues include collections of general property taxes, state funding under the Instructional Facilities and Existing Debt Allotments, and earnings on investments of the fund. Expenditures of the fund are for the retirement of bonds and payments of interest on the bonded debt. The fund balance represents the amount that is available for the retirement of bonds and payment of interest in the future.

The **Capital Projects Fund**, which is an unbudgeted fund, is used to account for proceeds from sales of bonds and other revenues to be used for authorized construction, renovations, and technology projects/enhancements.

In addition, the District reports the following fund types:

Governmental Funds:

Nonmajor Special Revenue Funds are used to account for specific revenue sources (other than those identified as a major fund) that are restricted or committed to expenditures for specific purposes.

Proprietary Funds:

The nonmajor enterprise Funds are designed to be self-supporting. Revenues are earned mainly from sales of services to the users outside the District.

Fiduciary Funds:

Private-Purpose Trust Funds: This fund is used to account for all trust agreements under which the principal and income benefit a specific school or group of students.

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

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

1. Cash and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the District are reported at fair value, except for the position in investment pools. The District's investments in Pools are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

2. Inventories and Prepaid Items

Except for inventories of food commodities, the District records purchases of supplies and materials as expenditures when purchased. This method is used to avoid administrative costs that are excessive to the benefit gained and where expenditures tend to be equalized over a period of years. Inventories of food commodities used in the food service program are recorded at fair market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their fair market value is recorded as inventory and unearned revenue when received. As commodities are consumed, inventory and unearned revenues are relieved, expenditures are charged, and revenue is recognized for an equal amount.

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

3. Other Receivables and Payables

These may include amounts due from local, state, and federal agencies resulting from an excess of expenditures over revenues incurred, accrued liabilities, interest payable, and accrued wages payable.

4. Capital Assets

Capital assets, which include land, buildings and improvements, furniture and equipment, and construction in progress, are reported in the applicable governmental column in the government-wide financial statements. The cost of the infrastructure (e.g., roads, bridges, sidewalks, and similar items) was initially capitalized with the building cost and is being depreciated over the same useful life as the building. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

Capital assets are defined by the District as assets with an estimated useful life in excess of two years and an initial, individual value greater than the thresholds below based on the type of asset:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	10-50
Furniture and equipment	3-15

Additionally, the District's policy is to capitalize groups of assets, regardless of the individual cost of the item, when the total cost of the group purchase exceeds \$100,000.

5. Unearned Revenues

Unearned revenues represent revenues received by the District but not yet earned and are not available for use by the District to liquidate current year liabilities. This includes the amounts below:

	<u>General</u>
Student parking fees	\$ 37,509
Band participation fee	51,150
Donation - theatre stage lights	32,000
Other	<u>30,977</u>
Total	<u>\$ 151,636</u>

6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activity.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount. Deferred loss on refunding will be recognized as a deferred outflow of resources and amortized to interest expense over the life of the bonds. Bond issuance costs are expensed in the current period.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures. Issuance costs are reported as debt service expenditures.

7. Compensated Absences Liability

The State of Texas (the "State") has created a minimum sick leave program consisting of five days of sick leave per year with no limit on accumulation and transferability among districts for every person regularly employed in Texas public schools. Each district's local board is required to establish a sick leave plan. Local school districts may provide additional sick leave beyond the State minimum. It is the District's policy to permit some employees to accumulate earned but unused sick pay benefits. Such benefits are accrued when incurred in the government-wide and proprietary fund financial statements. A liability is recognized for amounts earned that are more likely than not to be used in the future.

8. Deferred Outflows and Inflows of Resources

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

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

- Deferred outflows of resources for refunding – Reported in the government-wide statement of net position, this deferred charge on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred outflows of resources for pension – Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability, the results of differences between expected and actual experience, changes in actuarial assumptions, and the changes in proportion and difference between the employer's contributions and the proportionate share of contributions. The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year.
- Deferred outflows of resources for OPEB – Reported in the government-wide financial statement of net position, this deferred outflow results from OPEB plan contributions made after the measurement date of the net OPEB liability, changes in actuarial assumptions, the differences between projected and actual investment earnings, and changes in proportion and difference between the employer's contributions and the proportionate share of contributions. The deferred outflows related to OPEB resulting to District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year.

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

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

9. Interfund Activity

The District has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

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

10. Use of Estimates

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

11. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in the accounting system in order to reserve a portion of the applicable appropriation, is employed in the governmental fund types on the governmental fund financial statements. Encumbrances are liquidated at year end.

12. Data Control Codes

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

13. Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements. Examples include inventories, long-term receivables, endowment principal, and/or prepaid/deferred items.

Restricted – the component of the spendable fund balance constrained to a specific purpose by a provider, such as a creditor, grantor, contributor, or law or regulation of other governments. Restricted fund balance includes funds for federal/state grants, long-term debt service, and other restrictions.

Committed – the component of spendable fund balance constrained to a specific purpose by the Board. A Board resolution is required to establish, modify, or rescind a fund balance commitment. Only the action that constitutes the most binding constraint of the Board can be considered a commitment for fund balance classification purposes. Committed fund balance includes funds for campus activity funds.

Assigned – the component of the spendable fund balance that is spendable or available for appropriation but has been tentatively earmarked for some specific purpose by the Board of Trustees or by an official or body to which the Board of Trustees delegates. 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 a specific purpose that is narrower than the general purposes of the District itself.

Unassigned – is the residual classification of the General Fund and includes all amounts not contained in other classifications. This portion of the total fund balance in the general fund is available to finance operating expenditures. Only the General Fund will have positive unassigned amounts. By accounting for amounts in other funds, the District has implicitly assigned the funds for purposes of those particular funds.

The District has a minimum fund balance policy as defined by their Annual Operating Budget Policy CE (Local).

14. 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. When both restricted and unrestricted resources are available for use in a specific program or for a specific purpose, the District’s normal policy is to use the restricted resource to finance its activities.

The Government-wide Statement of Net Position includes the following:

Net investment in capital assets – the component of net position that reports capital assets less both the accumulated depreciation and the outstanding balance of debt and is directly attributable to the acquisition, construction, or improvement of these capital assets.

Restricted for federal and state programs – the component of net position that reports the difference between assets and liabilities related to federal and state programs that consist of assets with constraints placed on their use by granting agencies.

Restricted for debt service – the component of net position that reports the difference between assets and liabilities adjusted on a government-wide basis that consists of assets with constraints placed on their use by the bond covenants.

Unrestricted net position – the difference between the assets and liabilities that are not reported in net investment in capital assets or restricted net position.

15. 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). 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, the committed fund balance is depleted first, followed by assigned fund balance. The unassigned fund balance is applied last.

16. Defined Benefit Pension Plan

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

17. Other Post-Employment Benefits Plan

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.

18. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real property and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable with the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

The Board establishes the District's property tax rates annually. The authorized tax rates for property taxes assessed on January 1, 2024, were \$0.7552 and \$0.45000 per \$100 for the General Fund and Debt Service Fund, respectively, based on a net assessed valuation of \$6,409,375,290.

The District has not entered into any tax abatement agreements in compliance with Tax Code Chapter 312.

Delinquent taxes are prorated between the General Fund and Debt Service Fund based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes.

Current tax collections for the levy year ended August 31, 2025, were 98.6% of the year-end adjusted tax levy.

Uncollectible personal property taxes are periodically reviewed and written off by the District. The District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

The District has an agreement with Parker County Appraisal District ("County") whereby the County bills and collects the District's property taxes.

