DENVER CITY
INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2025

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

	EXHIBIT	PAGE
Certificate of Board		1
Independent Auditors' Report		2
Management's Discussion and Analysis		5-11
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Position	A-1	12
Statement of Activities	B-1	13
Governmental Fund Financial Statements:		
Balance Sheet	C-1	14
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	C-2	15
Statement of Revenues, Expenditures and Changes in Fund Balances	C-3	16
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	C-4	17
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Net Position	E-1	18
Statement of Changes in Fiduciary Fund Net Position	E-2	19
Notes to the Financial Statements		20-53
Required Supplementary Information:		
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	G-1	54
Schedule of the District's Proportionate Share of the Net Pension Liability – Teacher Retirement System of Texas	G-2	55
Schedule of District's Contributions for Pensions – Teacher Retirement System of Texas	G-3	56
Schedule of the District's Proportionate Share of the Net OPEB Liability (OPEB) – Teacher Retirement System of Texas	G-4	57
Schedule of District's Contributions for Other Post-Employment Benefits – Teacher Retirement System of Texas	G-5	58
Notes to Required Supplementary Information		59
Combining Schedules:		
Nonmajor Governmental Funds:		
Combining Balance Sheet	H-1	60-61
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	H-2	62-63

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

	EXHIBIT	PAGE
Required Texas Education Agency Schedules:		
Schedule of Delinquent Taxes Receivable	J-1	64
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Child Nutrition Fund	J-2	65
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - Debt Service Fund	J-3	66
State Compensatory Education and Bilingual Education Program Expenditures	J-4	67
Overall Compliance, Internal Control and Federal Award Section:		
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*		68-69
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance required by The Uniform Guidance		70-72
Schedule of Findings and Questioned Costs & Status of Prior Year Findings		73-74
Schedule of Expenditures of Federal Awards	K-1	75
Notes on Accounting Policies for Federal Awards		76

DENVER CITY INDEPENDENT SCHOOL DISTRICT
YEAR ENDED AUGUST 31, 2025
CERTIFICATE OF BOARD

Denver City Independent School District	Yoakum	251-901
Name of School District	County	County-District Number

We, the undersigned, certify that the attached auditors' report of the Denver City Independent School District was reviewed and approved_____ disapproved _____ for the year ended August 31, 2025, at a meeting of the Board of School Trustees of Denver City Independent School District on the 27th day of January 2026.

Signature of Board Secretary	Signature of Board President

If the auditors' report was checked above as disapproved, the reason(s) therefore is/are (attach list if necessary):

BENNETT BENNETT & TRICE, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
611 N 2ND STREET, LAMESA TX 79331
PO BOX 790

VOICE 806 872-5426
TOLL FREE 800 227-5426
FAX 806 872-3542
EMAIL KBAIRRINGTON@bbtcpa.com

Members of
Texas Society of
Certified Public Accountants
American Institute of
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of School Trustees
Denver City Independent School District
501 Mustang Ave
Denver City, Texas 79323

Opinions

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

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Denver City 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. 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 the Denver City 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, 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 Hale Center Independent School 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 Denver City Independent School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 11, the budgetary comparison information for the General Fund and the Teacher Retirement System schedules for pension and other post-employment benefits on pages 55 through 59, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Combining Nonmajor Fund Financial statements, the required Texas Education Agency (TEA) schedules and the Schedule of Expenditures of Federal Awards (SEFA) as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance),* listed in the table of contents are presented for purpose of additional analysis and are not a required part of the basic financial statements.

The Combining Nonmajor Fund Financial Statements, the required TEA Schedules, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Nonmajor Fund Financial statements and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2025, on our consideration of Denver City 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing but not to provide an opinion on the 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 Denver City Independent School District's internal control over financial reporting and compliance.

Bennett & Bennett & Trice

Bennett Bennett & Trice, PLLC
Lamesa TX

January 22, 2026

DENVER CITY Independent School District

501 Mustang Drive; Denver City, Texas 79323 (806) 592-5900-phone (806) 592-5909-fax

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of Denver City Independent School District, discuss and analyze the District's financial performance for the fiscal year ended August 31, 2025. Please read it in conjunction with the independent auditors' report, the District's Basic Financial Statements which begin with Exhibit A-1 and the notes to the financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a whole and then proceed to provide a detailed look at specific financial activities.

The government-wide financial statements include the Statement of Net Position and the Statement of Activities on Exhibits A-1 and B-1. These provide information about the activities of the District as a whole and present a long-term view of the District's property, debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting with Exhibit C-1) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for tax levies and the appropriations budget. The remaining fiduciary statements provide financial information about activities for which the District acts solely as an agent for holding funds of student organizations and scholarships.

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

Required supplementary information (Exhibits G-1, G-2, G-3, G-4 and G-5) provide the budget analysis for the General Fund and schedules providing detailed information on the District's net pension liability and other post-employment benefits with the Teacher Retirement System of Texas.

The combining statements for non-major funds contain even more information about the District's individual funds. Texas Education Agency (TEA) does not require these statements. The sections labeled *Required TEA Schedules and Federal Awards Section* contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

Reporting the District as a Whole

Government-Wide Financial Statements (Statement of Net Position and Statement of Activities)

The analysis of the District's overall financial condition and operations begins with the Statement of Net Position, Exhibit A-1 and the Statement of Activities, Exhibit B-1. Their primary purpose is to show whether the District is in better or worse condition as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

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

These two statements report the District's net position and changes in them. The District's net position provides one measure of the District's financial health or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. However, to fully assess the overall health of the District, you should consider non-financial factors as well, such as changes in the District's average daily attendance, academic performance, property tax base and the condition of the District's facilities.

In the Statement of Net Position and Statement of Activities, we report governmental activities. Most of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, community service and general administration. Property taxes and state funding finance most of these activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements (Exhibits C) provide detailed information about the most significant funds – not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under ESEA Title I Part A - Improving Basic Programs from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (campus activities).

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

Reporting the District's Fiduciary Responsibilities

Fiduciary funds – The District is the trustee, or fiduciary, for money raised by student activities and scholarship funds. All of the District's fiduciary balances are reported in the Statement of Fiduciary Net Position and Changes in Fiduciary Net Position (Exhibits E-1 and E-2). We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the Net Position (Table I) and Changes in Net Position (Table II) of the District's governmental activities. Net position of the District's governmental activities increased by $2,234,286 from $68,204,361 to $70,438,647 during the year.

Changes in governmental net position was the result of the following factors:

- The District's expenditures exceeded revenues by $1,244,337(decrease).
- The District liquidated long-term debt of $3,555,000 increase and acquired capital assets of $2,032,043 increase.
- The District recorded depreciation and amortization of $3.152.710 (decrease).
- Adjustments of $755,218 increase were required to convert to full accrual accounting.
- The District's updated GASB 68 calculations resulted in a net adjustment of $400,872 (decrease).
- The District's updated GASB 75 calculations resulted in a net adjustment of 689,944 increase.

Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other requirements, decreased by $1,117,529 to $27,510,137.

The District's total revenues decreased $3,651,841 from the prior year. This change was a combination of several items:

- State aid funding increased $1,453,734 during the year.
- Maintenance and operations taxes (decreased) by $1,464,594.
- Debt service taxes (decreased) $700,398.
- Charges for services (decreased) $33,949.
- State and federal grants (decreased) by $1,698,416.
- Investment earnings (decreased) $545,421.
- Various other revenue items (decreased) $662,797 during the year.

The cost of all governmental activities decreased by 2,979,807 to $27,915,060. However, as shown in the Statement of Activities on Exhibit B-1, the amount that our taxpayers ultimately financed for these activities through District taxes and state equalization funding was $23,330,292 which was used for expenditures. Some of the costs were paid by those who directly benefited from the programs or by other governments and organizations that subsidized certain programs with grants, contributions and equalization funding. The remaining expenditures were funded through various miscellaneous revenues and investment earnings.

