

CUERO
INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2025



Cuero Independent School District
Annual Financial Report
For The Year Ended August 31, 2025

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Introductory Section



CERTIFICATE OF BOARD

Cuero Independent School District
Name of School District

DeWitt
County

062-901
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 ____ day of _____, _____.

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)



Financial Section



Harry Afadapa & Associates, PC
Certified Public Accountants
16115 Crooked Lake Way N.
Cypress. Texas 77433
(832) 960-7977~www.afadapa.com

Independent Auditor's Report

To the Board of Trustees
Cuero Independent School District
960 East Broadway
Cuero, Texas 77954

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 the Cuero Independent School District ("the District"), as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise the Cuero Independent School 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 Cuero Independent School District, as of August 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information Included in the Annual Report

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2025 on our consideration of Cuero Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Cuero Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,

Harry Afadapa & Associates, PC

Harry Afadapa & Associates, PC

Cypress, Texas
November 7, 2025



CUERO INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2025

This discussion and analysis of the Cuero Independent School District's financial statements provides a narrative overview of the District's financial activities for the fiscal year ended August 31, 2025. The information presented here should be read in conjunction with the basic financial statements and the accompanying notes to those financial statements.

Overview of the Financial Statements

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

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Cuero Independent School District's finances in a manner similar to private sector business. They present the financial picture of the District from an economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the District as well as all liabilities. Additionally, certain eliminations have occurred in regards to inter-fund activity, payables and receivables.

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Increases or decreases in net position over time may serve as a useful indicator of whether the financial position of Cuero Independent School District is improving or deteriorating.

The *statement of activities* presents information showing how the district's net position changed during the most recent fiscal year using full accrual basis of accounting. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements.

CUERO INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2025

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial statements.

District-wide Financial Analysis

The District's net position at August 31, 2025 and 2024 are summarized as follows:

	Governmental Activities		
	8/31/25	8/31/24	Variance
Current and other assets	\$ 10,442,374	\$ 15,984,653	\$ (5,542,279)
Capital assets, net	80,647,482	82,797,862	(2,150,380)
Total assets	<u>91,089,856</u>	<u>98,782,515</u>	<u>(7,692,659)</u>
Deferred outflows of resources	<u>4,243,911</u>	<u>4,848,182</u>	<u>(604,271)</u>
Current liabilities	7,127,161	8,657,888	(1,530,727)
Noncurrent liabilities	<u>48,623,718</u>	<u>51,692,174</u>	<u>(3,068,456)</u>
Total liabilities	<u>55,750,879</u>	<u>60,350,062</u>	<u>(4,599,183)</u>
Deferred inflows of resources	<u>5,196,490</u>	<u>6,774,332</u>	<u>(1,577,842)</u>
Net position:			
Net investment in capital assets	40,303,904	39,144,852	1,159,052
Restricted	2,136,299	2,090,472	45,827
Unrestricted	<u>(8,053,805)</u>	<u>(4,729,021)</u>	<u>(3,324,784)</u>
Total net position	<u>\$ 34,386,398</u>	<u>\$ 36,506,303</u>	<u>\$ (2,119,905)</u>

Current assets decreased by \$5,542,279 of which a significant portion of the decrease was from Cash; Investment balance; and Due from Other Government (State) when compared to prior year. Actual cash balance decreased by \$3,205,551; Investment balance decreased by \$1,760,808, and Due from Other Government decreased by \$497,690. For Capital asset, net decreased by \$2,150,380 was due to asset acquisitions of \$656,202, and depreciation expense of \$2,806,581. Deferred outflow of resources decreased by \$604,271 over the prior year due to the net effects of GASB 68 "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27", and GASB 75 – Accounting and Financial Reporting for Benefit other than Pension. Current liabilities decreased by \$1,530,727. These changes consist of decrease in Account Payable of \$127,571; interest payable of \$154,684; Due to other Government balance of \$637,098; Unearned revenue of \$980,549; and increase in current portion of long term debt obligation of \$190,000 and accrued liabilities of \$179,175. Noncurrent liabilities decreased by \$3,068,456 primarily due to principal payment amount of \$3,200,000 on bond outstanding balance, and applicable amortization of \$375,352 in bond premium. Deferred inflows of resources decreased by \$1,577,842 when compared to prior year.

A significant portion of the District's net position reflects investment in capital assets in the total amount of \$40,303,904. The District uses capital assets to provide services to students; consequently, these assets are not available for future spending. An additional portion of the District's net position (6 percent) represent resources that are subjected to external restrictions on how they may be used. The remaining balance of unrestricted net position represents a negative net position which is the effect of the government-wide consolidation.

CUERO INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2025

The District's governmental activities as of August 31, 2025 and 2024 are summarized as follows:

	Governmental Activities		
Revenues:			
Program revenues:	8/31/25	8/31/24	Variance
Charges for services	\$ 1,204,875	\$ 1,566,845	\$ (361,970)
Operating grants & contributions	7,060,836	8,954,025	(1,893,189)
General revenues:			
Property taxes	18,786,550	19,497,154	(710,604)
Investment earnings	-	-	-
Grants and contributions not restricted for specific purposes	5,126,567	7,711,524	(2,584,957)
Miscellaneous	74,447	252,586	(178,139)
Total revenue	<u>32,253,275</u>	<u>37,982,134</u>	<u>(5,728,859)</u>
Expenses:			
Instruction	15,437,200	15,728,200	(291,000)
Instructional resources and media	1,096,653	1,000,190	96,463
Curriculum and staff development	581,650	539,022	42,628
Instructional leadership	344,121	414,483	(70,362)
School leadership	1,075,754	1,163,113	(87,359)
Guidance, counseling and evaluation	1,344,649	1,212,587	132,062
Social Work Services	72,040	86,481	(14,441)
Health services	350,605	388,681	(38,076)
Student transportation	1,225,202	1,297,521	(72,319)
Food service	1,687,202	1,554,056	133,146
Extracurricular activities	1,244,910	1,036,512	208,398
General administration	887,939	878,467	9,472
Plant maintenance and operations	3,686,550	3,862,574	(176,024)
Date processing services	845,829	844,640	1,189
Security and Monitoring Services	991,069	352,256	638,813
Community services	505,595	375,084	130,511
Interest on long-term debt	1,592,766	1,093,117	499,649
Bond issuance costs and fees	19,740	59,270	(39,530)
Capital Outlay	-	5,999	(5,999)
Payments related to SSA	1,179,326	-	1,179,326
Other Intergovernmental Charges	204,380	296,973	(92,593)
	<u>34,373,180</u>	<u>32,189,226</u>	<u>2,183,954</u>
Increase in net position	(2,119,905)	5,792,908	(7,912,813)
Net position beginning	36,506,303	30,713,395	5,792,908
Net position ending	<u>\$ 34,386,398</u>	<u>\$ 36,506,303</u>	<u>\$ (2,119,905)</u>

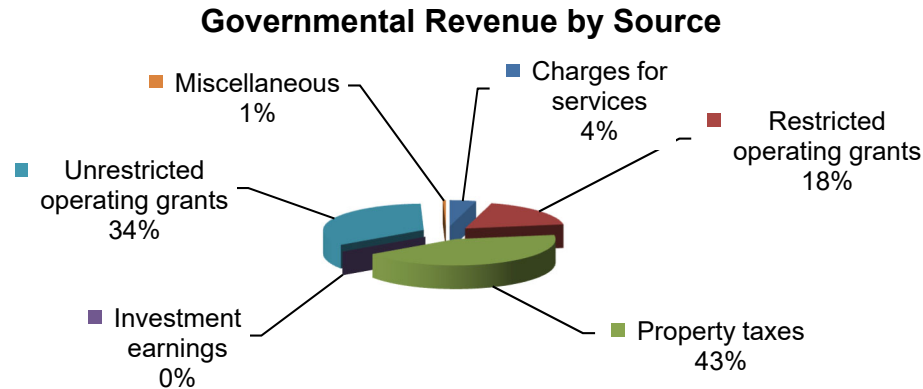
Governmental activities decreased the District's net position by \$2,119,905 when compared to a prior year increase of \$5,792,908. Aggregate revenue decreased by \$5,728,859 and expenses increased by \$2,183,954. Some of the more significant variances noted are as follows:

- All categories of expenditures had significant increase in cost except Instruction (\$291,000); Instructional leadership (\$70,362); School Leadership (\$87,359); Social Work Services (\$14,441); Health Services (\$38,076) Student Transportation (\$72,319); Facilities Maintenance and Operations (\$176,024); Bond issuance costs & fees (\$39,530); Capital Outlay (\$5,999); and Other Intergovernmental Charges (\$92,593)

CUERO INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2025

when compared to the prior year. The increase in these costs were the effect of increase in the district's operational costs.

- All categories of revenue had significant decrease when compared to prior year.



Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund accounting and budget control has been the framework of the District's strong fiscal management and accountability.

Governmental funds. The general government functions are reported in the General and Special Revenue Funds. The focus of the District's *governmental funds* is to provide information on current sources, uses, and balances of *spendable* resources. Such information is useful in determining the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year the District's governmental funds reported combined ending fund balances of \$8,639,091, a net decrease of \$3,974,708. \$8,639,091 of the ending fund balance constitutes unassigned fund balance of \$5,978,803. This Unassigned fund balance represents the amount available for spending at the District's discretion. \$33,433 is non-spendable for prepaid expenditures, and the remaining \$2,626,855 is restricted for debt payment and for state/federal & local grant purposes.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$5,394,082. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. General Fund Unassigned fund balance represents 21 percent of total general fund current expenditures, significantly below three months projected threshold cost.

The fund balance of the general fund decreased by \$4,446,551 compared to a prior year increase of \$1,141,851. Overall revenue decreased by \$3,277,032 and expenditures increased by \$2,311,370.

General Fund Budgetary Highlights

The Board of Trustees amended the expenditure budget throughout the year with no effect at the functional level. Overall revenue exceed actual by \$1,646,658 while aggregate actual expenditure exceeded budget by \$855,670.

CUERO INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2025

Debt Administration

The district paid \$3,200,000 debt obligation during the year, and premium on bond obligations decreased by \$375,352. Net OPEB liability increased by \$1,307,704 while and Net Pension obligation decreased by \$876,728.