19. Change in Accounting Principle

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

GASB Statement No. 101, *Compensated Absences*, was adopted effective December 15, 2023. The primary objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

II. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

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

Cash and deposits of the District include all amounts deposited at the District's depository bank, including demand deposits and certificates of deposit. As of year-end the District's cash deposits were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

The following are investments held by the District at year-end:

<u>Investment Type</u>	<u>Rating</u>	<u>Weighted Average Maturity (Days)</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
TexPool Prime	AAAm	45	<u>\$ 73,756,651</u>	<u>\$ 73,756,651</u>

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of returns, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas and its agencies; (2) guaranteed or secured certificates of deposits issued by state and national banks domiciled in Texas; (3) obligations of states, agencies, counties, cities and other political subdivision of any state having been rated as to investment quality no less than an "A"; (4) No load money market funds with a weighted average maturity of 90 days or less; (5) fully collateralized repurchase agreements; (6) commercial paper having a stated maturity of 270 days or less from the date of issuance and is not rated less than A-1 or P-1 by two nationally recognized credit rating agencies or on nationally recognized credit agency and is fully secured by an irrevocable letter of credit; (7) secured corporate bonds rated not lower than "AA-" or the equivalent; (8) public funds investment pools; and (9) guaranteed investment contracts for bond proceeds investment only, with a defined termination date and secured by U.S. Government direct or agency obligations approved by the Texas Public Funds Investment Act in an amount equal to the bond proceeds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

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

Additional policies and contractual provision governing investments for the District are specified below:

Credit Risk – This is the risk that a security issuer may default on an interest or principal payment. State law limits investment in local government pools to those that are rated AAA or equivalent by at least one Nationally Recognized Statistical Rating Organization (NRSRO). The District controls and monitors this risk by purchasing quality rated instruments that have been evaluated by agencies such as Standard and Poor's (S&P) or Moody's Investors Service, or by investing in public fund investment pools rated no lower than AAA or AAAM.

Custodial Credit Risk – Investments: For an investment this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The District's investment in TexPool not exposed to custodial risk. External investment pools are not subject to custodial risk because investments are not evidenced by securities that exist in physical or book entry form. State law limits investments in public funds investment pools to those rated no lower than AAA or AAAM or an equivalent rating by at least one nationally recognized rating service. As of August 31, 2025, the District's investments in TexPool are rated AAAM.

Concentration of Credit Risk – To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District limits investments to less than 5% of its total investments. The District further limits investments in a single issuer when they would cause investments risks to be significantly greater in the governmental activities, individual major funds, aggregate non-major funds and fiduciary fund types than they are in the primary government.

Interest Rate Risk – The risk that changes in market interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the District limits the weighted average maturity of its portfolio. Management considers interest rate risk to be minimal due to the diversity and liquidity requirements imposed on the external investment pools.

B. Interfund Balances and Transfers

Interfund balances. The composition of interfund balances as of August 31, 2025, consisted of the following:

<u>Payable fund</u>	<u>Receivable fund</u>	<u>Amount</u>
Nonmajor Governmental	General Fund	\$ 1,939,370
Nonmajor Governmental	Capital Projects Fund	<u>5,087</u>
Total		<u>\$ 1,944,457</u>

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

C. Taxes Receivable

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

	<u>General Fund</u>	<u>Debt Service Fund</u>
Property Taxes - Delinquent	\$ 837,176	\$ 418,654
Allowance for Uncollectible Taxes	<u>(441,030)</u>	<u>(200,482)</u>
Total	<u>\$ 396,146</u>	<u>\$ 218,172</u>

D. Capital Assets

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

	Beginning Balance*	Increases	Decreases & Reclassifications	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 15,609,046	\$ 6,050,140	\$ -	\$ 21,659,186
Construction in progress	7,877,034	11,583,579	(19,460,613)	-
Total capital assets, not being depreciated	<u>23,486,080</u>	<u>17,633,719</u>	<u>(19,460,613)</u>	<u>21,659,186</u>
Capital assets, being depreciated:				
Buildings and improvements	365,277,092	1,239,131	19,460,613	385,976,836
Furniture and equipment	43,758,117	3,867,242	-	47,625,359
Total capital assets, being depreciated	<u>409,035,209</u>	<u>5,106,373</u>	<u>19,460,613</u>	<u>433,602,195</u>
Less accumulated depreciation for:				
Buildings and improvements	(108,931,189)	(7,515,456)	-	(116,446,645)
Furniture and equipment	(17,959,853)	(3,712,718)	-	(21,672,571)
Total accumulated depreciation	<u>(126,891,042)</u>	<u>(11,228,174)</u>	<u>-</u>	<u>(138,119,216)</u>
Total capital assets, being depreciated, net	<u>282,144,167</u>	<u>(6,121,801)</u>	<u>19,460,613</u>	<u>295,482,979</u>
Governmental activities capital assets, net	<u>\$ 305,630,247</u>	<u>\$ 11,511,918</u>	<u>\$ -</u>	<u>\$ 317,142,165</u>

*The beginning balance was restated due to a change in accounting principle.

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

Governmental activities:	
Instruction	\$ 8,301,920
Instructional resources and media services	22,408
Curriculum and staff development	44,369
School leadership	471,312
Student transportation	708,179
Food services	109,074
Extracurricular activities	312,121
General administration	219,814
Plant maintenance and operations	223,053
Security and monitoring services	179,038
Data processing services	<u>636,886</u>
Total depreciation expense - governmental activities	<u>\$ 11,228,174</u>

E. Long-Term Liabilities

Long-term debt of the District is comprised of bonds payable, accreted interest, and premium on bonds. The following is a summary of changes in long-term debt for government activities for the year ended August 31, 2025.

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Long-term debt and compensated absences					
Bonds payable	\$ 372,659,929	\$ -	\$ 16,371,929	\$ 356,288,000	\$ 8,953,005
Accreted interest	6,209,710	575,824	808,071	5,977,463	846,995
Premium on bonds	36,076,015	-	1,687,696	34,388,319	-
Compensated absences	5,319,608	-	480,019	4,839,589	3,011,926
Total long-term debt	<u>420,265,262</u>	<u>575,824</u>	<u>19,347,715</u>	<u>401,493,371</u>	<u>12,811,926</u>
Other					
Net pension liability	28,406,052	-	2,991,340	25,414,712	-
Net OPEB liability	11,265,497	4,392,973	-	15,658,470	-
Total other	<u>39,671,549</u>	<u>4,392,973</u>	<u>2,991,340</u>	<u>41,073,182</u>	<u>-</u>
Total	<u>\$ 459,936,811</u>	<u>\$ 4,968,797</u>	<u>\$ 22,339,055</u>	<u>\$ 442,566,553</u>	<u>\$ 12,811,926</u>

Bonds Payable

Bonded indebtedness of the District is reflected in the statement of net position. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund in the fund financial statements. The District's outstanding bonds payable contain a provision that in an event of default, outstanding amounts will be paid from the corpus of the Texas Permanent School Fund.

A summary of changes in general obligation bonds for the year ended August 31, 2025, are as follows:

Title Final Maturity Date Interest Rates	Original Issue Amount	Interest Current Year	Payable Amounts Outstanding Beginning	Retired	Accreted Interest	Payable Amounts Outstanding Ending
Series 2001 UTSB						
2032, 4.50 - 5.55%	\$ 7,418,568	\$ -	\$ 6,724,580	\$ 470,000	\$ 362,638	\$ 6,617,218
Series 2013A UTR						
2031, 2.00 - 3.50%	8,985,000	2,250	100,000	50,000	-	50,000
Series 2013B UTR						
2028, 0.40 - 3.13%	16,615,000	5,431	250,000	125,000	-	125,000
Series 2015 UTR						
2035, 0.54 - 5.00%	13,195,000	143,800	8,719,003	1,770,000	135,560	7,084,563
Series 2015A UTBSB						
2045, 2.00 - 5.00%	47,075,000	234,919	7,545,000	3,075,000	-	4,470,000
Series 2016 UTR						
2043, 2.00 - 5.00%	54,225,000	2,130,369	46,920,000	3,155,000	-	43,765,000
Series 2019 UTR						
2034, 2.00 - 5.00%	12,530,000	385,850	9,405,000	610,000	-	8,795,000
Series 2020 UTBSB						
2050, 2.08 - 5.00%	133,590,000	1,327,457	129,850,000	2,545,000	-	127,305,000
Series 2021 UTR						
2031, 2.352 - 4.00%	62,317,250	897,862	56,141,056	1,745,000	77,626	54,473,682
Series 2023 UTBSB						
2043, 5.00%	115,695,000	5,569,875	113,215,000	3,635,000	-	109,580,000
Total	<u>\$ 471,645,818</u>	<u>\$ 10,697,813</u>	<u>\$ 378,869,639</u>	<u>\$ 17,180,000</u>	<u>\$ 575,824</u>	<u>\$ 362,265,463</u>