Table I
DENVER CITY INDEPENDENT SCHOOL DISTRICT
NET POSITIONS

	Governmental Activities 2025	Governmental Activities 2024
Cash and temporary investments	$ 40,957,122	$ 42,084,524
Other assets	1,154,889	1,155,130
Capital assets	94,715,527	95,687,069
Total Assets	136,827,538	138,926,723
Deferred Outflows of Resources:		
Deferred outflows related to TRS Pension	1,662,497	2,382,539
Deferred outflows related to TRS OPEB	1,747,578	1,124,659
Total Deferred Outflows of Resources	3,410,075	3,507,198
Current liabilities	1,727,160	1,608,899
Noncurrent liabilities	54,072,328	58,156,852
Net Pension liability	5,550,144	5,717,887
Net OPEB liability	3,930,055	2,962,306
Total Liabilities	65,279,687	68,445,944
Deferred Inflows of Resources:		
Deferred Gain on Bond Defeasance	299,132	377,266
Deferred inflows related to TRS pension	95,652	247,079
Deferred inflows related to TRS OPEB	4,124,495	5,159,269
Total Deferred Inflows of Resources	4,519,279	5,783,614
Net Positions:		
Net Investment in Capital Assets	40,852,108	37,789,672
Restricted for Debt Service	2,076,402	1,787,025
Unrestricted	27,510,137	28,627,666
Total Net Positions	$ 70,438,647	$ 68,204,363

Table II
DENVER CITY INDEPENDENT SCHOOL DISTRICT
CHANGES IN NET POSITION

	Governmental Activities 2025	Governmental Activities 2024
Revenues:		
Program Revenues:		
Charges for services	$ 125,808	$ 159,757
Operating grants and contributions	2,802,835	4,353,866
General Revenues:		
Maintenance and operations taxes	12,751,517	14,216,111
Debt service taxes	5,959,191	6,659,589
State aid - formula grants	4,619,584	3,165,850
Grants and contributions not restricted to specific function	63,688	211,073
Investment earnings	1,979,069	2,524,490
Miscellaneous	1,847,654	2,510,451
Total Revenues	30,149,346	33,801,187
Expenses:		
Instruction, curriculum and media services	11,444,815	13,615,698
School leadership	1,669,375	1,533,496
Student support services	1,995,179	2,290,141
Child nutrition	1,191,652	1,109,038
Extracurricular activities	2,299,454	2,289,588
General administration	1,311,292	1,416,513
Plant maintenance, security and data processing	4,939,596	5,201,358
Community services	56,691	56,724
Interest and bond fees	2,448,520	2,646,158
Services between districts and alternative education costs	416,262	581,448
Other intergovernmental charges	142,224	154,707
Total Expenses	27,915,060	30,894,869
Change in Net Position	2,234,286	2,906,318
Net position at beginning of year	68,204,361	65,298,043
Net position at end of year	$ 70,438,647	$ 68,204,361

THE DISTRICT'S FUNDS

Fund Balances

As the District completed the year, its governmental funds (as presented in the balance sheet on Exhibit C-1) reported a combined fund balance of $42,664,311 which is less than last year's total of $41,362,134. This $1,244,337 decrease in fund balance was due to expenditures exceeding revenue.

General Fund (unassigned) - The balance of the General Fund decreased from $10,476,753 to $8,947,481 during the 2025 fiscal year. The increase was due to due to revenues exceeding expenditures. This balance is available for current spending.

Special Revenue (unassigned) – This balance decreased from $177,032 to $174,938 during the 2025 fiscal year. These accumulated funds are at the campus level but are available for school expenditures.

Debt Service – The Debt Service fund balance had an increase of $287,027 from $1,708,321 to $1,995,348 because revenues were more than debt requirements

Budget and Planning

The original budget for 2024-2025 was developed in the spring of 2024 and adopted by the Board in August 2024. Over the course of the year, the budget was amended. These revisions were necessary for various reasons but mainly as a result of the roofing project.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year, the District had $94,709,057 invested net of depreciation, in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration and maintenance. During the year, additions of $2,174,699 to capital assets included new musical instruments and work on the roof project. Recorded depreciation and amortization expense was $3,152,710.

Debt

At the end of the fiscal year, the District had long-term debt outstanding of $54,072,328. Of this amount, $53,792,429 is general obligation bonds backed by the full faith of the State of Texas Permanent School Fund. More detailed information about the District's debt is presented in Note J to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In preparing financial forecasts for the fiscal year 2025–2026, District administration considered current economic conditions, declining property values, and anticipated state funding levels.

Based on preliminary budget projections for the 2025–2026 fiscal year, the District estimates General Fund revenues of $20,576,744 and projected expenditures totaling $23,981,568. These projections indicate a potential reduction of General Fund fund balance in the amount of approximately $3,713,824. The Food Service Fund is projected to operate in a deficit position, while the Debt Service Fund is expected to remain in a positive position for the purpose of defeasance.

For planning purposes, the projected Maintenance and Operations tax rate for the 2025–2026 fiscal year is $0.8022, and the projected Interest and Sinking tax rate is $0.4354. The District's taxable property value is projected to decrease from $1,541,787,689 to $1,308,201,987.

These projections were developed using conservative revenue assumptions in response to declining local property values and uncertainty related to state funding. Final budget decisions and tax rates for the 2025–2026 fiscal year will be considered and adopted by the Board of Trustees in accordance with state law.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office at Denver City Independent School District, 501 Mustang Avenue, Denver City, Texas 79323.

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

Governmental Fund Financial Statements

Fiduciary Fund Financial Statements

Notes to the Financial Statements

EXHIBIT A-1

DENVER CITY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2025

Data Control Codes		Primary Government Governmental Activities
ASSETS		
1110	Cash and Cash Equivalents	$ 192,960
1120	Current Investments	40,764,162
1220	Property Taxes - Delinquent	384,624
1230	Allowance for Uncollectible Taxes	(117,570)
1240	Due from Other Governments	885,735
1267	Due from Fiduciary Funds	2,100
	Capital Assets:	
1510	Land	1,061,479
1520	Buildings, Net	90,541,265
1530	Furniture and Equipment, Net	960,678
1550	Right-to-Use Leased Assets, Net	149,124
1580	Construction in Progress	2,002,981
1000	Total Assets	136,827,538
DEFERRED OUTFLOWS OF RESOURCES		
1705	Deferred Outflow Related to TRS Pension	1,662,497
1706	Deferred Outflow Related to TRS OPEB	1,747,578
1700	Total Deferred Outflows of Resources	3,410,075
LIABILITIES		
2110	Accounts Payable	603,802
2150	Payroll Deductions and Withholdings	98
2160	Accrued Wages Payable	959,577
2177	Due to Fiduciary Funds	16,412
2190	Due to Student Groups	2,100
2200	Accrued Expenses	145,171
	Noncurrent Liabilities:	
2501	Due Within One Year: Loans, Note, Leases, etc.	2,857,492
	Due in More than One Year:	
2502	Bonds, Notes, Loans, Leases, etc.	51,214,836
2540	Net Pension Liability (District's Share)	5,550,144
2545	Net OPEB Liability (District's Share)	3,930,055
2000	Total Liabilities	65,279,687
DEFERRED INFLOWS OF RESOURCES		
2602	Deferred Gain on Bond Defeasement	299,132
2605	Deferred Inflow Related to TRS Pension	95,652
2606	Deferred Inflow Related to TRS OPEB	4,124,495
2600	Total Deferred Inflows of Resources	4,519,279
NET POSITION		
3200	Net Investment in Capital Assets and Right-to-Use Lease Assets	40,852,108
3850	Restricted for Debt Service	2,076,402
3900	Unrestricted	27,510,137
3000	Total Net Position	$ 70,438,647