	Governmental Activities		
	8/31/25	8/31/24	Variance
General obligation bonds	\$ 38,585,000	\$ 41,785,000	\$ (3,200,000)
Bond premium, deferred	1,492,658	1,868,010	(375,352)
Net OPEB liability	5,055,171	3,747,467	1,307,704
Net pension liability	6,614,969	7,491,697	(876,728)
	<u>\$ 51,747,798</u>	<u>\$ 54,892,174</u>	<u>\$ (3,144,376)</u>

Capital Assets

	Governmental Activities		
	8/31/25	8/31/24	Variance
Land	\$ 648,840	\$ 648,840	\$ -
Construction in progress	31,852	31,852	-
Buildings and improvements	106,104,096	105,510,881	593,215
Machinery & Equipment	6,689,130	6,626,143	62,987
Vehicles	5,027,021	5,027,021	-
Totals	<u>118,500,939</u>	<u>117,844,737</u>	<u>656,202</u>
Less accumulated depreciation	<u>(37,853,458)</u>	<u>(35,046,878)</u>	<u>(2,806,580)</u>
	<u>\$ 80,647,481</u>	<u>\$ 82,797,859</u>	<u>\$ (2,150,378)</u>

The most significant capital transactions during the year included:

- The District acquired additional \$62,987 in Machinery & Equipment
- Additional purchases of \$593,215 in Building & Improvement
- The District recognized \$2,806,580 in depreciation expense

Economic Factors and Next Year's Budgets and Rates

The annual budget is developed to provide efficient, effective and controlled use of the District's resources. Factors affecting the 2025-2026 Budget are as follows:

- These functional expenditures had significant increase when compare to 2024-2025 budget- Instructional Leadership (\$259,182); and Guidance & Counseling (\$383,862).
- There were significant decreases certain areas- Instructional cost (\$1,161,029); School Leadership (\$132,538); Student Transportation (\$459,469); Co-Curricular activities (\$374,332); Plant Maintenance (\$423,180) and Data Processing Services (\$170,169).

Request for Information

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Cuero Independent School District, Attention: Business Manager, 960 East Broadway, Cuero TX 77954 or by calling (361) 275-1900.



Basic Financial Statements



CUERO INDEPENDENT SCHOOL DISTRICT**STATEMENT OF NET POSITION**

AUGUST 31, 2025

Data Control Codes		1
		Governmental Activities
ASSETS:		
1110	Cash and Cash Equivalents	\$ 4,955,495
1120	Current Investments	3,586,512
1225	Property Taxes Receivable (Net)	400,598
1240	Due from Other Governments	1,315,159
1290	Other Receivables (Net)	168,173
1300	Inventories	15,005
1410	Unrealized Expenses	1,432
	Capital Assets:	
1510	Land	648,840
1520	Buildings and Improvements, Net	78,598,360
1530	Furniture and Equipment, Net	1,368,430
1580	Construction in Progress	31,852
1000	Total Assets	<u>91,089,856</u>
DEFERRED OUTFLOWS OF RESOURCES:		
	Deferred Outflow of Resources - Undesignated	113,634
	Deferred Outflow Related to Pensions	1,721,260
	Deferred Outflow Related to OPEB	2,409,017
1700	Total Deferred Outflows of Resources	<u>4,243,911</u>
LIABILITIES:		
2110	Accounts Payable	57,160
2140	Interest Payable	2,392,065
2165	Accrued Liabilities	1,020,737
2180	Due to Other Governments	225,351
2300	Unearned Revenue	41,848
	Noncurrent Liabilities:	
2501	Due Within One Year	3,390,000
2502	Due in More Than One Year	36,953,578
2540	Net Pension Liability	6,614,969
2545	Net OPEB Liability	5,055,171
2000	Total Liabilities	<u>55,750,879</u>
DEFERRED INFLOWS OF RESOURCES:		
	Deferred Inflow Related to Pensions	204,796
	Deferred Inflow Related to OPEB	4,991,694
2600	Total Deferred Inflows of Resources	<u>5,196,490</u>
NET POSITION:		
3200	Net Investment in Capital Assets	40,303,904
	Restricted For:	
3850	Debt Service	2,086,428
3890	Other Purposes	49,871
3900	Unrestricted	(8,053,805)
3000	Total Net Position	<u>\$ 34,386,398</u>

The accompanying notes are an integral part of this statement.

CUERO INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues		4 Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
			Charges for Services			
						Governmental Activities
	Governmental Activities:					
11	Instruction	\$ 15,437,200	\$ 464,590	\$ 1,827,068	\$	(13,145,542)
12	Instructional Resources and Media Services	1,096,653	2,030	927,878		(166,745)
13	Curriculum and Staff Development	581,650	8,692	194,444		(378,514)
21	Instructional Leadership	344,121	444	292,990		(50,687)
23	School Leadership	1,075,754	24,109	89,381		(962,264)
31	Guidance, Counseling, and Evaluation Services	1,344,649	10,215	932,296		(402,138)
32	Social Work Services	72,040	2,318	137		(69,585)
33	Health Services	350,605	8,184	14,526		(327,895)
34	Student Transportation	1,225,202	29,692	8,206		(1,187,304)
35	Food Service	1,687,202	86,256	1,390,549		(210,397)
36	Cocurricular/Extracurricular Activities	1,244,910	340,470	(12,892)		(917,332)
41	General Administration	887,939	21,381	(17,879)		(884,437)
51	Facilities Maintenance and Operations	3,686,550	92,121	25,029		(3,569,400)
52	Security and Monitoring Services	991,069	3,934	804,332		(182,803)
53	Data Processing Services	845,829	21,000	(3,586)		(828,415)
61	Community Services	505,595	8,628	154,784		(342,183)
72	Interest on Long-term Debt	1,592,766	40,651	433,573		(1,118,542)
73	Bond Issuance Costs and Fees	19,740	--	--		(19,740)
81	Capital Outlay	--	10,151	--		10,151
93	Payments Related to Shared Services Arrangement	1,179,326	30,009	--		(1,149,317)
99	Other Intergovernmental Charges	204,380	--	--		(204,380)
TG	Total Governmental Activities	<u>34,373,180</u>	<u>1,204,875</u>	<u>7,060,836</u>		<u>(26,107,469)</u>
TP	Total Primary Government	<u>\$ 34,373,180</u>	<u>\$ 1,204,875</u>	<u>\$ 7,060,836</u>		<u>(26,107,469)</u>
	General Revenues:					
MT	Property Taxes, Levied for General Purposes					13,778,012
DT	Property Taxes, Levied for Debt Service					5,008,538
SF	State Aid-Formula Grants					5,126,567
MI	Miscellaneous					74,447
TR	Total General Revenues					<u>23,987,564</u>
CN	Change in Net Position					(2,119,905)
NB	Net Position - Beginning					<u>36,506,303</u>
NE	Net Position - Ending				\$	<u>34,386,398</u>

The accompanying notes are an integral part of this statement.

CUERO INDEPENDENT SCHOOL DISTRICT**BALANCE SHEET - GOVERNMENTAL FUNDS**

AUGUST 31, 2025

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
ASSETS:				
1110 <i>Cash and Cash Equivalents</i>	\$ 1,954,194	\$ 2,292,559	\$ 740,724	\$ 4,987,477
1120 <i>Current Investments</i>	3,298,380	238,977	--	3,537,357
1225 <i>Taxes Receivable, Net</i>	420,806	(20,208)	--	400,598
1240 <i>Due from Other Governments</i>	493,034	--	822,125	1,315,159
1260 <i>Due from Other Funds</i>	880,150	--	--	880,150
1290 <i>Other Receivables</i>	125,884	40,417	1,872	168,173
1300 <i>Inventories</i>	--	--	15,005	15,005
1410 <i>Unrealized Expenditures</i>	1,432	--	--	1,432
1000 Total Assets	<u>7,173,880</u>	<u>2,551,745</u>	<u>1,579,726</u>	<u>11,305,351</u>
LIABILITIES:				
Current Liabilities:				
2110 <i>Accounts Payable</i>	\$ 50,340	\$ --	\$ 6,820	\$ 57,160
2150 <i>Payroll Deductions and Withholdings</i>	875	--	--	875
2160 <i>Accrued Wages Payable</i>	830,273	--	163,212	993,485
2170 <i>Due to Other Funds</i>	233,659	--	646,491	880,150
2180 <i>Due to Other Governments</i>	225,227	124	--	225,351
2200 <i>Accrued Expenditures</i>	17,186	--	9,191	26,377
2300 <i>Unearned Revenue</i>	--	--	41,848	41,848
2000 Total Liabilities	<u>1,357,560</u>	<u>124</u>	<u>867,562</u>	<u>2,225,246</u>
DEFERRED INFLOWS OF RESOURCES:				
<i>Deferred Revenue</i>	420,806	20,208	--	441,014
2600 Total Deferred Inflows of Resources	<u>420,806</u>	<u>20,208</u>	<u>--</u>	<u>441,014</u>
FUND BALANCES:				
Nonspendable Fund Balances:				
3410 <i>Inventories</i>	--	--	32,001	32,001
3430 <i>Prepaid Items</i>	1,432	--	--	1,432
Restricted Fund Balances:				
3450 <i>Federal/State Funds Grant Restrictions</i>	--	--	463,569	463,569
3480 <i>Retirement of Long-Term Debt</i>	--	2,067,637	--	2,067,637
3490 <i>Other Restrictions of Fund Balance</i>	--	--	95,649	95,649
3600 Unassigned	5,394,082	463,776	--	5,857,858
Unassigned, Reported in Nonmajor:				
3610 <i>Special Revenue Funds</i>	--	--	120,945	120,945
3000 Total Fund Balances	<u>5,395,514</u>	<u>2,531,413</u>	<u>712,164</u>	<u>8,639,091</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 7,173,880</u>	<u>\$ 2,551,745</u>	<u>\$ 1,579,726</u>	<u>\$ 11,305,351</u>

The accompanying notes are an integral part of this statement.

CUERO INDEPENDENT SCHOOL DISTRICT

*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AUGUST 31, 2025*

Total fund balances - governmental funds balance sheet	\$ 8,639,091
Amounts reported for governmental activities in the Statement of Net Position ("SNP") are different because:	
Capital assets used in governmental activities are not reported in the funds.	80,647,482
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	441,015
The assets and liabilities of certain internal service funds are included in governmental activities in the SNP.	(31,981)
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	49,155
Payables for bond principal which are not due in the current period are not reported in the funds.	(38,850,920)
Payables for debt interest which are not due in the current period are not reported in the funds.	(2,392,065)
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.	113,634
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(6,614,969)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(204,796)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	1,721,260
Bond premiums are amortized in the SNA but not in the funds.	(1,492,658)
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.	(5,055,171)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(4,991,694)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	2,409,017
Rounding difference	(2)
Net position of governmental activities - Statement of Net Position	\$ <u>34,386,398</u>

The accompanying notes are an integral part of this statement.