Debt service requirements on long-term debt at August 31, 2025, are as follows:

Year Ending August 31,	General Obligation Bonds		Total Requirements
	Principal	Interest	
2026	\$ 9,800,000	\$ 14,252,607	\$ 18,762,288
2027	10,170,000	13,881,400	19,820,144
2028	10,595,000	13,455,400	19,815,582
2029	11,015,000	13,033,597	17,412,732
2030	11,410,000	12,642,410	17,409,775
2031-2035	62,965,000	57,289,002	87,051,273
2036-2040	75,965,000	44,284,533	87,048,496
2041-2045	84,145,000	27,709,429	82,665,200
2046-2050	72,585,000	11,908,865	63,965,169
2051-2055	<u>18,935,000</u>	<u>1,451,625</u>	<u>27,452,225</u>
Total	367,585,000	<u>\$ 209,908,868</u>	<u>\$ 577,493,868</u>
Less: remaining accreted interest on bonds	<u>(11,297,000)</u>		
Bonds outstanding at August 31, 2025	<u>\$ 356,288,000</u>		

F. Prior Year Defeasance of Debt

In prior years and during the current year, the District issued refunding bonds for the purpose of restructuring debt cash flow requirements. Proceeds from the refunding bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. The old bonds are considered defeased, and accordingly, the trust account assets and liabilities are not included in the District’s financial statements. As of August 31, 2025, \$53,425,000 of bonds considered defeased are still outstanding.

G. Defined Benefit Pension Plan

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

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

Pension Plan Fiduciary Net Position. Detailed information about the Teacher Retirement System’s fiduciary net position is available in a separately issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at 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.

Benefits Provided. TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used.

The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

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 time \$2,400 stipend to eligible annuitants age 70 to 74.

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

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

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

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

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

	Contribution Rates	
	2024	2025
Member	8.25%	8.25%
Non-Employer Contributing Entity (State)	8.25%	8.25%
Employers	8.25%	8.25%
Current fiscal year employer contributions		\$ 2,256,234
Current fiscal year member contributions		4,695,540
2024 measurement year NECE on-behalf contributions		3,201,628

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

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

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

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

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

Actuarial Assumptions. The total pension liability in the August 31, 2023 rolled forward to August 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term expected Investment Rate of Return	7.00%
Inflation	2.30%
Salary Increases including inflation	2.95% to 8.95%
Payroll Growth Rate	3.00%
Ad hoc post-employment benefit changes	None

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

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

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

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

Asset Class ¹	Target Allocation ²	Long-Term Expected Arithmetic Real Rate of Return ³	Long-Term Expected Geometric Real Rate of Return
Global Equity			
U.S.	18.00%	4.40%	1.00%
Non-U.S. Developed	13.00%	4.20%	0.80%
Emerging Markets	9.00%	5.20%	0.70%
Private Equity	14.00%	6.70%	1.20%
Stable Value			
Government Bonds	16.00%	1.90%	0.40%
Absolute value	5.00%	3.00%	0.20%
Stable Value Hedge Funds	0.00%	4.00%	0.00%
Real Return			
Real Estate	15.00%	6.60%	1.20%
Energy and Natural Resources	6.00%	5.60%	0.40%
Commodities	0.00%	2.50%	0.00%
Risk Parity			
Risk Parity	8.00%	4.00%	0.40%
Leverage			
Cash	2.00%	1.00%	0.00%
Asset Allocation Leverage	-6.00%	1.30%	-0.10%
Inflation Expectation			2.40%
Volatility Drag ⁴			-0.70%
Expected Return	100.00%		7.90%

¹ Absolute return includes credit sensitive investments

² Target allocations are based on the FY 24 policy model

³ Capital Market Assumptions come from Aon Hewitt (as of 12/31/23)

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

Discount Rate Sensitivity Analysis. The following table presents the Net Pension Liability of the plan using the discount rate of 7.00%, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate.

	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:	\$ 40,593,735	\$ 25,414,712	\$ 12,837,813

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2025, the District reported a liability of \$25,414,712 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's Proportionate share of the collective net pension liability	\$ 25,414,712
State's proportionate share that is associated with the District	<u>34,703,906</u>
Total	<u><u>\$ 60,118,618</u></u>

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

At August 31, 2024, the employer's proportion of the collective net pension liability was 0.041606049%, which was an increase of 0.000252276% from its proportion measured as of August 31, 2023.

For the year ended August 31, 2025, the District recognized pension expense of \$8,954,202 and revenue of \$4,147,697 for support provided by the State.

At August 31, 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 economic experience	\$ 1,400,824	\$ 198,426
Changes in actuarial assumptions	1,312,216	175,923
Differences between projected and actual investment earnings	154,487	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	2,920,965	-
Contributions paid to TRS subsequent to the measurement date	<u>2,256,234</u>	<u>-</u>
Total	<u><u>\$ 8,044,726</u></u>	<u><u>\$ 374,349</u></u>

Deferred outflows of resources related to contributions subsequent to the measurement date will be recognized in OPEB expense in the next fiscal year. Other net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year Ended August 31:	Pension Expense
2026	\$ 1,163,304
2027	3,641,494
2028	943,635
2029	(434,940)
2030	100,651
Thereafter	(1)

H. Defined Other Post-Employment Benefit Plans

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

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

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

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

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

	TRS-Care Monthly for Retirees	
	Medicare	Non-Medicare
Retiree or surviving spouse	\$ 135	\$ 200
Retiree and spouse	529	689
Retiree, spouse and children	468	408
Retiree and family	1,020	999

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

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

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

	Contributions Rates	
	2024	2025
Active employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
Current fiscal year employer contributions		\$ 395,551
Current fiscal year member contributions		426,872
2024 measurement year NECE on-behalf contributions		587,175

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

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

The actuarial valuation 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 90 percent of the RP-2014 Employee Mortality Tables for males and females. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using the ultimate improvement rates from the mortality projection scale MP-2021.

Additional Actuarial Methods and Assumptions

Valuation Date	August 31, 2023 rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Discount Rate	3.87% as of August 31, 2022
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claim costs
Projected Salary Increases	2.95% to 8.95%
Healthcare Trend Rates	The initial medical trend rate was 6.75 percent for non-Medicare retirees. For Medicare retirees, trend rates are higher in the first two years due to anticipated growth but thereafter match those of non-Medicare retirees. The initial prescription drug trend rate was 7.25 percent for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25 percent over a period of 11 years.
Election Rates	Normal Retirement - 62 percent participation rate prior to age 65 and 25 percent participation rate after age 65. Pre-65 retirees - 30 percent of pre-65 retirees are assumed to discontinue coverage at age 65.
Ad hoc post-employment benefit changes	None

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

The source of the municipal bond rate is the Fidelity “20-year Municipal GO AA Index” as of August 31, 2024 using the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than the discount rate that was used (3.87%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate <u>2.87%</u>	Discount Rate 3.87%	1% Increase in Discount Rate <u>4.80%</u>
Proportionate share of net OPEB liability	\$ 18,602,994	\$ 15,658,470	\$ 13,279,250

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At August 31, 2025, the District reported a liability of \$15,658,470 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	\$ 15,658,470
State's proportionate share that is associated with the District	<u>19,619,850</u>
Total	<u>\$ 35,278,320</u>

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

At August 31, 2024 the employer's proportion of the collective Net OPEB Liability was 0.051590376% which was an increase of 0.000703477% from its proportion measured as of August 31, 2023.