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

EXHIBIT B-1

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

Data Control Codes		1	Program Revenues 3	4	Net (Expense) Revenue and Changes in Net Position 6
		Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities
Primary Government:					
	GOVERNMENTAL ACTIVITIES:				
11	Instruction	$ 11,110,834	$ -	$ 998,338	$ (10,112,496)
12	Instructional Resources and Media Services	216,154	-	4,024	(212,130)
13	Curriculum and Instructional Staff Development	117,827	-	45,568	(72,259)
21	Instructional Leadership	493,089	-	40,169	(452,920)
23	School Leadership	1,176,286	-	34,829	(1,141,457)
31	Guidance, Counseling, and Evaluation Services	986,323	-	279,636	(706,687)
32	Social Work Services	10,107	-	-	(10,107)
33	Health Services	239,306	-	4,674	(234,632)
34	Student (Pupil) Transportation	759,443	-	12,302	(747,141)
35	Food Services	1,191,652	-	971,643	(220,009)
36	Extracurricular Activities	2,299,454	119,217	237,618	(1,942,619)
41	General Administration	1,311,292	-	18,703	(1,292,589)
51	Facilities Maintenance and Operations	4,031,875	-	30,215	(4,001,660)
52	Security and Monitoring Services	427,735	6,591	118,206	(302,938)
53	Data Processing Services	479,986	-	6,499	(473,487)
61	Community Services	56,691	-	411	(56,280)
72	Debt Service - Interest on Long-Term Debt	2,418,160	-	-	(2,418,160)
73	Debt Service - Bond Issuance Cost and Fees	30,360	-	-	(30,360)
91	Contracted Instructional Services Between Schools	416,262	-	-	(416,262)
99	Other Intergovernmental Charges	142,224	-	-	(142,224)
[TP]	TOTAL PRIMARY GOVERNMENT:	$ 27,915,060	$ 125,808	$ 2,802,835	(24,986,417)

Data Control Codes		
	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	12,751,517
DT	Property Taxes, Levied for Debt Service	5,959,191
SF	State Aid - Formula Grants	4,619,584
GC	Grants and Contributions not Restricted	63,688
IE	Investment Earnings	1,979,069
MI	Miscellaneous Local and Intermediate Revenue	1,847,654
TR	Total General Revenues	27,220,703
CN	Change in Net Position	2,234,286
NB	Net Position - Beginning	68,204,361
NE	Net Position - Ending	$ 70,438,647

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

DENVER CITY INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2025

Data Control Codes		10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
	ASSETS				
1110	Cash and Cash Equivalents	$ 3,560	$ -	$ 189,400	$ 192,960
1120	Investments - Current	39,078,251	1,685,895	16	40,764,162
1220	Property Taxes - Delinquent	276,529	108,095	-	384,624
1230	Allowance for Uncollectible Taxes	(90,529)	(27,041)	-	(117,570)
1240	Due from Other Governments	545,322	8,667	331,746	885,735
1260	Due from Other Funds	248,014	304,286	2,100	554,400
1000	Total Assets	$ 40,061,147	$ 2,079,902	$ 523,262	$ 42,664,311
	LIABILITIES				
2110	Accounts Payable	$ 598,022	$ 3,500	$ 2,280	$ 603,802
2150	Payroll Deductions and Withholdings Payable	-	-	98	98
2160	Accrued Wages Payable	878,057	-	81,520	959,577
2170	Due to Other Funds	304,286	-	264,426	568,712
2190	Due to Student Groups	2,100	-	-	2,100
2200	Accrued Expenditures	145,171	-	-	145,171
2300	Unearned Revenue	186,000	81,054	-	267,054
2000	Total Liabilities	2,113,636	84,554	348,324	2,546,514
	FUND BALANCES				
	Restricted Fund Balance:				
3480	Retirement of Long-Term Debt	-	1,995,348	-	1,995,348
	Committed Fund Balance:				
3510	Construction	13,831,757	-	-	13,831,757
3530	Capital Expenditures for Equipment	6,969,219	-	-	6,969,219
3545	Other Committed Fund Balance	8,199,054	-	-	8,199,054
3600	Unassigned Fund Balance	8,947,481	-	174,938	9,122,419
3000	Total Fund Balances	37,947,511	1,995,348	174,938	40,117,797
4000	Total Liabilities and Fund Balances	$ 40,061,147	$ 2,079,902	$ 523,262	$ 42,664,311

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

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

EXHIBIT C-2

	Total Fund Balances - Governmental Funds	$	40,117,797
1	Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was $143,857,301 and the accumulated depreciation was ($48,170,233). In addition, long-term liabilities of $58,156,582, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities increased net position.		37,530,216
2	The bond premiums are amortized over the life of the debt. The current year amortization of $635,948 is required to be amortized and recognized in the statement of net position resulting in a increase in net position.		635,948
3	The amount of deferred gain on defeasance of bonds is required to be recognized in the statement of net position resulting in a decrease in net position.		(299,130)
4	An increase to the compensated sick leave plan resulted in an increase to net position.		42,700
5	Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2025 capital outlays and debt principal payments is to increase net position.		5,587,043
6	Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of $5,550,144, a deferred resource inflow related to TRS in the amount of $95,652, and a deferred resource outflow related to TRS in the amount of $1,662,497. This amounted to a decrease in net position.		(3,983,299)
7	Included in the items related to debt is the recognition of the District's proportionate share of the net other post-employment benefit (OPEB) liabilities required by GASB 75 in the amount of $3,930,055 a deferred resource inflow related to OPEB in the amount of $4,124.495, and a deferred resource outflow related to OPEB in the amount of $1,747,578 This amounted to a decrease in net position.		(6,306,972)
8	The 2025 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation decreased net position.		(3,152,710)
9	Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue. The net effect of these reclassifications is to increase net position.		267,054
29	**Net Position of Governmental Activities**	$	70,438,647

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

DENVER CITY 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 Funds	Total Governmental Funds
	REVENUES:				
5700	Total Local and Intermediate Sources	$ 15,842,148	$ 6,108,574	$ 311,542	$ 22,262,264
5800	State Program Revenues	5,345,634	177,563	436,584	5,959,781
5900	Federal Program Revenues	63,689	-	1,749,016	1,812,705
5020	Total Revenues	21,251,471	6,286,137	2,497,142	30,034,750
	EXPENDITURES:				
	Current:				
0011	Instruction	9,752,379	-	829,514	10,581,893
0012	Instructional Resources and Media Services	192,137	-	-	192,137
0013	Curriculum and Instructional Staff Development	38,642	-	45,554	84,196
0021	Instructional Leadership	486,848	-	31,089	517,937
0023	School Leadership	1,151,758	-	12,338	1,164,096
0031	Guidance, Counseling, and Evaluation Services	731,226	-	266,139	997,365
0032	Social Work Services	5,113	-	-	5,113
0033	Health Services	220,018	-	-	220,018
0034	Student (Pupil) Transportation	609,616	-	-	609,616
0035	Food Services	25,994	-	1,119,448	1,145,442
0036	Extracurricular Activities	1,337,567	-	226,017	1,563,584
0041	General Administration	1,301,333	-	-	1,301,333
0051	Facilities Maintenance and Operations	3,626,877	-	-	3,626,877
0052	Security and Monitoring Services	237,101	-	117,566	354,667
0053	Data Processing Services	473,333	-	-	473,333
0061	Community Services	25,617	-	-	25,617
	Debt Service:				
0071	Principal on Long-Term Liabilities	-	3,555,000	-	3,555,000
0072	Interest on Long-Term Liabilities	-	2,418,160	-	2,418,160
0073	Bond Issuance Cost and Fees	4,410	25,950	-	30,360
	Capital Outlay:				
0081	Facilities Acquisition and Construction	2,002,981	-	-	2,002,981
	Intergovernmental:				
0091	Contracted Instructional Services Between Schools	416,262	-	-	416,262
0099	Other Intergovernmental Charges	142,224	-	-	142,224
6030	Total Expenditures	22,781,436	5,999,110	2,647,665	31,428,211
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,529,965)	287,027	(150,523)	(1,393,461)
	OTHER FINANCING SOURCES (USES):				
7913	Right-to-Use Lease and SBITA Proceeds	149,124	-	-	149,124
7915	Transfers In	-	-	148,430	148,430
8911	Transfers Out (Use)	(148,430)	-	-	(148,430)
7080	Total Other Financing Sources (Uses)	694	-	148,430	149,124
1200	Net Change in Fund Balances	(1,529,271)	287,027	(2,093)	(1,244,337)
0100	Fund Balance - September 1 (Beginning)	39,476,782	1,708,321	177,031	41,362,134
3000	Fund Balance - August 31 (Ending)	$ 37,947,511	$ 1,995,348	$ 174,938	$ 40,117,797