CUERO INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
REVENUES:				
5700 <i>Local and Intermediate Sources</i>	\$ 14,688,931	\$ 5,030,398	\$ 351,321	\$ 20,070,650
5800 <i>State Program Revenues</i>	5,704,255	433,573	2,793,731	8,931,559
5900 <i>Federal Program Revenues</i>	90,976	--	4,378,918	4,469,894
5020 Total Revenues	<u>20,484,162</u>	<u>5,463,971</u>	<u>7,523,970</u>	<u>33,472,103</u>
EXPENDITURES:				
Current:				
0011 <i>Instruction</i>	12,842,172	--	2,259,747	15,101,919
0012 <i>Instructional Resources and Media Services</i>	79,440	--	947,137	1,026,577
0013 <i>Curriculum and Staff Development</i>	342,238	--	206,751	548,989
0021 <i>Instructional Leadership</i>	17,375	--	315,252	332,627
0023 <i>School Leadership</i>	947,984	--	106,136	1,054,120
0031 <i>Guidance, Counseling, and Evaluation Services</i>	401,650	--	915,191	1,316,841
0032 <i>Social Work Services</i>	67,796	--	1,990	69,786
0033 <i>Health Services</i>	322,121	--	15,796	337,917
0034 <i>Student Transportation</i>	1,167,629	--	7,449	1,175,078
0035 <i>Food Service</i>	65,147	--	1,611,531	1,676,678
0036 <i>Cocurricular/Extracurricular Activities</i>	1,007,428	--	186,582	1,194,010
0041 <i>General Administration</i>	839,862	--	--	839,862
0051 <i>Facilities Maintenance and Operations</i>	3,619,393	--	25,382	3,644,775
0052 <i>Security and Monitoring Services</i>	154,395	--	804,557	958,952
0053 <i>Data Processing Services</i>	824,964	--	--	824,964
0061 <i>Community Services</i>	339,981	--	164,347	504,328
0071 <i>Principal on Long-term Debt</i>	109,432	3,200,000	--	3,309,432
0072 <i>Interest on Long-term Debt</i>	--	1,747,450	--	1,747,450
0073 <i>Bond Issuance Costs and Fees</i>	--	800	--	800
0081 <i>Capital Outlay</i>	398,000	--	--	398,000
0093 <i>Payments to Shared Service Arrangements</i>	1,179,326	--	--	1,179,326
0099 <i>Other Intergovernmental Charges</i>	204,380	--	--	204,380
6030 Total Expenditures	<u>24,930,713</u>	<u>4,948,250</u>	<u>7,567,848</u>	<u>37,446,811</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	<u>(4,446,551)</u>	<u>515,721</u>	<u>(43,878)</u>	<u>(3,974,708)</u>
1200 Net Change in Fund Balances	<u>(4,446,551)</u>	<u>515,721</u>	<u>(43,878)</u>	<u>(3,974,708)</u>
0100 Fund Balances - Beginning	<u>9,842,065</u>	<u>2,015,692</u>	<u>756,042</u>	<u>12,613,799</u>
3000 Fund Balances - Ending	<u>\$ 5,395,514</u>	<u>\$ 2,531,413</u>	<u>\$ 712,164</u>	<u>\$ 8,639,091</u>

The accompanying notes are an integral part of this statement.

CUERO INDEPENDENT SCHOOL DISTRICT

*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 \$ (3,974,708)

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

Capital outlays are not reported as expenses in the SOA.	656,202
The depreciation of capital assets used in governmental activities is not reported in the funds.	(2,806,582)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(4,778)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	3,309,432
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	(18,940)
(Increase) decrease in accrued interest from beginning of period to end of period.	154,684
The net revenue (expense) of internal service funds is reported with governmental activities.	1,833
The District's share of the unrecognized deferred inflows and outflows for the pension plan was amortized.	2,978,937
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	(2,415,984)
Rounding difference	(1)

Change in net position of governmental activities - Statement of Activities \$ (2,119,905)

The accompanying notes are an integral part of this statement.

CUERO INDEPENDENT SCHOOL DISTRICT*STATEMENT OF NET POSITION**INTERNAL SERVICE FUND**AUGUST 31, 2025*Data
Control
CodesNonmajor
Internal Service
FundInsurance
Fund**ASSETS:**

Current Assets:

1120 *Investments*

\$ 49,155

Total Current Assets

49,155

1000 Total Assets

49,155

LIABILITIES:

2000 Total Liabilities

--

NET POSITION:3900 *Unrestricted*

\$ 46,697

3000 Total Net Position

\$ 49,155

The accompanying notes are an integral part of this statement.

CUERO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - INTERNAL SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2025

Data
Control
Codes

Nonmajor
Internal Service
Fund

Insurance
Fund

Operating Income (Loss)	\$ --
NON-OPERATING REVENUES (EXPENSES):	
7955 <i>Earnings from Temp. Deposits and Investments</i>	1,833
8030 Total Non-operating Revenues (Expenses)	1,833
1300 Change in Net Position	1,833
0100 Total Net Position - Beginning	47,322
3300 Total Net Position - Ending	\$ 49,155

The accompanying notes are an integral part of this statement.

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

	Internal Service Funds
Cash Flows from Operating Activities:	
<i>Cash Received from Customers</i>	\$ --
<i>Cash Received from Grants</i>	--
<i>Cash Receipts (Payments) for Quasi-external</i>	
Net Cash Provided (Used) by Operating Activities	<u> --</u>
Cash Flows from Non-capital Financing Activities:	
<i>Proceeds (Payments) from (for) Borrowings</i>	--
Net Cash Provided (Used) by Non-capital Financing Activities	<u> --</u>
Cash Flows from Capital and Related Financing Activities:	
<i>Proceeds from Issuance of Long-term Debt</i>	--
Net Cash Provided (Used) for Capital and Related Financing Activities	<u> --</u>
Cash Flows from Investing Activities:	
<i>Interest and Dividends on Investments</i>	1,833
Net Cash Provided (Used) for Investing Activities	<u> 1,833</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,833
Cash and Cash Equivalents at Beginning of Year	47,322
Cash and Cash Equivalents at End of Year	<u><u>\$ 49,155</u></u>
Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities:	
Operating Income (Loss)	\$ 1,833
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities	
Change in Assets and Liabilities:	
<i>Decrease (Increase) in Receivables</i>	--
Total Adjustments	--
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 1,833</u></u>

The accompanying notes are an integral part of this statement.

CUERO INDEPENDENT SCHOOL DISTRICT

EXHIBIT E-1

STATEMENT OF FIDUCIARY NET POSITION**FIDUCIARY FUNDS****AUGUST 31, 2025**

Data Control Codes		Private-purpose Trust Fund	Custodial Fund
		Scholarship Fund	Student Activity
ASSETS:			
1110	<i>Cash and Cash Equivalents</i>	\$ 12,074	\$ 135,810
1120	<i>Current Investments</i>	24,905	--
1000	Total Assets	<u>36,979</u>	<u>135,810</u>
LIABILITIES:			
Current Liabilities:			
2110	<i>Accounts Payable</i>	\$ --	\$ 288
2190	<i>Due To Students Groups</i>	--	156,951
2000	Total Liabilities	<u>--</u>	<u>157,239</u>
NET POSITION:			
3800	<i>Held in Trust</i>	36,979	--
3800	<i>Restricted for Other Purposes</i>	--	(21,429)
3000	Total Net Position	<u>\$ 36,979</u>	<u>\$ 135,522</u>

The accompanying notes are an integral part of this statement.

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

	Private Purpose Trust	Custodial Funds
ADDITIONS:		
Investment Income	\$ 377	\$ --
Contributions from Foundations, Gifts and Bequests	--	--
Total Additions	<u>377</u>	<u>--</u>
DEDUCTIONS:		
Scholarship Awards	--	--
Administrative Expenses	--	--
Total Deductions	<u>--</u>	<u>--</u>
Change in Fiduciary Net Position	377	--
Net Position-Beginning of the Year	<u>36,602</u>	<u>(21,429)</u>
Net Position-End of the Year	<u>\$ 36,979</u>	<u>\$ (21,429)</u>

The accompanying notes are an integral part of this statement.



CUERO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2025

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

The Board of School Trustees ("Board"), a seven-member elected body, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental reporting entity and there are no component units included within the District's reporting entity.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

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

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

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

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.

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund. This is a government fund with budgetary control which is used to show transactions resulting from operations of on-going organizations and activities from a variety of revenue sources for which fund balance is controlled by and retained for use of the District.

CUERO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2025

Debt Service Fund - A debt service fund is a government fund, with budgetary control, that must be used to account for general long-term debt principal and interest for debt issues and other long-term debts for which a tax has been dedicated.

In addition, the District reports the following fund types:

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

Private-Purpose Trust Funds: These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments not reported in other fiduciary fund types.

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

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

b. Measurement Focus, Basis of Accounting

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

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under lease contracts and subscription-based information technology arrangements are reported as other financing sources.

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

CUERO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2025

3. Financial Statement Amounts

a. Cash and Cash Equivalents

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

b. Property Taxes

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

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

c. Inventories and Prepaid Items

Inventories of supplies on the balance sheet are stated at weighted average cost, while inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of activity, while food commodities are used only in the food service program. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount. Inventories also include plant maintenance and operation supplies as well as instructional supplies.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

d. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50
Building Improvements	20
Vehicles	3-15
Furniture and Equipment	5-10
Computer Equipment	3-15
Right-to-use Lease Assets	5
Right-to-use Subscription Assets	5

CUERO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2025

e. Leases (GASB 87)

The District recognizes lease liabilities and corresponding right-to-use lease assets for leases with terms greater than 12 months. Lease liabilities are measured at the present value of expected lease payments. Right-to-use assets are amortized over the shorter of the lease term or useful life. Short-term (12 months or less) are expensed as incurred.

For fiscal year-ended August 31, 2025, Cuero Independent School District consider its leasing activities as immaterial.

f. Subscription-Based Information Technology Arrangements (SBITAs - GASB 96)

The District recognizes intangible right-to-use subscription assets and related liabilities for subscription-based information technology arrangements (SBITAs) with terms over 12 months. Subscription assets are amortized over the term of the agreement. Short-term SBITAs are expensed as incurred.

g. Deferred Outflows and Inflows of Resources

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

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

h. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances. There are no significant receivables which are not scheduled for collection within one year of year end.

i. Interfund Activity

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

j. Use of Estimates

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

k. Data Control Codes

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

CUERO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2025

I. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

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

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

m. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary 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 net position to have been depleted before unrestricted net position is applied.

n. Fund Balance Flow Assumptions

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

CUERO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2025

4. Pensions

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

5. Other Post-Employment Benefits

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

6. Implementation of New Standards

In the current fiscal year, the District did not implement any new standards from the Governmental Accounting Standards Board (GASB).

B. Deposits and Investments

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

1. Cash Deposits:

At August 31, 2025, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$4,955,495 and the bank balance was \$5,663,113.7. District's cash deposits at August 31, 2025 and during the year ended August 31, 2025, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

- a. Depository: \$15,897,931
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$19,389,661
- c. The highest combined balances of cash, savings and time deposit accounts amounted to \$12,093,551 and occurred during the month of February 2025.
- d. Total amount of FDIC coverage at the time of the largest combined balance was \$250,000.