Healthcare Cost Trend Rates Sensitivity Analysis. The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1% less than and 1% greater than the assumed healthcare cost trend rate used.

	1% Decrease	Current Single Healthcare Trend Rate	1% Increase
Proportionate share of net OPEB liability	\$ 12,751,499	\$ 15,658,470	\$ 19,446,542

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

- The discount rate changed from 4.13 percent as of August 31, 2023 to 3.87 percent as of August 31, 2024. This change increased the Total OPEB Liability.

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

For the year ended August 31, 2025, the District recognized OPEB expense of \$(3,783,638) and revenue of \$(2,906,015) for support provided by the State.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual actuarial experiences	\$ 3,001,203	\$ 7,814,425
Changes in actuarial assumptions	2,004,099	5,109,177
Differences between projected and actual investment earnings	-	43,849
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	6,474,267	-
Contributions paid to OPEB subsequent to the measurement date	<u>395,551</u>	<u>-</u>
Total	<u>\$ 11,875,120</u>	<u>\$ 12,967,451</u>

Deferred outflows of resources related to OPEB resulting from employer 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, 2026. The other amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>For the Year Ended August 31,</u>	<u>OPEB Expense</u>
2026	\$ (898,052)
2027	(188,858)
2028	(588,085)
2029	(564,109)
2030	(132,423)
Thereafter	883,645

I. Medicare Part D – On-behalf Payments

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, 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 years ended August 31, 2025, 2024, and 2023, the subsidy payments received by TRS Care on-behalf of the District in the amounts of \$366,368, \$314,000, and \$301,620, respectively. The information for the year ended August 31, 2025, is provided by the Teachers Retirement System.

These payments are recorded as equal revenues and expenditures in the governmental fund financial statements of the District.

J. Active Employee Health Care Coverage

The District participates in TRS Active Care sponsored by the Teacher Retirement System of Texas and administered through Blue Cross Blue Shield of Texas and Express Scripts (pharmacy). TRS Active Care provides health care coverage to employees (and their dependents) of participating public education entities. Optional life and long-term care insurance are also provided to active members and retirees. The plan is authorized by the Texas Insurance Code, Title 8, Subtitle H, Chapter 1579, and by the Texas Administrative Code, Title 34, Part 3, Chapter 41. The District contributed approximately \$275 per month per participant to the plan, and employees, at their option, authorized payroll withholdings to pay employee contributions and additional premiums for dependents. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS ActiveCare. That report may be obtained by visiting the TRS Website at www.trs.state.tx.us, by writing the Communications Department of the Texas Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling (800) 223-8778.

K. Commitments and Contingencies

State and Federal Grants

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the District's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

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 combined financial statements for such contingencies.

L. Risk Management

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

M. Accounting Changes

Change in Accounting Principle

During fiscal year 2025, the District implemented GASB Statement No. 101, *Compensated Absences*. The adoption of this standard resulted in the recognition of additional liabilities for compensated absences. The cumulative effect of the accounting change increased compensated absences liabilities and decreased beginning net position by \$5,319,608 in the Governmental Activities, as of the beginning of fiscal year 2025.

N. New Accounting Standards

Significant new accounting standards issued by the Governmental Accounting Standards Board (GASB) not yet implemented by the District include the following:

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

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

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

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**REQUIRED SUPPLEMENTARY
INFORMATION**

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ALEDO INDEPENDENT SCHOOL DISTRICT

EXHIBIT G-1

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

FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP Basis)	Variance with Final Budget Positive (Negative)
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ 51,352,357	\$ 51,552,357	\$ 51,770,083	\$ 217,726
5800	State program revenues	30,295,824	32,105,824	35,610,418	3,504,594
5900	Federal program revenues	<u>300,000</u>	<u>100,000</u>	<u>88,942</u>	<u>(11,058)</u>
5020	Total revenues	<u>81,948,181</u>	<u>83,758,181</u>	<u>87,469,443</u>	<u>3,711,262</u>
EXPENDITURES					
Current:					
0011	Instruction	45,574,238	47,574,238	47,040,608	533,630
0012	Instructional resources and media sources	838,443	838,443	747,756	90,687
0013	Curriculum and instructional staff development	893,609	743,609	577,804	165,805
0021	Instructional leadership	969,835	969,835	954,379	15,456
0023	School leadership	4,382,802	4,557,802	4,549,242	8,560
0031	Guidance, counseling, and evaluation services	2,903,008	2,753,008	2,545,867	207,141
0033	Health services	745,459	820,459	780,710	39,749
0034	Student (pupil) transportation	3,944,043	3,694,043	3,677,936	16,107
0035	Food services	138,075	163,075	141,354	21,721
0036	Extracurricular activities	3,269,215	3,549,215	3,409,182	140,033
0041	General administration	3,591,639	3,591,639	3,343,555	248,084
0051	Facilities maintenance and operations	10,627,090	10,627,090	10,369,239	257,851
0052	Security and monitoring services	818,910	818,910	694,012	124,898
0053	Data processing services	1,952,853	1,877,853	1,840,484	37,369
0061	Community services	70,551	80,551	58,361	22,190
Capital Outlay:					
0081	Facilities acquisition and construction	75,000	75,000	35,544	39,456
Intergovernmental:					
0091	Contracted instructional services between schools	990,000	870,000	859,115	10,885
0099	Other intergovernmental	<u>930,000</u>	<u>930,000</u>	<u>923,925</u>	<u>6,075</u>
6030	Total expenditures	<u>82,714,770</u>	<u>84,534,770</u>	<u>82,549,073</u>	<u>1,985,697</u>
1100	EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(766,589)	(776,589)	4,920,370	5,696,959
OTHER FINANCING SOURCES (USES)					
7912	Sale of real and personal property	5,000	105,000	103,080	(1,920)
7949	Other resources	500	500	-	(500)
8949	Other uses	-	<u>(90,000)</u>	-	<u>90,000</u>
7080	Total other financing sources (uses)	<u>5,500</u>	<u>15,500</u>	<u>103,080</u>	<u>87,580</u>
1200	NET CHANGE IN FUND BALANCES	<u>(761,089)</u>	<u>(761,089)</u>	<u>5,023,450</u>	<u>5,784,539</u>
0100	FUND BALANCE, BEGINNING	<u>23,709,639</u>	<u>23,709,639</u>	<u>23,709,639</u>	<u>-</u>
3000	FUND BALANCES, ENDING	<u>\$ 22,948,550</u>	<u>\$ 22,948,550</u>	<u>\$ 28,733,089</u>	<u>\$ 5,784,539</u>

ALEDO INDEPENDENT SCHOOL DISTRICT

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

FOR THE YEAR ENDED AUGUST 31, 2025

Plan Year Ended August 31,	2024	2023	2022
District's proportion of the net pension liability (asset)	0.041606049%	0.041353773%	0.037761289%
District's proportionate share of the net pension liability (asset)	\$ 25,414,712	\$ 28,406,052	\$ 22,417,906
State's proportionate share of the net pension liability (asset) associated with the District	34,703,906	39,847,882	32,138,835
Total	\$ 60,118,618	\$ 68,253,934	\$ 54,556,741
District's covered payroll	\$ 58,323,998	\$ 55,611,684	\$ 47,956,497
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	43.58%	51.08%	46.75%
Plan fiduciary net position as a percentage of the total pension liability	59.50%	71.65%	75.62%