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

DENVER CITY INDEPENDENT SCHOOL DISTRICT EXHIBIT C-4
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2025

Total Net Change in Fund Balances - Governmental Funds	$	(1,244,337)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2025 capital outlays and debt principal payments increase the change in net position.		5,587,043
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect decreases change in net position.		(3,152,710)
Bond premiums and deferred gain on refunding are recorded as revenues when the funds are received in teh fund financial statements but are capitalized and amortized in the government-wide financial statements. Current bond premium amortization of $635,948 and current gain on refunding amortization of $78,134 increased the change in net position.		714,082
A decrease to the compensated sick leave plan resulted in an increase to change in net position.		42,700
Current year changes due to GASB 68 increased revenues in the amount of $255,645 also increased expenditures in the amount of $656,517. The net effect is to decrease change in ending net position.		(400,872)
Current year changes due to GASB 75 decreased revenues in the amount of $853,566 but also decreased expenditures in the amount of $1,543,510. The net effect is to increase change in ending net position.		689,944
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, The net effect of these reclassifications and recognitions increase change in net position.		(1,564)
Change in Net Position of Governmental Activities	$	2,234,286

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

EXHIBIT E-1

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

	Private Purpose Trust Fund	Total Custodial Funds
ASSETS		
Cash and Cash Equivalents	$ -	$ 265,306
Due from Other Funds	19,853	-
Total Assets	19,853	$ 265,306
LIABILITIES		
Due to Other Funds	-	3,441
Total Liabilities	-	3,441
NET POSITION		
Restricted for Campus Activities	-	261,865
Restricted for Scholarships	19,853	-
Total Net Position	$ 19,853	$ 261,865

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

EXHIBIT E-2

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

	Private Purpose Trust Fund	Total Custodial Funds
ADDITIONS:		
Miscellaneous Revenue - Student Activities	$ -	$ 121,515
Earnings from Temporary Deposits	-	1,830
Total Additions	-	123,345
DEDUCTIONS:		
Supplies and Materials	-	138,966
Total Deductions	-	138,966
Change in Fiduciary Net Position	-	(15,621)
Total Net Position September 1 (Beginning)	19,853	277,486
Total Net Position August 31 (Ending)	$ 19,853	$ 261,865

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Denver City Independent School District (the District) is a public education agency operating under the applicable laws and regulations of the State of Texas. The District prepares its basic financial statements in conformity with accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board (GASB) applicable to governmental units. The District also complies with the appropriate version of the Texas Education Agency's (TEA) Financial Accountability System Resource Guide (FAR) and the requirements of contracts and grants of agencies from which it receives funds. GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

A. REPORTING ENTITY

The Board of School Trustees (the Board), a seven-member group, is elected by the public and has the authority to make decisions, appoint administrators and managers and significantly influence operations. It also has the primary accountability for fiscal matters. All powers and duties not specifically delegated by statute to the 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 is not included in any other governmental "reporting entity" as defined in governmental accounting and financial reporting standards. There are no component units included within the reporting entity.

The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding entities.

B. BASIS OF ACCOUNTING AND PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Denver City Independent School District's non-fiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support. The District currently has no business-type activities.

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

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or Statement of Net Position. Bond premiums are deferred and amortized over the life of the bonds. Bond issue costs are expensed when incurred, in accordance with GASB Statements No. 63 and 65.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

B. BASIS OF ACCOUNTING AND PRESENTATION — CONTINUED

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

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense is specifically identified by function and is included in the direct expense to each function allocated. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

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

FUND FINANCIAL STATEMENTS

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

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

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt which is recognized when due.

Revenues from local sources consist primarily of property taxes. Property tax revenue 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 generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and claims and judgments are recorded only when payment is due.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

B. BASIS OF ACCOUNTING AND PRESENTATION — CONTINUED

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

The proprietary fund types and fiduciary funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expensed in the accounting period in which they are incurred and become measurable. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included in the Statement of Net Position. The fund equity is segregated into net investment in capital assets, restricted and unrestricted.

GOVERNMENTAL FUND TYPES

The District reports the following major governmental fund:

General Fund – This fund is established to account for resources used for general operations. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. This is a budgeted fund and undesignated fund balances are considered resources available for current operations.

Debt Service Fund — The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a Debt Service Fund.

Additionally, the District reports the following fund type(s):

Governmental Funds:

Special Revenue Funds — The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most federal and some state financial assistance is accounted for in a special revenue fund. Except for the food service fund, any unused balances are returned to the grantor at the close of specified project periods. The food service fund is the only required budgeted special revenue fund and historically operates at a deficit that is funded by an operating transfer from the general fund.

The District's food service is considered a special revenue fund since the general fund only subsidizes the food service program for all expenditures in excess of the National School Lunch Program (NSLP) and user fees. Food service fund balances, if any, are used exclusively for child nutrition program purposes. For all other funds in this fund type, project accounting is employed to maintain integrity for the various sources of funds.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

B. BASIS OF ACCOUNTING AND PRESENTATION — CONTINUED

GOVERNMENTAL FUND TYPES - CONTINUED

Fiduciary Funds:

Custodial Funds — The District accounts for the activities of student groups in these funds. Student activity organizations exist with the explicit approval of, and are subject to revocation by, the District's Board of Trustees.

Private Purpose Trust Funds — The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District's Private Purpose Trust Funds are scholarship funds with annual scholarships to be awarded to past students of the District in accordance with the donor stipulations.

C. OTHER ACCOUNTING POLICIES

Cash Equivalents — For purposes of the Statement of Cash Flows for proprietary and similar fund types, the District considers highly liquid investments to be cash equivalents if they mature in three months or less when purchased.

Capital Assets — Capital assets, which include land, buildings, furniture and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

Assets	Years
Buildings	30-50
Building Improvements	20
Vehicles	5-8
Other Equipment	5-10

Land is not depreciated

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

C. OTHER ACCOUNTING POLICIES — CONTINUED

Consumable Materials and Supplies — The District's disbursements for the purchase of consumable materials and supplies are recorded as expenditures. Inventories of such items, therefore, are not included in the balance sheet. Food commodities are recorded at market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as expenditures when received, and revenue is recognized for an equal amount.

Due From (To) Other Funds — Interfund receivables and payables arise from interfund transactions and are recorded in the affected funds in the period in which transactions are executed. See Note IV, D for additional discussion of interfund receivables, payables and transfers.

Deferred Outflows of Resources — In addition to assets, the Statement of Financial Position 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 that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Long-Term Debt — In the government-wide financial statements, long-term debt obligations are reported as liabilities in the applicable governmental activity. Bond premiums, but not issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium. Bond issuance costs are expensed in the year incurred. Accretion of interest on the capital appreciation bonds is recorded at the accreted value through the end of the fiscal year.

In the Fund Financial Statements, governmental fund types recognize payment of debt as an expenditure during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Leases — The District implemented GASB Statement No. 87 (GASB 87) for reporting leases. A right-to-use lease is defined as a contract that conveys control of another entity's nonfinancial asset(s) as specified in the contract for a period of time in an exchange or exchange-like transaction. To be accounted for as a lease, the lease must meet the definition of a "long-term" lease provided in GASB 87 and must meet the capitalization level set by the Board. The right-to-use lease liability is reported in government-wide statements. The lease liability is calculated as the present value of the reasonably certain expected payments to be made over the term of the lease and the interest included in the lease payment is recorded as an expense.

Subscription-Based Information Technology Arrangements — The District adopted GASB Statement 96, *Subscription-Based Information Technology Arrangements* This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset— an intangible asset— and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Management of the District evaluated all lease agreements currently in place and made the determination that the implementation of GASB 96 would not have a material impact on the District's financial statements. Consequently, GASB 96 was not implemented for the District's fiscal year ending August 31, 2025, financial statements.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

C. OTHER ACCOUNTING POLICIES — CONTINUED

Vacation and Sick Leave — Vacations should be taken within the same year they are earned, but up to 30 unused days can be carried over to the next year. Therefore, no liability has been accrued in the accompanying General Purpose Financial Statements. Employees of the District are entitled to sick leave based on category/class of employment. Sick leaves are allowed to accumulate but do not vest unless employed for more than ten years. (See Note H). Therefore, a liability for unused sick leave has not been recorded in the accompanying General Purpose Financial Statements.

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.

Other Post-Employment Benefits (OPEB) — 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 expenses, 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.

Deferred Inflows of Resources — In addition to liabilities, the Statement 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 future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Uncollected property taxes which are assumed collectible are reported in this category on the balance sheet for governmental funds. On the government-wide statements, these taxes are included in revenue; therefore, they are not reported in this category on the government-wide statement of net position.