2. Investments:

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5)

CUERO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2025

expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

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

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

The District's investment at August 31, 2025 is shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
TexPool	N/A	\$ 3,586,512
Total Investments		<u>\$ 3,586,512</u>

3. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

b. Custodial Credit Risk

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

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

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

c. Concentration of Credit Risk

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

d. Interest Rate Risk

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

e. Foreign Currency Risk

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

CUERO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2025

Investment Accounting Policy

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

TexPool

The District invests in the Texas Local Government Investment Pool (TexPool), which is a local government investment pool that was established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The State Comptroller of Public Accounts oversees TexPool. Federated Investors, Inc. is the administrator and investment manager of TexPool under a contract with the State Comptroller. In accordance with the Public Funds Investment Act, the State Comptroller has appointed the TexPool Investment Advisory Board to advise with respect to TexPool. The board is composed equally of participants in TexPool Portfolios and other persons who do not have a business relationship with TexPool Portfolios and are qualified to advise in respect to TexPool Portfolios. The Advisory Board members review the investment policy and management fee structure. TexPool is rated AAAM by Standard & Poor's and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. All investments are stated at amortized cost, which usually approximates the market value of the securities. The stated objective of TexPool is to maintain a stable average \$1.00 per unit net asset value; however, the \$1.00 net asset value is not guaranteed or insured. The financial statements can be obtained from the Texas Trust Safekeeping Trust Company website at www.ttstc.org.

C. Disaggregated Receivables

Receivables at August 31, 2025 for the District's individual major funds and nonmajor funds in the aggregate, including applicable allowances for uncollectible amounts are as follows and are scheduled for collection within one year:

	General Fund	Debt Service	Other Governmental	Totals
Taxes	\$ 809,243	\$ (38,862)	\$ --	\$ 770,381
Less allowance	(388,437)	18,654	--	(369,783)
Net taxes receivable	\$ 420,806	\$ (20,208)	\$ --	\$ 400,598
Due from other Governments:				
Due from Tax Assessor	\$ --	\$ --	\$ --	\$ --
Texas Education Agency	493,034	--	822,125	1,315,159
	\$ 493,034	\$ --	\$ 822,125	\$ 1,315,159

D. Capital Assets

Capital asset activity for the year ended 2025, Cuero Independent School District, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 648,840	\$ --	\$ --	\$ 648,840
Construction in progress	31,852	--	--	31,852
Total capital assets not being depreciated	680,692	--	--	680,692

CUERO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2025

Capital assets being depreciated:

Buildings and improvements	105,510,881	593,217	--	106,104,098
Machinery and Equipment	6,626,143	62,987	--	6,689,130
Vehicles	5,027,021	--	--	5,027,021
Total capital assets being depreciated	117,164,045	656,204	--	117,820,249
Less accumulated depreciation for:				
Buildings and improvements	(25,414,291)	(2,091,447)	--	(27,505,738)
Machinery and Equipment	(5,994,799)	(432,143)	--	(6,426,942)
Vehicles	(3,637,787)	(282,992)	--	(3,920,779)
Total accumulated depreciation	(35,046,877)	(2,806,582)	--	(37,853,459)
Total capital assets being depreciated, net	82,117,168	(2,150,378)	--	79,966,790
Governmental activities capital assets, net	\$ 82,797,860	\$ (2,150,378)	\$ --	\$ 80,647,482

Depreciation expense of \$2,806,582 was charged to functions as follows:

Instruction	\$ 1,436,285
Instructional Resources and Media Services	91,336
Curriculum and Staff Development	49,223
Instructional Leadership	37,850
School Leadership	106,214
Guidance, Counseling, & Evaluation Services	110,732
Social Work Services	7,897
Health Services	35,494
Student Transportation	118,488
Food Services	141,914
Extracurricular Activities	94,653
General Administration	80,220
Plant Maintenance and Operations	352,725
Security and Monitoring Services	32,168
Data Processing Services	77,131
Community Services	34,252
	<u>\$ 2,806,582</u>

E. Interfund Balances and Activities

Balances due to and due from other funds at 2025, Cuero Independent School District, consisted of the following and are scheduled as follows:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Special Revenue Fund	\$ 646,491	Short-term loans
Other Funds	General Fund	233,659	Short-term loans
	Total	<u>\$ 880,150</u>	

F. Long-Term Obligations

General Obligation Bonds

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. These bonds are direct obligations and pledge the full faith and credit of the District and are comprised of current interest and capital appreciation bonds as noted below:

Advance Refunding

General Obligation Bonds	Sale Date	Original Borrowed	Interest Rate to Maturity	Final Maturity	Outstanding Balance
Series 2016, Refunding	2/1/2016	8,525,000	2-4%	8/15/2026	355,000
Series 2017, Refunding	9/1/2017	24,805,000	2.0%	8/15/2031	18,745,000
Series 2019, Tax Refunding	12/3/2019	14,550,000	3 - 4%	8/15/2035	14,270,000
Series 2022, Refunding	03/15/2022	5,955,000	3-5%	8/15/2033	5,215,000
					<u>\$ 38,585,000</u>

CUERO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2025

Changes in Long-Term Debt

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2025, are as follows:

Governmental activities:	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
General obligation bonds	\$ 41,785,000	\$ --	\$ 3,200,000	\$ 38,585,000	\$ 3,390,000
Bond premium	1,868,010	--	375,352	1,492,658	--
Other Auto financing	--	265,920	--	265,920	--
Net OPEB liability*	3,747,467	1,307,704	--	5,055,171	--
Net pension liability	7,491,697	--	876,728	6,614,969	--
Total governmental activities	<u>\$ 54,892,174</u>	<u>\$ 1,573,624</u>	<u>\$ 4,452,080</u>	<u>\$ 52,013,718</u>	<u>\$ 3,390,000</u>

* The general fund is typically used to liquidate these liabilities.

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

General Obligation Bonds:

	Governmental Activities		
Year Ending August 31,	Principal	Interest	Total
2026	\$ 3,390,000	\$ 1,590,650	4,980,650
2027	3,550,000	1,424,700	4,974,700
2028	3,735,000	1,247,200	4,982,200
2029	3,910,000	1,067,400	4,977,400
2030	4,090,000	879,100	4,969,100
2031-2035	19,910,000	1,939,500	21,849,500
Totals	<u>\$ 38,585,000</u>	<u>\$ 8,148,550</u>	<u>\$ 46,733,550</u>

G. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2025, 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.

Worker Compensation

For the year ended August 31, 2025, the District provided its employees worker compensation coverage through the Texas Educational Insurance Association (the Pool). All members participating in the fund execute interlocal agreements that define the responsibilities of the parties. The District is not responsible for claims and claims allocation expense beyond its individual loss fund. Also, the estimated liability may be lower than the District's potential liability, which is its loss fund for each plan year. Incurred but not reported amounts are projected estimates, based on the experience history of the association. The change in the claims liability during the fiscal year ended August 31, 2025 and the preceding two years is as follows:

	8/31/25	8/31/24	8/31/23
Unpaid claims, beginning	\$ 40,050	\$ 33,023	\$ 29,333
Incurred claims	10,965	45,566	20,084
Increase (decrease) in IBNR	--	--	--
Claims paid, net of rebates	(3,865)	(38,539)	(16,394)
Unpaid claims, ending	<u>\$ 47,150</u>	<u>\$ 40,050</u>	<u>\$ 33,023</u>

CUERO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2025

Unemployment Compensation:

During the year ended August 31, 2025, the District met its obligation to the Texas Workforce Commission through participation in the reimbursement program.

Property/Liability Program

During the year ended August 31, 2025, the District participated in the TASB Risk Management Fund's (the Fund's) Property and Liability Programs with coverage in:

- Auto Liability
- Auto Physical Damage
- Equipment Breakdown
- Crime
- General Liability
- Property
- Sexual Misconduct Endorsement
- SP Legal Liability

The Fund was created and is operated under the provision of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for the Property Casualty Program. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended August 31, 2024, the Fund anticipates the District has no additional liability beyond the contractual obligations for payment of contributions. The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2023, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

Dental

In addition to the areas noted above, the District offers employees dental coverage through a self-insured dental plan accounted for through an internal service fund. Under the plan, employees contribute \$30 per month for individual coverage or \$60 per month for family coverage. The District makes no contributions to the plan; however, it assumes liability for 80% of the first \$400 and 50% of the next \$1,360 of annual dental expenses incurred by plan participants. Under this arrangement, the District's liability is limited to \$1,000 annually for each participant. Due to the pay as you go basis and limitations described above, any liability at year end is minimal and not recorded.

H. Pension Plan

1. Plan Description

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

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

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

2. Pension Plan Fiduciary Net Position

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

3. Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 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 where the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic cost of living adjustments (COLAs). Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as previously noted in the Plan description in (1) above.

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

4. Contributions

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

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

<u>Contribution Rates</u>			
		<u>2024</u>	<u>2025</u>
Member		8.25%	8.25%
Non-Employer Contributing Entity (State)		8.25%	8.25%
Employers		8.25%	8.25%
District's 2025 Employer Contributions	\$	640,362	\$ 700,459
District's 2025 Member Contributions	\$	1,344,802	\$ 1,370,912
2024 NECE On-Behalf Contributions (State)	\$	989,633	\$ 1,002,835

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

CUERO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2025

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

Employers are also required to pay surcharges in the following cases:

- All public schools, charter schools and regional educational service centers must contribute 1.8 percent of the member's salary beginning in fiscal year 2023, gradually increasing to 2 percent in fiscal year 2025.
- When employing a retiree of the TRS, the employer shall pay an amount equal to the member contribution and the state contribution as an employment after retirement surcharge.

5. Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2022. Update procedures were used to roll forward the total pension liability to August 31, 2023.

Valuation Date	August 31, 2023 rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term expected Investment Rate of Return	7.00%
Municipal Bond Rate as of August 2024	3.87% *
Last year ending August 31 in Projection Period (100 years)	2123
Inflation	2.30%
Salary Increases including inflation	2.95% to 8.95%
Ad hoc post-employment benefit changes	None

* The source for the rate is the Bond Buyers 20 Index which represents the estimated yield of a portfolio of 20 general obligation bonds maturing in 20 years based on a survey of municipal bond traders.

The actuarial assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2022. For a full description of these assumptions, please see the actuarial valuation report dated November 22, 2022.

6. 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 legislative 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.

CUERO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2025

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

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

Asset Class	Target Allocation **	Long-Term Expected Geometric Real Rate of Return ***	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.0%	4.4%	1.0%
Non-U.S. Developed	13.0%	4.2%	0.8%
Emerging Markets	9.0%	5.2%	0.7%
Private Equity	14.0%	6.7%	1.2%
Stable Value			
Government Bonds	16.0%	1.9%	0.4%
Stable Value Hedge Funds	5.0%	3.0%	0.2%
Absolute Return *	0.0%	4.0%	0.0%
Real Return			
Real Estate	15.0%	6.6%	1.2%
Energy, Natural Resources and Infrastructure	6.0%	5.6%	0.4%
Commodities	0.0%	2.5%	0.0%
Risk Parity	8.0%	4.0%	0.4%
Asset Allocation Leverage			
Cash	2.0%	1.0%	0.0%
Asset Allocation Leverage	(6.0%)	1.3%	(0.1)%
Inflation Expectation			2.4%
Volatility Drag ****			(0.7)%
Expected Return	100.0%		7.9%
* Absolute Return includes Credit Sensitive Investments. ** Target allocations are based on the FY2023 policy model. *** Capital Market Assumptions come from Aon Hewitt (as of 06/30/2023) **** The volatility drag results from the conversion between arithmetic and geometric mean returns.			