2021	2020	2019	2018	2017	2016	2015
0.031877854%	0.029652954%	0.028757410%	0.025277499%	0.022741200%	0.023035900%	0.023582900%
\$ 8,118,161	\$ 15,881,517	\$ 14,949,001	\$ 13,913,349	\$ 7,271,403	\$ 8,704,926	\$ 8,336,241
<u>13,718,430</u>	<u>28,180,935</u>	<u>25,150,857</u>	<u>24,368,390</u>	<u>13,955,192</u>	<u>16,678,493</u>	<u>15,764,091</u>
<u>\$ 21,836,591</u>	<u>\$ 44,062,452</u>	<u>\$ 40,099,858</u>	<u>\$ 38,281,739</u>	<u>\$ 21,226,595</u>	<u>\$ 25,383,419</u>	<u>\$ 24,100,332</u>
\$ 41,772,662	\$ 38,961,847	\$ 34,346,213	\$ 29,738,397	\$ 27,018,924	\$ 26,239,017	\$ 24,798,446
19.43%	40.76%	43.52%	46.79%	26.91%	33.18%	33.62%
88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%

ALEDO INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DISTRICT'S CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED AUGUST 31, 2025

Fiscal Year Ended August 31,	<u>2025</u>	<u>2024</u>	<u>2023</u>
Contractually required contribution	\$ 2,256,234	\$ 2,316,854	\$ 2,145,301
Contributions in relation to the contractually required contribution	<u>(2,256,234)</u>	<u>(2,316,854)</u>	<u>(2,145,301)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
District's covered payroll	\$ 56,915,585	\$ 57,846,997	\$ 55,611,684
Contribution as a percentage of covered payroll	3.96%	4.01%	3.86%

2022	2021	2020	2019	2018	2017	2016
\$ 1,703,237	\$ 1,360,317	\$ 1,223,489	\$ 1,006,552	\$ 1,160,991	\$ 745,322	\$ 731,908
<u>(1,703,237)</u>	<u>(1,360,317)</u>	<u>(1,223,489)</u>	<u>(1,006,552)</u>	<u>(1,160,991)</u>	<u>(745,322)</u>	<u>(731,908)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 47,956,497	\$ 41,772,662	\$ 38,961,847	\$ 34,346,213	\$ 29,738,397	\$ 27,018,924	\$ 26,239,017
3.55%	3.26%	3.14%	2.93%	3.90%	2.76%	2.79%

ALEDO INDEPENDENT SCHOOL DISTRICT

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

FOR THE YEAR ENDED AUGUST 31, 2025

Plan Year Ended August 31,	2024	2023	2022
District's proportion of the net OPEB liability (asset)	0.051590376%	0.050886899%	0.047802445%
District's proportionate share of the net OPEB liability (asset)	\$ 15,658,470	\$ 11,265,497	\$ 11,445,820
State's proportionate share of the net OPEB liability (asset) associated with the District	<u>19,619,850</u>	<u>13,593,554</u>	<u>13,962,102</u>
Total	<u>\$ 35,278,320</u>	<u>\$ 24,859,051</u>	<u>\$ 25,407,922</u>
District's covered-employee payroll	\$ 58,323,998	\$ 55,611,684	\$ 47,956,497
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	26.85%	20.26%	23.87%
Plan fiduciary net position as a percentage of the total OPEB liability	33.64%	24.44%	11.52%

Note: Only eight years of data is presented in accordance with GASB #75, paragraph 245. "The information for all fiscal years for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

2021	2020	2019	2018	2017
0.042474460%	0.040846508%	0.037881107%	0.033577680%	0.030846800%
\$ 16,384,297	\$ 15,527,602	\$ 17,914,438	\$ 16,765,643	\$ 13,414,128
<u>21,951,307</u>	<u>20,865,375</u>	<u>23,804,283</u>	<u>26,321,616</u>	<u>21,898,027</u>
<u>\$ 38,335,604</u>	<u>\$ 36,392,977</u>	<u>\$ 41,718,721</u>	<u>\$ 43,087,259</u>	<u>\$ 35,312,155</u>
\$ 41,772,662	\$ 38,961,847	\$ 34,346,213	\$ 29,738,397	\$ 27,018,924
39.22%	39.85%	52.16%	56.38%	49.65%
6.18%	4.99%	2.66%	1.57%	0.91%

ALEDO INDEPENDENT SCHOOL DISTRICT

**SCHEDULE OF DISTRICT'S OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM**

FOR THE YEAR ENDED AUGUST 31, 2025

Fiscal year Ended August 31,	2025	2024	2023
Contractually required contribution	\$ 395,551	\$ 459,542	\$ 437,787
Contributions in relation to the contractually required contribution	<u>(395,551)</u>	<u>(459,542)</u>	<u>(437,787)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 56,915,595	\$ 57,846,997	\$ 55,611,684
Contribution as a percentage of covered-employee payroll	0.69%	0.79%	0.79%

Note: Only eight years of data is presented in accordance with GASB #75, paragraph 245. "The information for all fiscal years for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
\$ 392,501	\$ 331,821	\$ 310,462	\$ 269,386	\$ 231,638
<u>(392,501)</u>	<u>(331,821)</u>	<u>(310,462)</u>	<u>(269,386)</u>	<u>(231,638)</u>
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 47,956,497	\$ 41,772,662	\$ 38,961,847	\$ 34,346,213	\$ 29,738,397
0.82%	0.79%	0.80%	0.78%	0.78%

ALEDO INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

AUGUST 31, 2025

Budgetary Information

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

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

1. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can be amended at the function and fund level by approval of a majority of Board members. Changes can be made to the budget at any detail within the function level without an amendment approved by the Board. During the year, several budget amendments were made with Board approval. The most significant amendments were for carryover funding; mid-year adjustment of operating costs; and yearend adjustments to expenditures based on the latest information concerning operating cost. All budget appropriations lapse at year-end.

General Fund – Major amendment, mainly in Function 11 – Instruction, was related to increased operating and personnel cost associated with increased enrollment.

National Breakfast & Lunch Fund – Related to purchase of capital outlay.

Debt Service Fund – No amendments were made.

4. Each budget is controlled at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board.

COMBINING STATEMENTS

ALEDO INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2025

Data Control Codes	211	224	225	240
	ESEA I, A Improving Basic Program	IDEA - Part B Formula	IDEA - Part B Preschool	National Breakfast and Lunch Program
ASSETS				
1110	\$ -	\$ -	\$ -	\$ 1,694,461
1240	107,638	943,273	8,786	59,994
1300	-	-	-	142,553
1000	<u>107,638</u>	<u>943,273</u>	<u>8,786</u>	<u>1,897,008</u>
LIABILITIES				
2110	-	244	-	294,487
2160	-	114,466	-	123,391
2170	107,638	824,614	8,786	-
2180	-	-	-	-
2200	-	3,949	-	2,714
2000	<u>107,638</u>	<u>943,273</u>	<u>8,786</u>	<u>420,592</u>
FUND BALANCES				
Nonspendable:				
3410	-	-	-	142,553
Restricted for:				
3450	-	-	-	1,333,863
3545	-	-	-	-
3000	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,476,416</u>
4000	<u>\$ 107,638</u>	<u>\$ 943,273</u>	<u>\$ 8,786</u>	<u>\$ 1,897,008</u>

244	255	263	289	410	427	429
Career and Technical - Basic Grant	ESEA II, A Training and Recruiting	Title III, A English Lang. Acquisition	Federally Funded Special Revenue	State Instructional Materials	School Safety & Security	Other State Special Revenue Funds
\$ -	\$ -	\$ -	\$ 2,787	\$ -	\$ -	\$ -
31,260	91,791	11,396	12,306	88,274	548,514	315,825
-	-	-	-	-	-	-
<u>31,260</u>	<u>91,791</u>	<u>11,396</u>	<u>15,093</u>	<u>88,274</u>	<u>548,514</u>	<u>315,825</u>
-	-	-	1,061	908	96,765	-
-	-	-	-	-	-	-
31,260	91,791	11,396	14,032	87,366	451,749	315,825
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>31,260</u>	<u>91,791</u>	<u>11,396</u>	<u>15,093</u>	<u>88,274</u>	<u>548,514</u>	<u>315,825</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 31,260</u>	<u>\$ 91,791</u>	<u>\$ 11,396</u>	<u>\$ 15,093</u>	<u>\$ 88,274</u>	<u>\$ 548,514</u>	<u>\$ 315,825</u>