Restriction on Assets — The assets of the scholarship funds are restricted for scholarships only. There are no restrictions on the assets of the General Fund.

Net Position on the Statement of Net Position

Net Investment in Capital Assets — The component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

Restricted for Federal and State Programs — The component of net position that is restricted for the operation of the food service.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

C. OTHER ACCOUNTING POLICIES — CONTINUED

Restricted for Debt Service — The component of net position that is restricted for use in repayment of long-term obligations of the District.

Unrestricted — The difference between assets with deferred outflows of resources and liabilities with deferred inflows of resources that is not reported in Net Investment in Capital Assets, Restricted for Federal and State programs, or Restricted for Debt Service.

Governmental Fund Balances:

The District uses the following classifications of fund balance.

Nonspendable Fund Balance — amounts that cannot be spent because they are either not in a spendable form or legally or contractually required to be maintained intact. The District does not have a nonspendable fund balance.

Restricted Fund Balance — that fund balance that can be spent only for specific purposes stipulated by constitution, external resource providers, laws and regulations of other governments or enabling legislation.

Committed Fund Balance — that portion of fund balance that can be used only for specific purposes pursuant to constraints imposed by formal Board action no later than the close of the fiscal year. Those constraints remain binding unless removed or changed in the same manner. The District has committed balances for construction, capital expenditures and other items totaling $29,000,030.

Assigned Fund Balance — that portion of fund balance that is constrained by the District's intent to be used for specific purposes but is neither restricted nor committed. Such intent is expressed by the Board or its designated official. Constraints imposed on the use of assigned amounts can be removed without formal Board action. The District does not have an assigned fund balance.

Unassigned Fund Balance — that portion of fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the General Fund. It represents that portion that is available for budgeting future operations.

When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.

Encumbrance Accounting — The District employs encumbrance accounting for goods or purchased services documented by purchase orders and contracts. An encumbrance represents an appropriation related to unperformed contracts for goods and services but does not represent an expenditure for the period, only a commitment to expend resources. Appropriations lapse at August 31, and encumbrances outstanding at that time are either canceled or appropriately provided for in the subsequent year's budget.

Management's Use of Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

C. OTHER ACCOUNTING POLICIES — CONTINUED

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the Governmental Fund Balance Sheet and the net position for governmental activities as reported in the government-wide Statement of Net Position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the beginning of the year were as follows:

Capital Assets Beginning of the Year	Historic Cost	Accumulated Depreciation	Net Value Beginning of the Year	Change in Net Position
Land	$ 1,061,479		$ 1,061,479	
Buildings and Improvements	132,614,447	(39,329,548)	93,284,899	
Furniture and Equipment	10,041,600	(8,744,947)	1,296,653	
Lease Equipment	139,775	(95,738)	44,037	
Change in Net Position				$ 95,687,068

Long-Term Liabilities Beginning of the Year	Payable Beginning of the Year	
Bonds Payable	$ 52,340,000	
Bond Premium	5,643,377	
Compensated Absences	173,475	
Leases	-	
Change in Net Position		58,156,852
Net Adjustment to Net Position		$ 37,530,216

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS — CONTINUED

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

Exhibits C-2 and C-4 provide reconciliations between the net changes in fund balance as shown on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance and the Changes in Net Position of Governmental Activities as reported on the government-wide Statement of Activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements but should be shown as increases in net position in the government-wide statements. This adjustment affects both the net position balance and the change in net position. The details of this adjustment are as follows:

	Amount	Exhibit C-2 Adjustments to Net Position	Exhibit C-4 Adjustments to Changes in Net Position
Current Year Capital Outlay			
Furniture and Equipment	$ 29,063		
Construction in Process	2,002,980		
Total Capital Outlay	$ 2,032,043	$ 2,032,043	$ 2,032,043
Debt Principal Payments			
Bond Payments	$ 3,555,000		
Compensated absence payments	-		
Lease Payments	-		
Total Principal Payments	$ 3,555,000	3,555,000	3,555,000
Total Adjustment to Net Position		$ 5,587,043	$ 5,587,043

Another element of the reconciliation on Exhibits C-2 and C-4 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. This adjustment is the result of several items. The details for this element are as follows:

Adjustments to Revenue and Deferred Revenue	Amount	Exhibit C-2 Adjustments to Net Position	Exhibit C-4 Adjustments to Changes in Net Position
Taxes Collected from Prior Year Levies	$ 107,941	$ -	$ (107,941)
Uncollected Taxes (assumed collectible) from Current Year Levy	$ 143,336	143,336	143,336
Uncollected Taxes (assumed collectible) from Prior Year Levy	$ 123,718	123,718	
Change in Estimate of Deferred Revenue at Beginning of Year	$ 36,959		(36,959)
		$ 267,054	$ (1,564)

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board of Trustees adopts an "appropriated budget" for the General Fund, Child Nutrition Program (which is included in the special revenue funds) and Debt Service Fund. The District is required to present the adopted and final amended budget revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund budget report appears in Exhibit G-1 and the other two reports are in Exhibits J-2 and J-3.

The following procedures are followed in establishing the budgetary data reflected in the general-purpose financial statements:

1. Prior to August 20, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.

2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must be given.

3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after the fiscal year end. Budget amendments were necessary during the year. These budget amendments were a result of capital improvement projects. The budget was overbudget in both the debt service fund and the food service. The general fund was not overbudget.

4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. All budget appropriations lapse at year end.

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

Legal Contractual Provisions Governing Deposits and Investments

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

Statutes and local investment policy authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies and the State of Texas, (2) certificates of deposit, (3) fully collateralized repurchase agreements, (4) securities lending program, (5) bankers' acceptances, (6) commercial paper, (7) no-load money market mutual funds, (8) no-load mutual funds, (9) guaranteed investment contracts and (10) public investment pools.

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

A. DEPOSITS AND INVESTMENTS — CONTINUED

The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

Policies Governing Deposits and Investments

In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy. This policy is reviewed on an annual basis and addresses the following risks:

Custodial Credit Risk for Deposits (cash, certificates of deposit and interest-bearing savings accounts) — The funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank acquired a surety bond in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The District's depository bank provided letters of credit totaling $250,000 to $3,000,000 during the year in addition to normal FDIC coverage on the deposits.

The District uses West Texas National Bank as its depository. At August 31, 2025, the carrying amount of the District's deposits (cash, certificates of deposits and interest-bearing savings accounts) at West Texas National Bank was $265,306 and the bank balance was $800,882.

The District's largest balance in West Texas National Bank was $3,090,787 which occurred in October 2024 when the value of the surety bond and FDIC insurance was $5,500,000. As of August 31, 2025, all funds were fully secured.

Custodial Credit Risks for Investments — To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligation, the District limits investments to certificates of deposit and public funds investment pools.

Interest Rate Risk — Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The District invests in certificates of deposit and interest-bearing checking and savings accounts to limit the interest rate risk. The Lone★Star Investment Pool maintains a weighted average maturity of 60 days or fewer.

Credit Risk – To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations, the District limits investments in investment pools to AAA ratings issued by nationally recognized statistical rating organizations (NRSROs). As of August 31, 2025, Standard & Poors rated the District's investment pools AAA.

Concentration of Credit Risk — The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the Public Funds Investment Act. There were no investments in any one issuer that represent 5% or more of the District's total investments.

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

A. DEPOSITS AND INVESTMENTS — CONTINUED

The District also participates in the Lone★Star Investment Pool. The Pool is administered by First Public, LLC, a wholly owned subsidiary of the Texas Association of School Boards, Inc. and is governed by an eleven-member Board of Trustees (Board) made up of active participants in the Pool. The Board has the responsibility of adopting and monitoring compliance with the investment policy, appointing investment officers, and overseeing the selection of an investment advisor, custodian, investment consultant, administrator, and other service providers. The Board is also responsible for monitoring the performance of the Pool. The Lone★Star Pool uses the Bank of New York Mellon to settle all trades for the Pool and secures and values its assets every day. Two other firms, American Beacon Advisors and BNY Mellon Cast Investment Strategies, manage the investment and reinvestment of Lone★Star's assets. The District participates in two separate sub-funds of the Lone★Star Investment Pool: Corporate Overnight Fund and the Government Overnight Fund. Both funds provide participants with safety of principal, daily liquidity, and the highest possible rate of return. These funds seek to maintain a net asset value of one dollar and its dollar-weighted average maturity is 60 days or fewer.