7. Discount Rate Sensitivity Analysis

The following table presents the net pension liability of the plan using a discount rate of 7.00 percent, and what the net position 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.

CUERO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2025

	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:	\$ 10,565,782	\$ 6,614,969	\$ 3,341,440

8. 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 \$6,614,969 for its proportionate share of the TRS net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District are as follows:

District's proportionate share of the collective net pension liability	\$ 6,614,969
State's proportionate share that is associated with District	10,870,190
Total	<u>\$ 17,485,159</u>

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

At the measurement date of August 31, 2024 the employer's proportion of the collective net pension liability was 0.0108292684 percent which was an increase (decrease) of 0.01082927 percent from its proportion measured as of August 31, 2023.

9. Changes Since the Prior Actuarial Valuation

There were no changes in assumptions since the prior measurement date.

For the year ended August 31, 2025, the District recognized pension expense of \$2,352,056 and revenue of \$1,299,169 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 Actuarial Experience	\$ 364,608	\$ 51,646
Changes in Actuarial Assumptions	341,545	45,790
Difference Between Projected and Actual Investment Earnings	40,210	--
Changes in Proportion and Difference between District's Contributions and the Proportionate Share of Contributions	274,438	107,360
Contributions paid to TRS subsequent to the measurement date of the Net Pension Liability (to be calculated by employer)	700,459	--
Total	<u>\$ 1,721,260</u>	<u>\$ 204,796</u>

The net amounts of the District's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

CUERO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2025

Year ended August 31,	Pension Expense Amount
2026	\$ 119,512
2027	\$ 781,245
2028	\$ 88,005
2029	\$ (190,438)
2030	\$ 17,681
Thereafter	\$ --

I. Defined Other Post-Employment Benefit Plans

1. Plan Description

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

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

2. OPEB Plan Fiduciary Net Position

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

3. Benefits Provided

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

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

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

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

4. Contributions

Contribution rates for the TRS-Care plan are established in State Statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by

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

retiree premium contributions and contributions from the state, active employees, and participating employers are based on active employee compensation. The TRS board does not have the authority to set or amend contribution rates.

Section 1575.202 of the Texas Insurance Code establishes the State's contribution rate which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65 percent of Salary. Section 1575.204 establishes a public school contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the employer. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act, which is 0.75 percent of each active employee's pay for fiscal year 2023. The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution Rates		
	<u>2024</u>	<u>2025</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding remitted by Employers	1.25%	1.25%

The contribution amounts for the District's fiscal year 2024 are as follows:

District's 2025 Employer Contributions	\$	151,325	\$	160,591
District's 2025 Member Contributions	\$	1,344,802	\$	1,370,912
2024 NECE On-Behalf Contributions (state)	\$	177,187	\$	189,563

All employers whose employees are covered by the TRS pension plan are also required to pay a surcharge of \$535 per month when employing a retiree of TRS. The TRS-Care surcharges for fiscal year 2024 totaled \$16,318,100.

A supplemental appropriation was received in 2023 for \$21.3 million provided by Rider 14 of the Senate Bill GAA of the 87th Legislature. These amounts were re-appropriated from amounts received by the pension and TRS-Care funds in excess of the state's actual obligation and then transferred to TRS-Care.

5. Actuarial Assumptions

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

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The following assumptions used for the valuation of the TRS-Care OPEB liability are identical to the assumptions employed in the August 31, 2021 TRS pension actuarial valuation that was rolled forward to August 31, 2024:

<u>Demographic Assumptions</u>	<u>Economic Assumptions</u>
Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	
Rates of Disability	

CUERO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2025

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

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

Valuation Date	August 31, 2023 rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.30%
Single Discount Rate	3.87% as of August 31, 2024
Aging Factors	Based on the Society of Actuaries' 2013 Study "Health Care Costs - From Birth to Death".
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the the age-adjusted claims costs.
Salary Increases	2.95% to 8.95%, including inflation
Election Rates	Normal Retirement - 62% participation rate prior to age 65 and 25% participation rate after age 65. Pre-65 retirees - 30% are assumed to discontinue coverage at age 65.
Ad Hoc Post-Employment Benefit Changes	None

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.

6. Discount Rate

A single discount rate of 3.87 percent was used to measure the Total OPEB Liability. This was a decrease of 0.26 percent in the discount rate since the previous year. Since the plan is a pay-as-you-go plan, the single discount rate is equal to the prevailing municipal bond rate.

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

7. Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (2.87%)	Current Single Discount Rate (3.87%)	1% Increase in Discount Rate (4.87%)
District's proportionate share of the Net OPEB Liability:	\$ 6,005,779	\$ 5,055,171	\$ 4,287,065

8. 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 \$5,055,171 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:

CUERO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2025

District's proportionate share of the collective net OPEB liability	\$ 5,055,171
State's proportionate share that is associated with the District	\$ 6,334,061
Total	<u>\$ 11,389,232</u>

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

At August 31, 2025 the District's proportion of the collective net OPEB liability was 0.0166554060%, which was an increase (decrease) of -0.0002721185% from its proportion measured as of August 31, 2023.

The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1 percent less than and 1 percent greater than the health trend rates assumed.

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
District's proportionate share of Net OPEB Liability:	\$ 4,116,686	\$ 5,055,171	\$ 6,278,110

9. Changes Since the Prior Actuarial Valuation

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

- The discount rate was changed from 4.13 percent as of August 31, 2022 to 3.87 percent as of August 31, 2023. This change increased the Total OPEB Liability.

Changes of Benefit Terms Since the Prior Measurement Date

Since the last valuation was prepared for this plan, Texas Senate Bill 1055, which was signed by the Governor on May 10, 2023, added Stephen F. Austin University into the University of Texas System. As a result, eligible employees of Stephen F. Austin State University ceased being members under this OPEB plan effective August 31, 2023. This change is reflected in the Total OPEB Liability as of August 31, 2023. In addition, this valuation reflects the minor benefit changes that became effective September 1, 2023, since these changes were announced to plan members in advance of August 31, 2023. These minor benefit changes, which are not expected to have a significant impact on plan costs for fiscal year 2024, are provided for in the fiscal year 2024 Assumed Per Capita Health Benefit Costs.

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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 968,907	\$ 2,522,804
Changes in actuarial assumptions	647,002	1,649,444
Difference between projected and actual investment earnings	--	14,156
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	632,517	805,290
Contributions paid to TRS subsequent to the measurement date	160,591	
Total	<u>\$ 2,409,017</u>	<u>\$ 4,991,694</u>

CUERO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2025

The net amounts of the District's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended August 31:	OPEB Expense Amount
2026	\$ (886,403)
2027	\$ (657,447)
2028	\$ (498,966)
2029	\$ (422,916)
2030	\$ (219,678)
Thereafter	\$ (57,857)

For the year ended August 31, 2025, the District recognized OPEB expense of \$(1,578,100) and revenue of \$(823,311) for support provided by the State.

10. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal year ended August 31, 2025, the subsidy payment received by TRS-Care on behalf of the District was \$109,249.

J. Employee Health Care Coverage

During the year ended August 31, 2025, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$275 per pay period per employee and dependents to the Plan. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the District and the licensed insurer is renewable , and terms of coverage and premium costs are included in the contractual provisions.

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

K. Commitments and Contingencies

1. Contingencies

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

2. Litigation

No reportable litigation was pending against the District at August 31, 2025.

CUERO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2025

L. Fund Balance

Minimum Fund Balance Policy

It is the policy of this District to maintain at all times an overall unrestricted fund balance (committed fund balance, assigned fund balance, and unassigned fund balance) of not less than three months of regular general fund operating expenditures, measured based on the most recently completed fiscal year. If it is determined that the District is below this minimum established fund balance level, the governing body will be informed of this condition and take necessary budgetary steps to bring the fund balance level into compliance with this policy through budgetary actions. The calculated amount at August 31, 2025 was \$6,232,678 and the overall unrestricted fund balance was \$5,394,082. The policy has not been met.

Stabilization Funds

The amount of General Fund fund balance for stabilization to provide for emergencies, contingencies, revenue shortfalls or budgetary imbalances is to be maintained at an amount not less than three months of general fund operating expenditures, measured based on the most recently completed fiscal year. This amount maintained for stabilization funding is to be reported in the unassigned fund balance classification each year. The calculated amount at August 31, 2025 was \$6,232,678 and the unassigned fund balance was \$5,394,082. The policy has not been met.

Restricted Fund Balances

Restricted fund balances in the special revenue funds represent state and federal grants as well as amounts restricted by donors to include the special education coop, campus activity funds and foundation donations. Fund balance in the debt service fund is restricted for the retirement of long-term debt.

M. Disaggregated Revenue

|During the year ended August 31, 2025, revenues reported in the fund financial statements from local sources consisted of the following:

	General Fund	Debt Service Fund	Other Governmental Funds	Totals
Property taxes	\$ 13,746,514	\$ 4,972,356	\$ --	\$ 18,718,870
Penalties & interest	55,066	17,392	--	72,458
Athletic receipts	126,620	--	--	126,620
Tuition	115,346	--	--	115,346
Rent	84,192	--	--	84,192
Investment earnings	270,479	40,650	--	311,129
Enterprising Services	--	--	188,218	188,218
Foundations & Donations	2,983	--	78,497	81,480
Other	287,731	--	41,376	329,107
Food service fees	--	--	43,230	43,230
	<u>\$ 14,688,931</u>	<u>\$ 5,030,398</u>	<u>\$ 351,321</u>	<u>\$ 20,070,650</u>