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ALEDO INDEPENDENT SCHOOL DISTRICT

EXHIBIT H-1

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2025

Data Control Codes	461	490	Total
	Campus Activity Funds	Education Foundation Grant Awards	Nonmajor Special Revenue Funds
ASSETS			
1110 Cash and cash equivalents	\$ 713,913	\$ 7,743	\$ 2,418,904
1240 Due from other governments	-	-	2,219,057
1300 Inventories	-	-	142,553
1000 Total assets	<u>713,913</u>	<u>7,743</u>	<u>4,780,514</u>
LIABILITIES			
2110 Accounts payable	32,467	7,500	433,432
2160 Accrued wages payable	-	-	237,857
2170 Due to other funds	-	-	1,944,457
2180 Due to other governments	-	243	243
2200 Accrued expenditures	-	-	6,663
2000 Total liabilities	<u>32,467</u>	<u>7,743</u>	<u>2,622,652</u>
FUND BALANCES			
Nonspendable:			
3410 Inventories	-	-	142,553
Restricted for:			
3450 Federal or state funds	-	-	1,333,863
3545 Committed for campus activities	<u>681,446</u>	-	<u>681,446</u>
3000 Total fund balances	<u>681,446</u>	-	<u>2,157,862</u>
4000 Total liabilities and fund balances	<u>\$ 713,913</u>	<u>\$ 7,743</u>	<u>\$ 4,780,514</u>

ALEDO INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program	
REVENUES					
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ 3,154,785
5800	State program revenues	-	-	-	138,100
5900	Federal program revenues	<u>180,178</u>	<u>1,359,308</u>	<u>11,337</u>	<u>1,031,937</u>
5020	Total revenues	<u>180,178</u>	<u>1,359,308</u>	<u>11,337</u>	<u>4,324,822</u>
EXPENDITURES					
Current:					
0011	Instruction	178,473	251,866	11,337	-
0012	Instructional resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	-	-	-
0021	Instructional leadership	-	-	-	-
0031	Guidance, counseling, and evaluation services	-	1,107,442	-	-
0034	Student (Pupil) Transportation	1,705	-	-	-
0035	Food service	-	-	-	4,701,184
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0061	Community services	-	-	-	-
6030	Total expenditures	<u>180,178</u>	<u>1,359,308</u>	<u>11,337</u>	<u>4,701,184</u>
1200	NET CHANGE IN FUND BALANCES	-	-	-	(376,362)
0100	FUND BALANCE, BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,852,778</u>
3000	FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,476,416</u>

244	255	263	289	410	427	429
Career and Technical - Basic Grant	ESEA II, A Training and Recruiting	Title III, A English Lang. Acquisition	Federally Funded Special Revenue	State Instructional Materials	School Safety & Security	Other State Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	487,137	763,873	7,481
<u>55,812</u>	<u>132,981</u>	<u>22,284</u>	<u>15,033</u>	-	-	-
<u>55,812</u>	<u>132,981</u>	<u>22,284</u>	<u>15,033</u>	<u>487,137</u>	<u>763,873</u>	<u>7,481</u>
55,812	-	22,284	15,033	393,919	-	-
-	-	-	-	-	-	75
-	132,981	-	-	46,609	-	7,406
-	-	-	-	46,609	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	763,873	-
-	-	-	-	-	-	-
<u>55,812</u>	<u>132,981</u>	<u>22,284</u>	<u>15,033</u>	<u>487,137</u>	<u>763,873</u>	<u>7,481</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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ALEDO INDEPENDENT SCHOOL DISTRICT

EXHIBIT H-2

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes	461	490	Total
	Campus Activity Funds	Education Foundation Grant Awards	Nonmajor Special Revenue Funds
REVENUES			
5700 Local and intermediate sources	\$ 908,686	\$ 130,928	\$ 4,194,399
5800 State program revenues	-	-	1,396,591
5900 Federal program revenues	-	-	2,808,870
5020 Total revenues	<u>908,686</u>	<u>130,928</u>	<u>8,399,860</u>
EXPENDITURES			
Current:			
0011 Instruction	744,151	89,153	1,762,028
0012 Instructional resources and media services	40,241	-	40,316
0013 Curriculum and instructional staff development	-	-	186,996
0021 Instructional leadership	-	-	46,609
0031 Guidance, counseling, and evaluation services	2,126	5,850	1,115,418
0034 Student (Pupil) Transportation	-	-	1,705
0035 Food service	4,187	-	4,705,371
0036 Extracurricular activities	22,001	1,127	23,128
0041 General administration	11,407	-	11,407
0052 Security and monitoring services	-	34,798	798,671
0061 Community services	586	-	586
6030 Total expenditures	<u>824,699</u>	<u>130,928</u>	<u>8,692,235</u>
1200 NET CHANGE IN FUND BALANCES	83,987	-	(292,375)
0100 FUND BALANCE, BEGINNING	<u>597,459</u>	<u>-</u>	<u>2,450,237</u>
3000 FUND BALANCE, ENDING	<u>\$ 681,446</u>	<u>\$ -</u>	<u>\$ 2,157,862</u>

ALEDO INDEPENDENT SCHOOL DISTRICT

EXHIBIT H-6

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS

AUGUST 31, 2025

	715	730	733	Total Nonmajor Enterprise Funds
	Pre-K Academy	Bearcat Store	Stadium/Gym Advertising	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 37,088	\$ 67,342	\$ 136,170	\$ 240,600
Inventories	-	22,287	-	22,287
Total assets	<u>37,088</u>	<u>89,629</u>	<u>136,170</u>	<u>262,887</u>
LIABILITIES				
Current liabilities:				
Accounts payable	<u>10,996</u>	-	<u>27,439</u>	<u>38,435</u>
Total liabilities	<u>10,996</u>	<u>-</u>	<u>27,439</u>	<u>38,435</u>
NET POSITION				
Unrestricted	<u>26,092</u>	<u>89,629</u>	<u>108,731</u>	<u>224,452</u>
Total net position	<u>\$ 26,092</u>	<u>\$ 89,629</u>	<u>\$ 108,731</u>	<u>\$ 224,452</u>

ALEDO INDEPENDENT SCHOOL DISTRICT**EXHIBIT H-7**

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED AUGUST 31, 2025

	715	730	733	Total Nonmajor Enterprise Funds
	Pre-K Academy	Bearcat Store	Stadium/Gym Advertising	
OPERATING REVENUES				
Local and intermediate sources	\$ 810,044	\$ 88,831	\$ 123,584	\$ 1,022,459
State program revenues	16,397	-	-	16,397
Total operating revenues	<u>826,441</u>	<u>88,831</u>	<u>123,584</u>	<u>1,038,856</u>
OPERATING EXPENSES				
Payroll costs	722,011	25,075	-	747,086
Professional and contracted services	1,548	-	1,234	2,782
Supplies and materials	73,083	46,707	5,508	125,298
Other operating costs	3,707	13,749	45,310	62,766
Total operating expenses	<u>800,349</u>	<u>85,531</u>	<u>52,052</u>	<u>937,932</u>
Operating income (loss)	26,092	3,300	71,532	100,924
CHANGE IN NET POSITION	26,092	3,300	71,532	100,924
NET POSITION, BEGINNING	<u>-</u>	<u>86,329</u>	<u>37,199</u>	<u>123,528</u>
NET POSITION, ENDING	<u>\$ 26,092</u>	<u>\$ 89,629</u>	<u>\$ 108,731</u>	<u>\$ 224,452</u>

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ALEDO INDEPENDENT SCHOOL DISTRICT