A summary of the District's cash and cash equivalents and investments at August 31, 2025, are shown below:

	Cash on Hand	Bank	Investments	Total
General Fund	$ 3,560	$ -	$ 39,078,251	$ 39,081,811
Debt Service Fund	-	-	1,685,895	1,685,895
Other Governmental	150		16	166
Total Governmental	3,710	-	40,764,162	40,767,872
Fiduciary Funds	-	265,306	-	265,306
Total	$ 3,710	$ 265,306	$ 40,764,162	$ 41,033,178

The District's investments at August 31, 2025, are as follows:

Investment Pool	Account Name	Fund Rating (Standard & Poor's)	Maturity	Yield	Amount
Lone★Star	General Fund	AAAf / S1+	On demand	5.30%	$39,078,251
Lone★Star	Interest & Sinking	AAAf / S1+	On demand	5.30%	1,685,895
Lone★Star	Construction	AAAf / S1+	On demand	0.00%	16
				Total	$40,764,162

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

B. PROPERTY TAXES

Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay the liabilities of the current period. The District levies its taxes on October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the levy date. The certified assessed taxable value of the property tax roll in July 2024, upon which the levy for the 2024-2025 fiscal year was based, was $1,541,787,689. The roll was subsequently increased to a year-end assessed value of $1,549,222,435. Taxes are delinquent if not paid by June 30. Delinquent taxes are subject to penalty and interest charges plus 20% delinquent collection fees for attorney costs.

The tax rates assessed for the year ended August 31, 2025, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt was $0.8241 and $0.3854 per $100 valuation, respectively, for a total of $1.2095 per $100 valuation.

Delinquent taxes are recorded as an asset and allowances for uncollectible tax receivables are based on historical experience in collecting property taxes. The District is prohibited from writing-off real property taxes until they have been delinquent for twenty years.

C. DISAGGREGATION OF DUE FROM/TO OTHER GOVERNMENTS

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

	General Fund	Debt Service Fund	Special Fund	Total
Due from State	$ 526,655	$ -	$ 331,746	$ 858,401
Due from Yoakum County Taxes	18,667	8,667		27,334
Total	$ 545,322	$ 8,667	$ 331,746	$ 885,735

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

D. INTERFUND BALANCES AND TRANSFERS

Interfund balances at August 31, 2025, consisted of the following individual fund balances:

	Due from Other Funds	Due to Other Funds
General Fund:		
General Fund	$ -	-
Debt Service Fund		304,286
Nonmajor Governmental Funds	248,014	
Fiduciary Funds		2,100
Total General Fund	248,014	306,386
Debt Service Fund		
General Fund	304,286	-
Total Nonmajor Governmental Funds	304,286	-
Nonmajor Govermental Funds		
General Fund		248,014
Fiduciary Fund	2,100	16,412
Total Nonmajor Governmental Funds	2,100	264,426
Total Govermental Funds	554,400	570,812
Fiduciary Funds		
Nonmajor Governmental Funds	16,412	-
Fiduciary Fund	3,441	3,441
Total Nonmajor Governmental Funds	19,853	3,441
Total	$ 574,253	$ 574,253

The District did not clear the interfund payables and receivables at year-end. The amounts represent short-term borrowings between funds for payment of year end expenses.

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

	Transfers In	Transfers Out
General Fund	$ -	$ 148,430
Nonmajor Governmental Fund	148,430	-
	$ 148,430	$ 148,430

These transfers were to supplement the operation of the National School Lunch program.

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

E. CAPITAL ASSET ACTIVITY

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

	Primary Government			
	Beginning Balance	Additions	Retirements/ Adjustments	Ending Balance
Governmental Activities				
Capital Assets				
Land	$ 1,061,479			$ 1,061,479
Buildings and Improvements	132,614,447			132,614,447
Furniture and Equipment	10,041,600	22,594		10,064,194
Construction in Process	-	2,002,981		2,002,981
Totals at Historical Cost	143,717,526	2,025,575	-	145,743,101
Less Accumulated Depreciation for				
Buildings and Improvements	(39,329,548)	(2,743,635)		(42,073,183)
Furniture and Equipment	(8,744,947)	(365,038)		(9,109,985)
Total Accumulated Depreciation	(48,074,495)	(3,108,673)	-	(51,183,168)
Capital Assets, net	95,643,031	(1,083,098)	-	94,559,933
Right-to-use Leased Assets				
Furniture and Equipment	139,775	149,124	(139,775)	149,124
	139,775	149,124	(139,775)	149,124
Less Accumulated Amortization:				
Funiture & Equipment	(95,738)	(44,037)	139,775	-
	(95,738)	(44,037)	139,775	-
Right-to-use Leased Assets, Net	44,037	105,087	-	149,124
Total Capital Assets, Net	$ 95,687,068	$ (978,011)	$ -	$ 94,709,057

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

E. CAPITAL ASSET ACTIVITY - CONTINUED

For the year ended August 31, 2025, depreciation expense was charged to governmental functions as follows:

Instruction	$ 1,202,011
Instructional Resources and Media Services	32,887
Curriculum Development and Instructional Staff Development	33,631
School Leadership	72,518
Guidance, Counseling, and Evaluation Services	36,000
Social Work Services	4,994
Health Services	34,137
Student Transportation	179,526
Food Services	64,242
Extracurricular Activities	771,349
General Administration	72,490
Plant Maintenance and Operations	479,244
Security and Monitoring Services	73,068
Data Processing Services	21,502
Community Services	31,074
Total Depreciation Expense	$ 3,108,673

For the year ended August 31, 2025, amortization expense was charged to governmental functions as follows:

Instruction	$ 36,587
Instructional Leadership	1,761
School Leadership	1,762
General Administration	3,927
Total Amortization Expense	$ 44,037

F. UNAVAILABLE REVENUE — PROPERTY TAXES

The Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Deferred inflows of resources consisted of the following at year end:

	General Fund	Debt Services Fund	Total
Property Taxes - Delinquent	$ 276,529	$ 108,095	$ 384,624
Less: Allowance for Uncollectible Taxes	(90,529)	(27,041)	(117,570)
Total Deferred Inflows of Resources (Exhibit C-1)	$ 186,000	$ 81,054	$ 267,054

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

G. BONDS PAYABLE

Bonded indebtedness of the District is reflected in the Statement of Net Position. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund.

Unlimited Tax School Building Bonds – Series 2016A
On March 21,2016, the District issued Unlimited Tax School Bonds, Series 2016 a in the amount of $50,145,000. These serial current interest bonds require annual principal payments ranging from $715,000 to $1,205,000. Principal payments began on February 15, 2018, and the final payment will be made February 15, 2041. Interest rates on the annual installments ranged from 2.0% to 5%. There was an extra payment of $1,645,000 paid on this bond during the current year. This extra payment reduced the payoff of the bond by one year.

Unlimited Tax Refunding Bonds – Series 2020
In 2020, the District issued Unlimited Tax Refunding Bonds, Series 2020, in the amount of $12,195,000. The interest rate on the annual installments ranges from 3.00% to 5.00%. Principal payments began on February 15, 2020, and the final payment is due on February 15, 2033.

Debt service requirements are as follows:

Year Ending	General Obligations		Total
August 31,	Principal	Interest	Requirements
2026	2,005,000	2,259,975	4,264,975
2027	2,105,000	2,163,175	4,268,175
2028	2,200,000	2,067,700	4,267,700
2029	2,305,000	1,967,725	4,272,725
2030	2,410,000	1,863,025	4,273,025
2031-2035	14,245,000	7,641,025	21,886,025
2036-2040	19,090,000	3,588,250	22,678,250
2041	4,425,000	110,625	4,535,625
	$ 48,785,000	$ 21,661,500	$ 70,446,500

H. COMPENSATED ABSENCES

An employee with at least ten years of service with the District who voluntarily separates from employment with the District is eligible for reimbursement for state and local leave. The employee shall be reimbursed for each day of unused state and local leave, to a maximum of 100 days, at a rate of $50 per day. This liability is included in the government-wide financial statements.