Required Supplementary Information

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



CUERO INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2025

EXHIBIT G-1

Page 1 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES:					
5700	Local and Intermediate Sources	\$ 13,943,336	\$ 14,045,547	\$ 14,688,931	\$ 643,384
5800	State Program Revenues	4,580,700	4,791,957	5,704,255	912,298
5900	Federal Program Revenues	--	--	90,976	90,976
5020	Total Revenues	18,524,036	18,837,504	20,484,162	1,646,658
EXPENDITURES:					
Current:					
Instruction and Instructional Related Services:					
0011	Instruction	12,884,289	12,500,000	12,842,172	(342,172)
0012	Instructional Resources and Media Services	150,000	125,000	79,440	45,560
0013	Curriculum and Instructional Staff Development	362,093	425,000	342,238	82,762
	Total Instruction and Instr. Related Services	13,396,382	13,050,000	13,263,850	(213,850)
Instructional and School Leadership:					
0021	Instructional Leadership	--	18,000	17,375	625
0023	School Leadership	1,238,942	1,110,000	947,984	162,016
	Total Instructional and School Leadership	1,238,942	1,128,000	965,359	162,641
Student Support Services:					
0031	Guidance, Counseling and Evaluation Services	415,036	375,000	401,650	(26,650)
0032	Social Work Services	75,000	70,000	67,796	2,204
0033	Health Services	387,527	325,000	322,121	2,879
0034	Student Transportation	1,513,781	1,100,000	1,167,629	(67,629)
0035	Food Services	--	1,375,000	65,147	1,309,853
0036	Extracurricular Activities	840,145	975,000	1,007,428	(32,428)
	Total Student Support Services	3,231,489	4,220,000	3,031,771	1,188,229
Administrative Support Services:					
0041	General Administration	600,000	848,000	839,862	8,138
	Total Administrative Support Services	600,000	848,000	839,862	8,138
Support Services:					
0051	Facilities Maintenance and Operations	3,313,200	3,400,000	3,619,393	(219,393)
0052	Security and Monitoring Services	200,000	160,000	154,395	5,605
0053	Data Processing Services	725,000	800,000	824,964	(24,964)
	Total Support Services	4,238,200	4,360,000	4,598,752	(238,752)
Ancillary Services:					
0061	Community Services	300,150	325,000	339,981	(14,981)
	Total Ancillary Services	300,150	325,000	339,981	(14,981)
Debt Service:					
0071	Debt Service	--	120,000	109,432	10,568
	Total Debt Service	--	120,000	109,432	10,568
Capital Outlay:					
0081	Facilities Acquisition and Construction	769,881	398,000	398,000	--
	Total Capital Outlay	769,881	398,000	398,000	--
Intergovernmental Charges:					
0093	Payments to Fiscal Agent/Member Dist.-SSA	--	--	1,179,326	(1,179,326)
0099	Other Intergovernmental Charges	300,000	204,380	204,380	--

CUERO INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2025

EXHIBIT G-1

Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
	Total Intergovernmental Charges	<u>300,000</u>	<u>204,380</u>	<u>1,383,706</u>	<u>(1,179,326)</u>
6030	Total Expenditures	<u>24,075,043</u>	<u>24,653,380</u>	<u>24,930,713</u>	<u>(277,333)</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>(5,551,007)</u>	<u>(5,815,876)</u>	<u>(4,446,551)</u>	<u>1,369,325</u>
1200	Net Change in Fund Balance	<u>(5,551,007)</u>	<u>(5,815,876)</u>	<u>(4,446,551)</u>	<u>1,369,325</u>
0100	Fund Balance - Beginning	<u>9,842,065</u>	<u>9,842,065</u>	<u>9,842,065</u>	<u>--</u>
3000	Fund Balance - Ending	<u>\$ 4,291,058</u>	<u>\$ 4,026,189</u>	<u>\$ 5,395,514</u>	<u>\$ 1,369,325</u>

CUERO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
TEXAS RETIREMENT SYSTEM OF TEXAS PENSION PLAN
LAST TEN FISCAL YEARS

	Measurement Year *									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.0090011%	0.0090011%	0.0090112%	0.0090107%	0.0097420%	0.0097111%	0.0091224%	0.0096864%	0.0124192%	0.0135139%
District's proportionate share of the net pension liability (asset)	\$ 6,614,969	\$ 7,491,697	\$ 6,624,284	\$ 2,723,926	\$ 5,217,609	\$ 5,048,145	\$ 5,022,325	\$ 3,097,192	\$ 4,693,038	\$ 4,776,984
State's proportionate share of the net pension liability (asset) associated with the District	10,870,190	13,224,729	11,864,214	5,432,578	11,671,761	10,888,577	11,689,985	7,013,930	9,556,062	9,627,104
Total	<u>\$ 17,485,159</u>	<u>\$ 20,716,426</u>	<u>\$ 18,488,498</u>	<u>\$ 8,156,504</u>	<u>\$ 16,889,370</u>	<u>\$ 15,936,722</u>	<u>\$ 16,712,310</u>	<u>\$ 10,111,122</u>	<u>\$ 14,249,100</u>	<u>\$ 14,404,088</u>
District's covered payroll	\$ 16,300,632	\$ 16,371,469	\$ 15,822,995	\$ 15,298,635	\$ 14,798,566	\$ 13,410,480	\$ 12,590,034	\$ 12,260,948	\$ 14,069,134	\$ 14,328,123
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	40.58%	45.76%	41.86%	17.81%	35.26%	37.64%	39.89%	25.26%	33.36%	33.34%
Plan fiduciary net position as a percentage of the total pension liability	77.51%	73.15%	75.62%	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%

* The amounts presented are determined as of the Plan's measurement year which was as of August 31 in each prior calendar year from the District's fiscal year end.

CUERO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS PENSION PLAN
LAST TEN FISCAL YEARS

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 700,459	\$ 640,362	\$ 604,751	\$ 560,112	\$ 493,874	\$ 451,075	\$ 342,240	\$ 296,124	\$ 315,469	\$ 394,590
Contributions in relation to the contractually required contribution	(700,459)	(640,362)	(604,751)	(560,112)	(493,874)	(451,075)	(342,240)	(296,124)	(315,469)	(394,590)
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered payroll	\$ 16,617,118	\$ 16,300,632	\$ 16,371,469	\$ 15,822,995	\$ 15,298,635	\$ 14,798,566	\$ 13,410,480	\$ 12,590,034	\$ 12,260,946	\$ 14,069,134
Contributions as a percentage of covered payroll	3.85%	3.71%	3.42%	3.54%	3.23%	3.05%	2.55%	2.35%	2.57%	2.80%

CUERO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS *

	Measurement Year **									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the collective net OPEB liability	0.0166554%	0.0169275%	0.0173476%	0.0164114%	0.0159922%	0.0160393%	0.0155034%	0.0190028%	--	--
District's proportionate share of the collective net OPEB liability	\$ 5,055,171	\$ 3,747,467	\$ 4,153,713	\$ 6,330,595	\$ 6,079,363	\$ 7,585,205	\$ 7,740,968	\$ 8,263,624	\$ --	\$ --
State proportionate share of the collective net OPEB liability associated with the District	\$ 6,334,061	\$ 4,521,895	\$ 5,066,877	\$ 8,481,587	\$ 8,169,206	\$ 10,079,042	\$ 10,569,951	\$ 9,460,033	\$ 1	\$ --
Total	<u>\$ 11,389,232</u>	<u>\$ 8,269,362</u>	<u>\$ 9,220,590</u>	<u>\$ 14,812,182</u>	<u>\$ 14,248,569</u>	<u>\$ 17,664,247</u>	<u>\$ 18,310,919</u>	<u>\$ 17,723,657</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered payroll	\$ 16,300,632	\$ 16,371,469	\$ 15,822,995	\$ 15,298,635	\$ 14,798,566	\$ 13,410,480	\$ 12,590,034	\$ 12,260,948	\$ --	\$ --
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	31.01%	22.89%	26.25%	41.38%	41.08%	56.56%	61.48%	67.40%	--	--
Plan fiduciary net position as a percentage of the total OPEB liability	13.70%	14.94%	11.52%	6.18%	4.99%	2.66%	1.57%	0.91%	--	--

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

** The amounts presented are determined as of the Plan's measurement year which was as of August 31 in each prior calendar year from the District's fiscal year end.

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

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily or contractually required District contribution	\$ 160,591	\$ 151,325	\$ 146,854	\$ 142,482	\$ 127,321	\$ 106,753	\$ 100,445	\$ 84,904	\$ --	\$ --
Contributions recognized by OPEB in relation to statutorily or contractually required contribution	(160,591)	(151,325)	(146,854)	(142,482)	(127,321)	(106,753)	(100,445)	(84,904)	--	--
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered payroll	\$ 16,617,118	\$ 16,300,632	\$ 16,371,469	\$ 15,822,995	\$ 15,298,635	\$ 14,798,566	\$ 13,410,480	\$ 12,590,034	\$ --	\$ --
Contributions as a percentage of covered payroll	0.97%	0.93%	0.90%	0.90%	0.83%	0.72%	0.75%	0.67%	--	--

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

CUERO INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED AUGUST 31, 2025

Budget

The official budget was prepared for adoption for all Governmental Fund Types. The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data.:

- a. Prior to August 21 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
- c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the board.

Once a budget is approved, it can be amended at function and fund level only by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings.

Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end as required by law.

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

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no end-of-year outstanding encumbrances that were provided for in the subsequent year's budget.

Defined Benefit Pension Plan

Changes of benefit terms

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

Changes of assumptions

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

Other Post-Employment Benefit Plan

Changes of benefit terms

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

Changes of assumptions

There were no changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period.



*Combining Statements and Budget Comparisons
as Supplementary Information*

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

CUERO INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2025

Data Control Codes	211 ESEA Title I Improving Basic Programs	240 National School Breakfast/Lunch Program	242 Summer Food Service Program	255 ESEA Title II Training & Recruiting
ASSETS:				
1110 <i>Cash and Cash Equivalents</i>	\$ --	\$ 429,548	\$ --	\$ --
1240 <i>Due from Other Governments</i>	59,755	87,587	--	36,552
1290 <i>Other Receivables</i>	--	1,647	--	--
1300 <i>Inventories</i>	--	15,005	--	--
1000 <i>Total Assets</i>	<u>59,755</u>	<u>533,787</u>	<u>--</u>	<u>36,552</u>
LIABILITIES:				
Current Liabilities:				
2110 <i>Accounts Payable</i>	\$ --	\$ 468	\$ --	\$ --
2160 <i>Accrued Wages Payable</i>	18,778	36,966	--	--
2170 <i>Due to Other Funds</i>	39,238	--	--	36,552
2200 <i>Accrued Expenditures</i>	1,739	783	--	--
2300 <i>Unearned Revenue</i>	--	--	--	--
2000 <i>Total Liabilities</i>	<u>59,755</u>	<u>38,217</u>	<u>--</u>	<u>36,552</u>
FUND BALANCES:				
Nonspendable Fund Balances:				
3410 <i>Inventories</i>	--	32,001	--	--
Restricted Fund Balances:				
3450 <i>Federal/State Funds Grant Restrictions</i>	--	463,569	--	--
3490 <i>Other Restrictions of Fund Balance</i>	--	--	--	--
Unassigned, Reported in Nonmajor:				
3610 <i>Special Revenue Funds</i>	--	--	--	--
3000 <i>Total Fund Balances</i>	<u>--</u>	<u>495,570</u>	<u>--</u>	<u>--</u>
4000 <i>Total Liabilities and Fund Balances</i>	<u>\$ 59,755</u>	<u>\$ 533,787</u>	<u>\$ --</u>	<u>\$ 36,552</u>

The accompanying notes are an integral part of this statement.