EXHIBIT H-8

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED AUGUST 31, 2025

	715	730	733	Total Nonmajor Enterprise Funds
	Pre-K Academy	Bearcat Store	Stadium/Gym Advertising	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from user charges	\$ 826,441	\$ 88,831	\$ 123,584	\$ 1,038,856
Cash payments to employees	(629,375)	(25,075)	-	(654,450)
Cash payments for suppliers	(159,978)	(62,259)	-	(222,237)
Cash payments for operating expenses	<u>-</u>	<u>(13,749)</u>	<u>(24,613)</u>	<u>(38,362)</u>
Net cash flows provided (used) by operating activities	<u>37,088</u>	<u>(12,252)</u>	<u>98,971</u>	<u>123,807</u>
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	<u>37,088</u>	<u>(12,252)</u>	<u>98,971</u>	<u>123,807</u>
CASH AND CASH EQUIVALENTS, BEGINNING	<u>-</u>	<u>79,594</u>	<u>37,199</u>	<u>116,793</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>37,088</u>	<u>67,342</u>	<u>136,170</u>	<u>240,600</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Net operating income (loss)	26,092	3,300	71,532	100,924
Adjustments to reconcile operating income to net cash provided by operating activities:				
(Increase) decrease in:				
Inventory	(88,455)	(8,207)	-	(96,662)
Due from other funds	92,636	-	-	92,636
Accounts payable	6,815	(7,345)	-	(530)
Due to other funds	<u>-</u>	<u>-</u>	<u>27,439</u>	<u>27,439</u>
Net cash provided (used) by operations	<u>\$ 37,088</u>	<u>\$ (12,252)</u>	<u>\$ 98,971</u>	<u>\$ 123,807</u>

ALEDO INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS

AUGUST 31, 2025

	816 Don Daniel Endowment Fund	817 Dan Manning Endowment Fund	818 Hyles Attendance Awards	819 FG Aledo Development Fund	820 J. Choate Higher Educ. Fund
ASSETS					
Cash and cash equivalents	\$ 4,035	\$ 24,579	\$ 1,377	\$ 1,070	\$ 1,762
Total assets	<u>4,035</u>	<u>24,579</u>	<u>1,377</u>	<u>1,070</u>	<u>1,762</u>
LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION					
Restricted for scholarships	<u>4,035</u>	<u>24,579</u>	<u>1,377</u>	<u>1,070</u>	<u>1,762</u>
Total net position	<u>\$ 4,035</u>	<u>\$ 24,579</u>	<u>\$ 1,377</u>	<u>\$ 1,070</u>	<u>\$ 1,762</u>

821 Angler Club Scholarship Fund	822 S&P Endowment Fund	823 Pierce G. Martin Memorial Fund	824 Huckabee Endowment Fund	825 Janice A Memorial Fund	828 Noah Bates Scholarship	829 Best of Bearcats	Total Private Purpose Trust Funds
\$ 25,585	\$ 10	\$ 15,719	\$ 1,500	\$ 3,562	\$ 4,342	\$ -	\$ 83,541
<u>25,585</u>	<u>10</u>	<u>15,719</u>	<u>1,500</u>	<u>3,562</u>	<u>4,342</u>	<u>-</u>	<u>83,541</u>
-	-	-	-	-	-	-	-
25,585	10	15,719	1,500	3,562	4,342	-	83,541
<u>\$ 25,585</u>	<u>\$ 10</u>	<u>\$ 15,719</u>	<u>\$ 1,500</u>	<u>\$ 3,562</u>	<u>\$ 4,342</u>	<u>\$ -</u>	<u>\$ 83,541</u>

ALEDO INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS

FOR THE YEAR ENDED AUGUST 31, 2025

	816 Don Daniel Endowment Fund	817 Dan Manning Endowment Fund	818 Hyles Attendance Awards	819 FG Aledo Development Fund	820 J. Choate Higher Educ. Fund
ADDITIONS					
Contributions, gifts, and donations	\$ -	\$ -	\$ -	\$ -	\$ -
Earnings from temporary deposits	<u>1,023</u>	<u>1,107</u>	<u>26</u>	<u>-</u>	<u>456</u>
Total additions	<u>1,023</u>	<u>1,107</u>	<u>26</u>	<u>-</u>	<u>456</u>
DEDUCTIONS					
Other deductions	<u>19,426</u>	<u>2,002</u>	<u>-</u>	<u>1,000</u>	<u>12,070</u>
Total deductions	<u>19,426</u>	<u>2,002</u>	<u>-</u>	<u>1,000</u>	<u>12,070</u>
CHANGE IN NET POSITION	(18,403)	(895)	26	(1,000)	(11,614)
NET POSITION, BEGINNING	<u>22,438</u>	<u>25,474</u>	<u>1,351</u>	<u>2,070</u>	<u>13,376</u>
NET POSITION, ENDING	<u>\$ 4,035</u>	<u>\$ 24,579</u>	<u>\$ 1,377</u>	<u>\$ 1,070</u>	<u>\$ 1,762</u>

821 Angler Club Scholarship Fund	822 S&P Endowment Fund	823 Pierce G. Martin Memorial Fund	824 Huckabee Endowment Fund	825 Janice A Memorial Fund	828 Noah Bates Scholarship	829 Best of Bearcats	Total Private Purpose Trust Funds
\$ 6,000	\$ 2,000	\$ -	\$ 5,000	\$ -	\$ 4,328	\$ 11,000	\$ 28,328
893	-	746	-	129	14	-	4,394
<u>6,893</u>	<u>2,000</u>	<u>746</u>	<u>5,000</u>	<u>129</u>	<u>4,342</u>	<u>11,000</u>	<u>32,722</u>
2,000	2,000	-	5,000	1,177	-	11,000	55,675
<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>5,000</u>	<u>1,177</u>	<u>-</u>	<u>11,000</u>	<u>55,675</u>
4,893	-	746	-	(1,048)	4,342	-	(22,953)
<u>20,692</u>	<u>10</u>	<u>14,973</u>	<u>1,500</u>	<u>4,610</u>	<u>-</u>	<u>-</u>	<u>106,494</u>
<u>\$ 25,585</u>	<u>\$ 10</u>	<u>\$ 15,719</u>	<u>\$ 1,500</u>	<u>\$ 3,562</u>	<u>\$ 4,342</u>	<u>\$ -</u>	<u>\$ 83,541</u>

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**REQUIRED TEXAS EDUCATION
AGENCY SCHEDULES**

ALEDO INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECIEVABLE

FISCAL YEAR ENDED AUGUST 31, 2025

Last Ten Years Ended August 31,	1		2	3	10
	Tax Rates			Net Assessed/ Appraised Value for School Tax Purpose	Beginning Balance 09/01/24
	Maintenance	Debt Service			
2016 and prior years	various	various		various	\$ 267,981
2017	1.170000	0.425000		2,811,377,179	21,479
2018	1.170000	0.425000		2,723,994,044	13,797
2019	1.170000	0.425000		3,159,594,734	17,909
2020	1.170000	0.425000		3,433,844,765	39,813
2021	1.054700	0.425000		4,019,765,620	36,217
2022	0.967900	0.425000		4,185,623,708	163,065
2023	0.942900	0.425000		5,177,341,765	181,831
2024	0.757500	0.450000		5,853,670,890	734,741
2025 (School year under audit)	0.755200	0.450000		6,409,375,290	-
1000 Totals					<u>\$ 1,476,833</u>

8000 - Taxes refunded

EXHIBIT J-1

20	31	32	40	50	99
Current Year's Total Levy	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustments	Ending Balance 08/31/25	Total Taxes Refunded under Section 26.1115 (c)
\$ -	\$ 4,510	\$ 1,638	\$ 2,409	\$ 264,242	
-	219	80	85	21,265	
-	220	80	787	14,284	
-	334	121	154	17,608	
-	(1,883)	(749)	(3,523)	38,922	
-	(919)	(370)	(5,634)	31,872	
-	101,135	44,408	6,340	23,862	
-	88,526	39,902	79,353	132,756	
-	128,255	76,191	(306,015)	224,280	
<u>77,245,791</u>	<u>47,760,995</u>	<u>28,372,868</u>	<u>(625,189)</u>	<u>486,739</u>	
<u>\$ 77,245,791</u>	<u>\$ 48,081,392</u>	<u>\$ 28,534,169</u>	<u>\$ (851,233)</u>	<u>\$ 1,255,830</u>	
					<u>\$ 82,613</u>