A summary of changes in the compensated absences liability follows:

Estimated obligation, September 1, 2024	$ 173,475
Additional accumulations	-
Forfeitures	(42,700)
Payments to participants	-
Estimated obligation, August 31, 2025	$ 130,775

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

I. RIGHT-TO-USE LEASES

Copiers

As of August 31, 2025, the District entered into a new lease for copiers. There were not any payments paid during the current year.

The District also rents miscellaneous maintenance equipment as needed and is not subject to GASB Statement No. 87.

Remaining obligations associated with this lease is as follows:

Year Ending August 31,	Lease Obligations		Total
	Principal	Interest	Requirements
2026	$ 27,492	$ 5,464	$ 32,956
2027	28,612	4,344	32,956
2028	29,777	3,179	32,956
2029	30,990	1,966	32,956
2030	32,253	703	32,956
	$ 149,124	$ 15,656	$ 164,780

J. CHANGES IN LONG-TERM LIABILITIES

Long-term activity for the year ended August 31, 2025, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds:					
Bonds - Series 2016A	$ 43,215,000	$ -	$ 2,730,000	$ 40,485,000	$ 1,135,000
Bonds - Series 2020	9,125,000		825,000	8,300,000	870,000
Premium on Bonds	5,643,377		635,948	5,007,429	
Compensated Absences	173,475	-	42,700	130,775	
Leases	-	149,124	-	149,124	27,492
	$ 58,156,852	$ 149,124	$ 4,233,648	$ 54,072,328	$ 2,032,492

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

K. DEFINED BENEFIT PENSION PLAN

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

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

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

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

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

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

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

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

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

K. DEFINED BENEFIT PENSION PLAN – CONTINUED

Cost-of-Living Adjustment – continued

- 6% COLA for eligible retirees who retired on or before August 31, 2001.

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

Contributions — Contribution requirements are established or amended pursuant to 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 2019 through 2025.

The following table shows contribution rates by type of contributor for the measurement year 2024 and the contributions by type of contributions reported by TRS which were received by TRS during the TRS measurement year 2024. The reported contributions from the member and the employers are included in the calculation of the district's proportionate share of the net pension liability.

Contributions Rates

	2024
Member	8.25%
Non-Employer Contributing Entity (State)	8.25%
Employer	8.25%
District's Measurement Year Employer Contributions	$ 512,032
District's Measurement Year Member Contributions	447,197
District Measurement Year NECE On-Behalf Contributions	730,038

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

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

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

K. DEFINED BENEFIT PENSION PLAN – CONTINUED

Contributions — Continued

entities, or the State of Texas as the employer for senior colleges, universities and medical schools) are required to pay the employer contribution rate in the following instances:

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

In addition to the employer contributions listed above, there is a surcharge and employer is subject to:

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

Net Pension Liability

Components of the net pension liability of the plan as of August 31, 2024, are disclosed below: (From TRS Annual Comprehensive Financial Report 2024, p. 88.)

Net Pension Liability	2024
Total pension liability	$ 271,627,434,294
Less plan fiduciary net position	(210,543,258,495)
Net pension liability	$ 61,084,175,799
Net position as a percentage of total pension liability	77.51%

Actuarial Assumptions

The total pension liability in the August 31, 2023, actuarial valuation was determined using the following actuarial assumptions: Actuarial Assumptions can be found in the TRS ACFR, page 88.

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

K. DEFINED BENEFIT PENSION PLAN — CONTINUED

Actuarial Assumptions, continued

Component	Result
Valuation Date	August 31, 2023 rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term Expected Rate	7.00%
Municipal Bond Rate as of August 2024	which represents the estimated yield of a portfolio of 20 general obligation bonds maturing in 20 years based on a survey of municipal bond traders.
Last year ending August 31 in Projection Period (100 years)	2123
Inflation	2.30%
Salary Increases	2.95% to 8.95% including inflation
Ad Hoc Post-Employment Benefit Changes	None

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

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

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

The long-term rate of return on pension plan investments is 7.00 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-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 (see page 56 of the 2024 TRS ACFR) are summarized below:

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

K. DEFINED BENEFIT PENSION PLAN — CONTINUED

Asset Class[1]	Target Allocation[2] %	Long-Term Expected Geometric Real Rate of of Return[3]	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.0 %	4.4 %	1.0 %
Non-US 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 & 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[4]			(0.7)
Total	**100.0 %**		**7.9 %**

[1] Absolute Return includes Credit Sensitive Investments.
[2] Target allocations are based on the FY2024 policy model.
[3] Capital Market Assumptions (CMA) come from 2024 SAA Study CMA Survey (as of 12/31/2023).
[4] The volatility drag results from the conversion between arithmetic and geometric mean returns.

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

K. DEFINED BENEFIT PENSION PLAN — CONTINUED

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

	1% Decrease in Discount Rate (6.00%)	Current Single Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the net pension liability	$ 8,864,987	$ 5,550,144	$ 2,803,562

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions — At August 31, 2025, Denver City Independent School District reported a liability of $5,550,144 its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to Denver City Independent School District. The amount recognized by Denver City Independent School 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 Denver City Independent School District were as follows:

District's proportionate share of the collective net pension liability	$ 5,550,144
State's proportionate share that is associated with the District	7,913,218
Total	$ 13,463,362

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

At August 31, 2024, the employer's proportion of the collective net pension liability was 0.000090860589% which was an increase(decrease) of 0.0000076191% from its proportion measured as of August 31, 2023.

Changes In Actuarial Assumptions Since the Prior Actuarial Valuation — The actuarial assumptions and methods are the same as used in the determination of the prior year's net pension liability.

Changes In Benefits — The 2023 Texas Legislature passed Senate Bill 10 (SB10), which provided a stipend payment to certain retirees and variable ad hoc cost-of-living adjustments (COLA) to certain retirees in early fiscal year 2024. Due to its timing, the legislation and payments were not reflected in the August 31, 2023, actuarial valuation. Under the roll forward method, an adjustment was made to reflect the legislation in the rolled forward liabilities for the current measurement year, August 31, 2024. SB 10 and House Joint Resolution 2 (HJR 2) of the 88th Regular Legislative Session appropriated payments of $1,645 billion for on-time stipends and $3,355 billion for COLAs. This appropriation is treated as a supplemental contribution and included in

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

K. DEFINED BENEFIT PENSION PLAN — CONTINUED

Changes In Benefits — Continued
other additions. Since the Legislature appropriated funds for this one-time stipend and COLA, there was no impact on the Net Pension Liability of TRS.

For the year ended August 31, 2025, Denver City Independent School District recognized pension expense of $945,762 and revenue of $945,762 for support provided by the State in the Government Wide Statement of Activities.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 305,916	$ 43,333
Changes in actuarial assumptions	286,566	38,419
Net difference between projected and actual investment earnings	34,237	
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	510,258	13,900
Contributions paid to TRS subsequent to the measurement date	525,520	
Total	$ 1,662,497	$ 95,652

The net amounts of the employer's balances of deferred outflows and inflows (not including the deferred contribution paid subsequent to the measurement date) of resources related to pensions will be recognized by the district in pension expense as follows:

Year ended August 31:	Expense Amount
2026	$ 158,206
2027	712,073
2028	159,772
2029	(53,345)
2030	64,120
Thereafter	-

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

L. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

Plan Description — The Denver City Independent School District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing, defined benefit other post-employment (OPEB) plan that has a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

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

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

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

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

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

TRS-Care Monthly Premium Rates

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

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

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

L. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS — CONTINUED

Contributions — Continued

Texas Insurance Code, Section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of salary. Section 1575.204 establishes a public-school contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the school. 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 2024. The following table shows contributions to the TRS-Care plan by type of contributor as reported for the district by TRS for the TRS measurement year. The district and member contributions reported are included in the calculation of the district's proportionate share of the Net TRS-Care liability for the measurement period.

Contribution Rates

	2024
Active Employee	0.65%
Non-Employer Contributing Entity (State)	1.25%
Employers	0.75%
Federal/Private Funding Remitted by Employers	1.25%
District's Measurement Year Employer Contributions	$117,617
District's Measurement Year Member Contributions	37,577
District's Measurement Year NECE On-Behalf Contributions	147,373

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

Actuarial Assumptions — The actuarial valuation was performed as of August 31, 2023. Update procedures were used to roll forward the total OPEB liability to August 31, 2024. The actuarial valuation was determined using the following actuarial assumptions.