270 ESEA, Title V Part B, Subpart 2 Rural School	282 ESSER Fund III of the American Rescue Plan Act	285 IDEA-B Preschool the American Rescue Plan Act	288 Provider Relief Fund	289 Emergency Impact Aid LEA
\$ --	\$ 2,940	\$ --	\$ --	\$ --
1,657	--	204,866	37,057	6,652
--	--	--	--	--
--	--	--	--	--
<u>1,657</u>	<u>2,940</u>	<u>204,866</u>	<u>37,057</u>	<u>6,652</u>
\$ --	\$ 2,940	\$ 1,164	\$ 1,505	\$ --
--	--	3,763	18,981	--
1,657	--	199,881	15,119	6,652
--	--	58	1,452	--
--	--	--	--	--
<u>1,657</u>	<u>2,940</u>	<u>204,866</u>	<u>37,057</u>	<u>6,652</u>
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ 1,657</u>	<u>\$ 2,940</u>	<u>\$ 204,866</u>	<u>\$ 37,057</u>	<u>\$ 6,652</u>

CUERO INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2025

Data Control Codes	313 IDEA-B Formula	314 IDEA-B Preschool	385 Supplemental Visually Impaired	410 State Textbook Fund
ASSETS:				
1110 <i>Cash and Cash Equivalents</i>	\$ --	\$ --	\$ 643	\$ --
1240 <i>Due from Other Governments</i>	154,494	2,197	--	--
1290 <i>Other Receivables</i>	--	--	--	--
1300 <i>Inventories</i>	--	--	--	--
1000 Total Assets	<u>154,494</u>	<u>2,197</u>	<u>643</u>	<u>--</u>
LIABILITIES:				
Current Liabilities:				
2110 <i>Accounts Payable</i>	\$ --	\$ --	\$ 643	\$ --
2160 <i>Accrued Wages Payable</i>	34,507	1,970	--	--
2170 <i>Due to Other Funds</i>	116,084	--	--	--
2200 <i>Accrued Expenditures</i>	3,903	227	--	--
2300 <i>Unearned Revenue</i>	--	--	--	--
2000 Total Liabilities	<u>154,494</u>	<u>2,197</u>	<u>643</u>	<u>--</u>
FUND BALANCES:				
Nonspendable Fund Balances:				
3410 <i>Inventories</i>	--	--	--	--
Restricted Fund Balances:				
3450 <i>Federal/State Funds Grant Restrictions</i>	--	--	--	--
3490 <i>Other Restrictions of Fund Balance</i>	--	--	--	--
Unassigned, Reported in Nonmajor:				
3610 <i>Special Revenue Funds</i>	--	--	--	--
3000 Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
4000 Total Liabilities and Fund Balances	<u>\$ 154,494</u>	<u>\$ 2,197</u>	<u>\$ 643</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

427 State Funded Special Revenue Fund	429 State Funded Special Revenue Fund	437 Special Education	459 Special Education Grant	461 Campus Activity Funds
\$ --	\$ 41,848	\$ 49,276	\$ 45,778	\$ 86,911
231,308	--	--	--	--
--	--	--	--	225
--	--	--	--	--
<u>231,308</u>	<u>41,848</u>	<u>49,276</u>	<u>45,778</u>	<u>87,136</u>
\$ --	\$ --	\$ --	\$ --	\$ 100
--	--	48,247	--	--
231,308	--	--	--	--
--	--	1,029	--	--
--	41,848	--	--	--
<u>231,308</u>	<u>41,848</u>	<u>49,276</u>	<u>--</u>	<u>100</u>
--	--	--	--	--
--	--	--	--	--
--	--	--	45,778	39,671
--	--	--	--	47,365
<u>--</u>	<u>--</u>	<u>--</u>	<u>45,778</u>	<u>87,036</u>
\$ <u>231,308</u>	\$ <u>41,848</u>	\$ <u>49,276</u>	\$ <u>45,778</u>	\$ <u>87,136</u>



CUERO INDEPENDENT SCHOOL DISTRICT**COMBINING BALANCE SHEET****NONMAJOR SPECIAL REVENUE FUNDS**

AUGUST 31, 2025

Data Control Codes	496 Miscellaneous Grants	498 Educational Foundation Grant	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
ASSETS:			
1110 <i>Cash and Cash Equivalents</i>	\$ 2,833	\$ 80,947	\$ 740,724
1240 <i>Due from Other Governments</i>	--	--	822,125
1290 <i>Other Receivables</i>	--	--	1,872
1300 <i>Inventories</i>	--	--	15,005
1000 Total Assets	<u>2,833</u>	<u>80,947</u>	<u>1,579,726</u>
LIABILITIES:			
Current Liabilities:			
2110 <i>Accounts Payable</i>	\$ --	\$ --	\$ 6,820
2160 <i>Accrued Wages Payable</i>	--	--	163,212
2170 <i>Due to Other Funds</i>	--	--	646,491
2200 <i>Accrued Expenditures</i>	--	--	9,191
2300 <i>Unearned Revenue</i>	--	--	41,848
2000 Total Liabilities	<u>--</u>	<u>--</u>	<u>867,562</u>
FUND BALANCES:			
Nonspendable Fund Balances:			
3410 <i>Inventories</i>	--	--	32,001
Restricted Fund Balances:			
3450 <i>Federal/State Funds Grant Restrictions</i>	--	--	463,569
3490 <i>Other Restrictions of Fund Balance</i>	2,833	7,367	95,649
Unassigned, Reported in Nonmajor:			
3610 <i>Special Revenue Funds</i>	--	73,580	120,945
3000 Total Fund Balances	<u>2,833</u>	<u>80,947</u>	<u>712,164</u>
4000 Total Liabilities and Fund Balances	<u>\$ 2,833</u>	<u>\$ 80,947</u>	<u>\$ 1,579,726</u>

The accompanying notes are an integral part of this statement.

CUERO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes		211 ESEA Title I Improving Basic Programs	240 National School Breakfast/Lunch Program	242 Summer Food Service Program	255 ESEA Title II Training & Recruiting
REVENUES:					
5700	Local and Intermediate Sources	\$ --	\$ 84,606	\$ --	\$ --
5800	State Program Revenues	--	55,150	204,715	--
5900	Federal Program Revenues	811,248	1,214,179	--	137,579
5020	Total Revenues	811,248	1,353,935	204,715	137,579
EXPENDITURES:					
Current:					
0011	Instruction	736,360	--	--	--
0012	Instructional Resources and Media Services	--	--	--	--
0013	Curriculum and Staff Development	22,577	--	--	137,579
0021	Instructional Leadership	--	--	--	--
0023	School Leadership	--	--	--	--
0031	Guidance, Counseling, and Evaluation Services	--	--	--	--
0032	Social Work Services	--	--	--	--
0033	Health Services	822	--	--	--
0034	Student Transportation	7,449	--	--	--
0035	Food Service	--	1,406,816	204,715	--
0036	Cocurricular/Extracurricular Activities	--	--	--	--
0051	Facilities Maintenance and Operations	--	--	--	--
0052	Security and Monitoring Services	--	--	--	--
0061	Community Services	44,040	--	--	--
6030	Total Expenditures	811,248	1,406,816	204,715	137,579
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	(52,881)	--	--
1200	Net Change in Fund Balances	--	(52,881)	--	--
0100	Fund Balances - Beginning	--	548,451	--	--
3000	Fund Balances - Ending	\$ --	\$ 495,570	\$ --	\$ --

The accompanying notes are an integral part of this statement.

270 ESEA, Title V Part B, Subpart 2 Rural School	282 ESSER Fund III of the American Rescue Plan Act	285 IDEA-B Preschool the American Rescue Plan Act	288 Provider Relief Fund	289 Emergency Impact Aid LEA
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	14,614	--	--
82,914	25,382	1,225,056	282,563	46,052
82,914	25,382	1,239,670	282,563	46,052
82,914	--	19,712	--	9,140
--	--	947,137	--	--
--	--	--	--	--
--	--	--	--	--
--	--	152,604	282,563	192
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	25,382	--	--	--
--	--	--	--	36,630
--	--	120,217	--	90
82,914	25,382	1,239,670	282,563	46,052
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
\$ --	\$ --	\$ --	\$ --	\$ --

CUERO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes	313 IDEA-B Formula	314 IDEA-B Preschool	385 Supplemental Visually Impaired	410 State Textbook Fund
REVENUES:				
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ --	\$ --	\$ --
5800 <i>State Program Revenues</i>	--	--	6,600	82,918
5900 <i>Federal Program Revenues</i>	538,743	15,202	--	--
5020 <i>Total Revenues</i>	<u>538,743</u>	<u>15,202</u>	<u>6,600</u>	<u>82,918</u>
EXPENDITURES:				
Current:				
0011 <i>Instruction</i>	448,965	15,202	4,734	82,918
0012 <i>Instructional Resources and Media Services</i>	--	--	--	--
0013 <i>Curriculum and Staff Development</i>	14,056	--	1,866	--
0021 <i>Instructional Leadership</i>	67,902	--	--	--
0023 <i>School Leadership</i>	--	--	--	--
0031 <i>Guidance, Counseling, and Evaluation Services</i>	7,700	--	--	--
0032 <i>Social Work Services</i>	--	--	--	--
0033 <i>Health Services</i>	120	--	--	--
0034 <i>Student Transportation</i>	--	--	--	--
0035 <i>Food Service</i>	--	--	--	--
0036 <i>Cocurricular/Extracurricular Activities</i>	--	--	--	--
0051 <i>Facilities Maintenance and Operations</i>	--	--	--	--
0052 <i>Security and Monitoring Services</i>	--	--	--	--
0061 <i>Community Services</i>	--	--	--	--
6030 <i>Total Expenditures</i>	<u>538,743</u>	<u>15,202</u>	<u>6,600</u>	<u>82,918</u>
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>				
1100 <i>Expenditures</i>	--	--	--	--
1200 <i>Net Change in Fund Balances</i>	--	--	--	--
0100 <i>Fund Balances - Beginning</i>	--	--	--	--
3000 <i>Fund Balances - Ending</i>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

427 State Funded Special Revenue Fund	429 State Funded Special Revenue Fund	437 Special Education	459 Special Education Grant	461 Campus Activity Funds
\$ --	\$ --	\$ --	\$ --	\$ 188,218
231,308	770,314	1,426,779	--	--
--	--	--	--	--
<u>231,308</u>	<u>770,314</u>	<u>1,426,779</u>	<u>--</u>	<u>188,218</u>
94,739	2,387	692,203	--	--
--	--	--	--	--
30,433	--	240	--	--
--	--	247,350	--	--
106,136	--	--	--	--
--	--	472,132	--	--
--	--	--	--	--
--	--	14,854	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	186,582
--	--	--	--	--
--	767,927	--	--	--
--	--	--	--	--
<u>231,308</u>	<u>770,314</u>	<u>1,426,779</u>	<u>--</u>	<u>186,582</u>
--	--	--	--	1,636
--	--	--	--	1,636
--	--	--	45,778	85,400
\$ --	\$ --	\$ --	\$ <u>45,778</u>	\$ <u>87,036</u>



CUERO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes	496 Miscellaneous Grants	498 Educational Foundation Grant	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ 78,497	\$ 351,321
5800 <i>State Program Revenues</i>	--	1,333	2,793,731
5900 <i>Federal Program Revenues</i>	--	--	4,378,918
5020 Total Revenues	--	79,830	7,523,970
EXPENDITURES:			
Current:			
0011 <i>Instruction</i>	--	70,473	2,259,747
0012 <i>Instructional Resources and Media Services</i>	--	--	947,137
0013 <i>Curriculum and Staff Development</i>	--	--	206,751
0021 <i>Instructional Leadership</i>	--	--	315,252
0023 <i>School Leadership</i>	--	--	106,136
0031 <i>Guidance, Counseling, and Evaluation Services</i>	--	--	915,191
0032 <i>Social Work Services</i>	--	1,990	1,990
0033 <i>Health Services</i>	--	--	15,796
0034 <i>Student Transportation</i>	--	--	7,449
0035 <i>Food Service</i>	--	--	1,611,531
0036 <i>Cocurricular/Extracurricular Activities</i>	--	--	186,582
0051 <i>Facilities Maintenance and Operations</i>	--	--	25,382
0052 <i>Security and Monitoring Services</i>	--	--	804,557
0061 <i>Community Services</i>	--	--	164,347
6030 Total Expenditures	--	72,463	7,567,848
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	--	7,367	(43,878)
1200 Net Change in Fund Balances	--	7,367	(43,878)
0100 Fund Balances - Beginning	2,833	73,580	756,042
3000 Fund Balances - Ending	\$ 2,833	\$ 80,947	\$ 712,164

The accompanying notes are an integral part of this statement.