ALEDO INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-2

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - NATIONAL BREAKFAST AND LUNCH PROGRAM**

FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP Basis)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES					
5700	Local and intermediate sources	\$ 2,915,500	\$ 3,015,500	\$ 3,154,785	\$ 139,285
5800	State program revenues	12,500	12,500	138,100	125,600
5900	Federal program revenues	<u>1,275,313</u>	<u>1,175,313</u>	<u>1,031,937</u>	<u>(143,376)</u>
5020	Total revenues	<u>4,203,313</u>	<u>4,203,313</u>	<u>4,324,822</u>	<u>121,509</u>
EXPENDITURES					
0035	Food services	<u>4,203,313</u>	<u>4,633,313</u>	<u>4,701,184</u>	<u>(67,871)</u>
6030	Total expenditures	<u>4,203,313</u>	<u>4,633,313</u>	<u>4,701,184</u>	<u>(67,871)</u>
1200	NET CHANGE IN FUND BALANCES	-	(430,000)	(376,362)	53,638
0100	FUND BALANCE, BEGINNING	<u>1,852,778</u>	<u>1,852,778</u>	<u>1,852,778</u>	-
3000	FUND BALANCES, ENDING	<u>\$ 1,852,778</u>	<u>\$ 1,422,778</u>	<u>\$ 1,476,416</u>	<u>\$ 53,638</u>

ALEDO INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-3

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - DEBT SERVICE FUND**

FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP Basis)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES					
5700	Local and intermediate sources	\$ 29,143,332	\$ 29,143,332	\$ 29,362,443	\$ 219,111
5800	State program revenues	<u>2,800,000</u>	<u>2,800,000</u>	<u>3,123,289</u>	<u>323,289</u>
5020	Total revenues	<u>31,943,332</u>	<u>31,943,332</u>	<u>32,485,732</u>	<u>542,400</u>
EXPENDITURES					
Debt Service:					
0071	Principal on long-term debt	13,365,440	17,224,756	17,180,000	44,756
0072	Interest on long-term debt	18,562,892	14,703,576	14,703,576	-
0073	Bond issuance cost and fees	<u>15,000</u>	<u>15,000</u>	<u>10,368</u>	<u>4,632</u>
6030	Total expenditures	<u>31,943,332</u>	<u>31,943,332</u>	<u>31,893,944</u>	<u>49,388</u>
1200	NET CHANGE IN FUND BALANCES	-	-	591,788	591,788
0100	FUND BALANCE, BEGINNING	<u>5,740,031</u>	<u>5,740,031</u>	<u>5,740,031</u>	<u>-</u>
3000	FUND BALANCES, ENDING	<u>\$ 5,740,031</u>	<u>\$ 5,740,031</u>	<u>\$ 6,331,819</u>	<u>\$ 591,788</u>

USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAMS

FOR THE YEAR ENDED AUGUST 31, 2025

Section A: Compensatory Education Programs

AP1	Did your district expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the district have written policies and procedures for its state compensatory education program?	Yes
AP3	Total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$ 1,590,897
AP4	Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24, 26, 28, 29, 30)	\$ 1,490,288

Section B: Bilingual Education Programs

AP5	Did your district expend any bilingual education program state allotment funds during the district's fiscal year?	Yes
AP6	Does the district have written policies and procedures for its bilingual education program?	Yes
AP7	Total state allotment funds received for bilingual education programs during the district's fiscal year.	\$ 134,206
AP8	Actual direct program expenditures for bilingual education programs during the district's fiscal year. (PICs 25)	\$ 262,379

COMPLIANCE SECTION

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

Board of Trustees
Aledo Independent School District
Aledo, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Aledo Independent School District as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise Aledo Independent School District's basic financial statements, and have issued our report thereon dated January 20, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Aledo 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 Aledo Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Aledo 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 Aledo Independent School District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

OFFICE LOCATIONS

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

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

Waco, Texas
January 20, 2026

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

Board of Trustees
Aledo Independent School District
Aledo, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

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

Waco, Texas
January 20, 2026

ALEDO INDEPENDENT SCHOOL DISTRICT

EXHIBIT K-1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED AUGUST 31, 2025

Federal Grantor/ Pass-through Grantor/ Grantor/Program Title	(1) Assistance Listing Number	(2A) Pass-through Entity Identifying Number	(3) Federal Expenditures
U. S. Department of Agriculture			
<u>Passed through Texas Education Agency:</u>			
National School Breakfast Program	10.553	71402401	\$ 15,447
National School Breakfast Program	10.553	71402501	114,008
National School Lunch Program	10.555	71302401	91,006
National School Lunch Program	10.555	71302501	<u>618,441</u>
Total Passed through Texas Education Agency			<u>838,902</u>
<u>Passed through Texas Department of Agriculture:</u>			
NSLP - Commodities - Non-cash assistance	10.555	NT4XL1YGLGC5	<u>193,035</u>
Total Passed through State Department of Agriculture			<u>193,035</u>
Total Assistance Listing Number 10.555			<u>902,482</u>
Total Child Nutrition Cluster (ALN 10.553, 10.555)			<u>1,031,937</u>
Total U. S. Department of Agriculture			<u>1,031,937</u>
U. S. Department of Education			
<u>Passed through Texas Education Agency:</u>			
ESEA Title I, Part A - Improving Basic Programs	84.010A	25610101184907	180,178
IDEA Part B, Formula ¹	84.027A	256600011849076000	1,359,308
Career and Technical Education	84.048A	25420006184907	55,812
IDEA Part B, Preschool ¹	84.173A	256610011849076000	11,337
Title III, Part A - English Language Acquisition	84.365A	25671001184907	22,284
ESEA, Title II, Part A, Teacher Principal Training	84.367A	25694501184907	132,981
LEP Summer School	84.369A	69552002	2,727
Title IV, Part A, Subpart 1	84.424A	24680101184907	<u>12,306</u>
Total Passed through Texas Education Agency			<u>1,776,933</u>
Total U. S. Department of Education			<u>1,776,933</u>
Total Expenditures of Federal Awards			<u>\$ 2,808,870</u>

1 Total IDEA Cluster (ALN 84.027, 84.173) - \$1,370,645

ALEDO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED AUGUST 31, 2025

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended August 31, 2025. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All federal expenditures were accounted for in the General Fund and Special Revenue Funds, components of the Governmental Fund type. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Federal grants are considered to be earned to the extent of expenditures made under the provisions of the grant.

School Health and Related Services (SHARS) revenues are considered earned income at the local government level and thus are not included in the Schedule of Expenditures of Federal Awards. The following is a reconciliation of Federal Revenues on Exhibit C-2 to the Schedule of Expenditures of Federal Awards:

Federal revenues per the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds (Exhibit C-3)	\$ 2,897,812
Less:	
School Health And Related Services	<u>(88,942)</u>
Federal expenditures per the Schedule of Expenditures of Federal Awards (Exhibit K-1)	<u>\$ 2,808,870</u>

3. INDIRECT COST

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

4. PASS-THROUGH EXPENDITURES

None of the federal programs expended by the District were provided to subrecipients.

ALEDO INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2025

Summary of Auditor's Results

Financial Statements:

Type of auditors' report issued	Unmodified
Internal control over financial reporting: Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Material noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major programs: Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs	Unmodified

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

Assistance Listing Number(s): 10.553 & 10.555	Name of Federal Program or Cluster: Child Nutrition Cluster
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Dollar threshold used to distinguish between type A and type B programs	\$750,000
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Auditee qualified as low-risk auditee?	Yes
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Findings Relating to the Financial Statements Which are Required to be Reported in Accordance With Generally Accepted Government Auditing Standards

None reported

Findings and Questioned Costs for Federal Awards

None reported

ALEDO INDEPENDENT SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED AUGUST 31, 2025

None.

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