Other Supplementary Information

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

CUERO INDEPENDENT SCHOOL DISTRICTSCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2025

Year Ended August 31	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2016 and Prior Years	\$	Various	\$	Various	\$	Various
2017		0.96		.49048		1,185,940,515
2018		1.04		.4600		1,144,181,457
2019		1.12		.4900		1,041,451,346
2020		0.97		.4266		1,345,015,071
2021		0.97		.5400		1,156,761,609
2022		0.96		.6743		994,899,743
2023		0.86		.4638		1,386,880,371
2024		0.669		.3330		1,915,357,569
2025 (School Year Under Audit)		0.667		.2406		2,048,430,258

1000 Totals

8000 - Texas Refunded under under Section 26.1115 (c)

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

EXHIBIT J-1

10 Beginning Balance 9/1/24	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/25	99 Total Taxes Refunded under Section 26.1115(c)
\$ 48,554	\$ --	\$ 2,166	\$ 784	\$ --	\$ 45,604	
(47,646)	--	1,669	604	--	(49,919)	
(104,826)	--	773	280	--	(105,879)	
(124,750)	--	4,408	1,595	--	(130,753)	
342,279	--	3,192	1,155	--	337,932	
285,368	--	4,171	1,509	(113)	279,575	
38,500	--	11,943	4,321	(293)	21,942	
160,559	--	15,844	5,733	(114)	138,869	
253,806	--	51,994	18,814	(10,561)	172,437	
--	18,589,095	13,613,926	4,926,080	11,483	60,572	
<u>\$ 851,844</u>	<u>\$ 18,589,095</u>	<u>\$ 13,710,086</u>	<u>\$ 4,960,874</u>	<u>\$ 402</u>	<u>\$ 770,381</u>	
						<u>\$8,083</u>

ode

CUERO INDEPENDENT SCHOOL DISTRICT

USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAM
AS OF AUGUST 31, 2025

<u>Data Control Codes</u>		<u>Responses</u>
<u>Section A: Compensatory Education Programs</u>		
AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$ 1,474,968
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28 29, 30)	\$ 1,474,968
<u>Section B: Bilingual Education Programs</u>		
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$ 39,456
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25)	\$ 39,456

CUERO INDEPENDENT SCHOOL DISTRICT
NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2025

EXHIBIT J-4

Data Control Codes		1	2	3
		Budget	Actual	Variance Positive (Negative)
	REVENUES:			
5700	<i>Local and Intermediate Sources</i>	\$ 55,139	\$ 84,606	\$ 29,467
5800	<i>State Program Revenues</i>	21,316	55,150	33,834
5900	<i>Federal Program Revenues</i>	1,340,430	1,214,179	(126,251)
5020	Total Revenues	<u>1,416,885</u>	<u>1,353,935</u>	<u>(62,950)</u>
	EXPENDITURES:			
	Current:			
	Student Support Services:			
0035	<i>Food Services</i>	1,413,880	1,406,816	7,064
	Total Student Support Services	<u>1,413,880</u>	<u>1,406,816</u>	<u>7,064</u>
6030	Total Expenditures	<u>1,413,880</u>	<u>1,406,816</u>	<u>7,064</u>
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	3,005	(52,881)	(55,886)
1200	Net Change in Fund Balance	3,005	(52,881)	(55,886)
0100	Fund Balance - Beginning	--	548,451	548,451
3000	Fund Balance - Ending	<u>\$ 3,005</u>	<u>\$ 495,570</u>	<u>\$ 492,565</u>

CUERO INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-5

DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes		1	2	3
		Budget	Actual	Variance Positive (Negative)
REVENUES:				
5700	Local and Intermediate Sources	\$ 5,003,525	\$ 5,030,398	\$ 26,873
5800	State Program Revenues	--	433,573	433,573
5020	Total Revenues	<u>5,003,525</u>	<u>5,463,971</u>	<u>460,446</u>
EXPENDITURES:				
Debt Service:				
0071	Debt Service	3,290,000	3,200,000	90,000
0072	Interest on Long-Term Debt	1,713,525	1,747,450	(33,925)
0073	Bond Issuance Costs and Fees	--	800	(800)
	Total Debt Service	<u>5,003,525</u>	<u>4,948,250</u>	<u>55,275</u>
6030	Total Expenditures	<u>5,003,525</u>	<u>4,948,250</u>	<u>55,275</u>
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	--	515,721	515,721
1200	Net Change in Fund Balance	--	515,721	515,721
0100	Fund Balance - Beginning	--	2,015,692	2,015,692
3000	Fund Balance - Ending	<u>\$ --</u>	<u>\$ 2,531,413</u>	<u>\$ 2,531,413</u>

Harry Afadapa & Associates, PC

Certified Public Accountants

16115 Crooked Lake Way N.

Cypress. Texas 77433

(832)960-7977~www.afadapa.com

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
Cuero Independent School District
960 East Broadway
Cuero, Texas 77954

Members of the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cuero Independent School District, as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise Cuero Independent School District's basic financial statements, and have issued our report thereon dated November 7, 2025.

Report on Internal Control Over Financial Reporting

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cuero 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*.

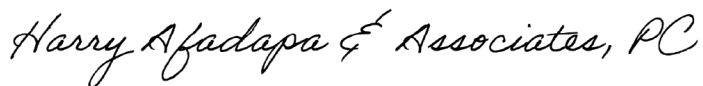
Cuero Independent School District's Response to Findings

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

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 Cuero 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 Cuero Independent School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink that reads "Harry Afadapa & Associates, PC". The signature is written in a cursive, flowing style.

Harry Afadapa & Associates, PC

Cypress, Texas
November 7, 2025

Harry Afadapa & Associates, PC

Certified Public Accountants

16115 Crooked Lake Way N.

Cypress. Texas 77433

(832) 960-7977~www.afadapa.com

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
Cuero Independent School District
960 East Broadway
Cuero, Texas 77954

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Cuero Independent School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Cuero Independent School 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 Cuero Independent School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Cuero Independent School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Cuero Independent School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Respectfully submitted,

Harry Afadapa & Associates, PC

Harry Afadapa & Associates, PC

Cypress, Texas
November 7, 2025



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

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

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

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

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

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

Version of compliance supplement used in audit: May 2024

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

Identification of major programs:

Assistance Listing Number(s) Name of Federal Program or Cluster

10.553/10.555 National Child Nutrition Program

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

Auditee qualified as low-risk auditee? X Yes No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

CUERO INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2025

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
<i>None</i>		

CUERO INDEPENDENT SCHOOL DISTRICT

EXHIBIT K-1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED AUGUST 31, 2025

(1)	(2)	(2A) Pass-Through Entity Identifying Number	(3) Passed Through to Subrecipients	Federal Expenditures
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal ALN Number			
<u>SPECIAL EDUCATION (IDEA) CLUSTER:</u>				
<u>U. S. Department of Education</u>				
Passed Through State Department of Education				
SSA IDEA - Part B, Formula	84.027	25660001062901	\$ --	\$ 538,743
SSA IDEA - Part B, Preschool	84.173	25660001062901	--	15,202
Total Passed Through State Department of Education			--	553,945
Total U. S. Department of Education			--	553,945
Total Special Education (IDEA) Cluster			--	553,945
<u>OTHER PROGRAMS:</u>				
<u>U. S. Department of Education</u>				
Direct Program:				
<i>Federally Funded Special Revenue Funds</i>	84.424a	2568101062901	\$ --	\$ 46,052
Passed Through State Department of Education:				
<i>IDEA - Part B, Preschool - American Rescue Plan (ARP) Act of 202</i>	84.425D	21528001062901	--	18,435
<i>IDEA - Part B, Preschool - American Rescue Plan (ARP) Act of 202</i>	84.425D	21528001062901	--	274,098
<i>IDEA - Part B, Preschool - American Rescue Plan (ARP) Act of 202</i>	84.425D	21528001062901	--	947,137
				\$ 1,239,670
<i>ESSER Fund III of the American Rescue Plan Act of 2021</i>	84.425D	22535002062901	--	25,382
<i>Title I Part A - Improving Basic Programs</i>	84.010a	24610101062901	--	20,517
<i>Title I Part A - Improving Basic Programs</i>	84.010a	25610101062901	--	790,731
				\$ 811,248
<i>Title II, Part A - Teacher and Principal Training and Recruiting</i>	84.367a	25694501062901	--	137,579
<i>ESEA, Title V, Part B, Subpart 2-Rural and Low Income School Gra</i>	84.358a	25696001062901	--	82,914
<i>Fund 2885</i>	84.424a	22528001062901	--	268,230
<i>Fund 2886</i>	84.424a	22528001062901	--	14,333
				\$ 282,563
Total Passed Through State Department of Education			--	\$ 3,133,301
Total U. S. Department of Education			\$ --	\$ 3,179,353
<u>U.S. Department of Agriculture</u>				
Pass Through Texas Department of Agriculture:				
Commodity Supplemental Food Program (Non-cash)	10.565	158001A	--	91,337
Total Passed Through Texas Department of Agriculture				\$ 91,337
Pass Through State Department of Education:				
National Nutrition Food Program				
School Breakfast Program	10.553	714025	--	525,843
Total ALN Number 10.553				\$ 525,843
National School Lunch Program	10.555	713025	--	994,351
Total ALN Number 10.555				\$ 994,351
Total U. S. Department of Agriculture				1,611,531
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ --	\$ 4,790,884
Reconciliation of Expenditures:				
Add: Non-Federal expenditures				2,776,964
TOTAL EXPENDITURES per Exhibit H-2			\$ --	\$ 7,567,848

The accompanying notes are an integral part of this schedule.

CUERO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED AUGUST 31, 2025

Basis of Presentation

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

Summary of Significant Accounting Policies

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

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

CUERO INDEPENDENT SCHOOL DISTRICT*SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2025*

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