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

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

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

L. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS — CONTINUED

Actuarial Assumptions — Continued

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.

Additional Actuarial Methods and Assumptions:

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

From the 2024 TRS ACFR, Note 9, page 79.

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.

Discount Rate — A single discount rate of 3.87 percent was used to measure the total OPEB liability. This was an decrease of 0.26 percent in the discount rate since the previous year. Because the investments are held in cash and there is no intentional objective to advance fund the benefits, the Single Discount Rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate is the Bond Buyers's "20-Bond GO index" as of August 31, 2024, using the Fixed Income Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

Sensitivity of the Net OPEB Liability:

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

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

L. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS — CONTINUED

	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 OPEBI liability	$ 4,669,089	$ 3,930,055	$ 3,332,904

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 3,200,446	$ 3,930,055	$ 4,880,807

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs — At August 31, 2025, Denver City Independent School District reported a liability of $_____ 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 Denver City Independent School District were as follows:

District's proportionate share of the collective net OPEB liability	$ 3,930,055
State's proportionate share that is associated with the District	4,924,305
Total	$ 8,854,360

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

At August 31, 2024, the employer's proportion of the collective net OPEB liability was 0.000129484556% compared to the 0.000133809083% as of August 31, 2023. This is a decrease of x0.00000432453%.

Changes in Actuarial Assumptions Since the Prior Actuarial Valuation — The following were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability (TOL) since the prior measurement period:

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

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

L. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS — CONTINUED

Changes in Actuarial Assumptions Since the Prior Actuarial Valuation — Continued

- The tables used to model the impact of aging on the underlying claims were revised.

Changes in Benefit Terms: There were no changes in benefit terms since the prior measurement date.

For the year ended August 31, 2025, Denver City Independent School District recognized OPEB expense of $640,069 and revenue of $640,069 for support provided by the State.

At August 31, 2025, Denver City Independent School 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	$ 753,260	$ 1,961,310
Changes in actuarial assumptions	503,001	1,282,331
Net difference between projected and actual investment earnings	3,769	11,006
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	373,110	869,848
Contributions paid to TRS subsequent to the measurement date	118,207	
Total	$ 1,751,347	$ 4,124,495

The net amounts of the employer's balances of deferred outflows and inflows (not including the deferred contribution paid subsequent to the measurement date) of resources related to OPEBs will be recognized by the district in OPEB expense as follows:

Year ended August 31:	OPEB Expense Amount
2026	$ (689,486)
2027	(511,489)
2028	(522,124)
2029	(484,145)
2030	(246,356)
Thereafter	(41,525)

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

M. MEDICARE PART D – ON-BEHALF PAYMENTS

The Medicare Prescription Drug Improvement and Modernization Act of 2003, which was effective January I, 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 Group Insurance Program to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. The subsidy payments received by TRS-Care on behalf of the District were $81,562 and $62,934 for the years ended August 31, 2025, and 2024, respectively.

N. HEALTHCARE COVERAGE

During the year ended August 31, 2025, the employees of the Denver City Independent School District were covered by a health insurance plan (the Plan) through the Teacher Retirement System of Texas (TRS-Active Care), an interlocal cooperative agreement. The District paid premiums of up to $645 per month per employee to the plan, and employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to the Teacher Retirement System of Texas. The plan was authorized by Article 3.50-7 of the Texas School Employees Uniform Group Health Coverage of the Texas Insurance Code and was documented by contractual agreements. The latest financial statements for TRS-Active Care for the year ended December 31, 2024, are public records that are available and filed with the Texas State Board of Insurance, Austin, Texas.

O. DEFINED CONTRIBUTION RETIREMENT PLAN

The District contributes to tax-sheltered annuity plans (403(b) plans) for participating employees. A 403(b) plan is a defined contribution retirement plan for certain employees of public schools, employees of certain tax-exempt organizations, and certain ministers. The District's matching and vesting schedules are shown below.

District Matching Formula Based on Contract or Base Salary	
Employee	Employer
1%	2%
2%	2%
3%	3%
4%	4%
5%	5%

Vesting Schedule For District Match	
Years of Service	% Vested
1 Year	0%
2 Years	0%
3 Years	25%
4 Years	50%
5 Years	100%

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

P. WORKERS' COMPENSATION

The District participates with several other school districts in the region to form South Plains School Workers' Compensation Program (SPSWCP), a public entity risk pool currently operating as a common risk management and insurance program for the school districts. The District pays an annual premium to SPSWCP for its workers' compensation insurance coverage. The agreement for the formation of the SPSWCP is that it is self-sustaining through member premiums and provides reinsurance for claims in excess of $450,000 per occurrence. Also, should the claims exceed the aggregate attachment level of $2,006,829; an additional $1 million of coverage is available.4

Q. GENERAL FUND FEDERAL REVENUE SOURCES

The following federal revenues were recorded through the General Fund:

Program or Source	Assistance Listing Number	Amount
School Health and Related Services (SHARS)	N/A	$ 63,689
Total		$ 63,689

R. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

	General Fund	Debt Service Fund	Special Revenue Funds	Total
Current property taxes	$ 12,614,462	$ 5,899,300	$ -	$ 18,513,762
Delinquent property taxes	76,295	31,646		107,941
Penalties, interest, and other tax-related income	64,675	25,895		90,570
Investment income	1,827,336	151,733	10,329	1,989,398
Food sales			55,396	55,396
Extracurricular activities	119,217			119,217
Tuition and fees				-
Gifts and donations			11,721	11,721
Activity funds				-
Rent	6,591			6,591
Insurance Recovery	750,000			750,000
Other	383,572		234,096	617,668
Total	$ 15,842,148	$ 6,108,574	$ 311,542	$ 22,262,264

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

S. JOINT VENTURES

2024-2025 Perkins V: Strengthening Career and Technical Education for the 21st Century

The Denver City Independent School District is the fiscal agent of a shared services arrangement for 2024-205 Perkins V: Strengthening Career and Technical Education for the 21st Century which is dedicated to increasing learner access to high-quality career and technical education programs of study. With a focus on systems alignment and program improvements, this grant has been critical to ensuring the program meets the ever-changing needs of learners and employers. In addition to the District, the other member is Seagraves Independent School District. The fiscal agent manager is responsible for all financial activities of the shared services arrangement. These activities are disclosed in special revenue fund 331.

Adult Basic Education (ABE)

The Denver City Independent School District participates in a shared services arrangement for an adult basic education program that provides basic literacy and life skills for individuals who desire to improve their academic level, with the intent of obtaining a GED diploma, technical training, employment or citizenship. The program provides remediation based on an individual's academic needs. Region 17 Education Service Center is the fiscal agent manager and is responsible for all financial activities of the shared services arrangement. A detail of the District's expenditures is reported in Fund 199.

T. COMMITMENTS AND CONTINGENCIES

Federal and State Funding

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

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

T. COMMITMENTS AND CONTINGENCIES — CONTINUED

Other Commitments

The District entered construction contracts for a roofing renovation of all of the District's buildings. The commitment as of August 31, 2025, was as follows:

Description	Project Authorization	Expended to Date	Commitment	Required Further Financing
Roof Renovation Projects				
Parsons Commercial Roofing	$ 9,116,762	$ 2,108,401	$ 7,008,361	$ -
	$ 9,116,762	$ 2,108,401	$ 7,008,361	$ -

Local funds will be used to fulfill this commitment.

Q. LITIGATION

Management represents there is no litigation pending against the District, which would have a material effect on the financial statements.

R. SUBSEQUENT EVENTS

The District has evaluated events occurring after August 31, 2025, and through January 22, 2026, the date on which financial statements were available to be issued, for additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison – General Fund

Proportionate Share of the Net Pension Liability
Teacher Retirement System of Texas

Schedule of District Contributions for Pensions
Teacher Retirement System of Texas

Proportionate Share of the Net Other Post-Employment Benefits (OPEB) Liability
Teacher Retirement System of Texas

Schedule of District Contributions for Other Post-Employment Benefits (OPEB)
Teacher Retirement System of Texas

Notes to Required Supplementary Information

EXHIBIT G-1

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

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
	REVENUES:				
5700	Total Local and Intermediate Sources	$ 14,152,599	$ 14,152,599	$ 15,842,148	$ 1,689,549
5800	State Program Revenues	4,140,209	4,140,209	5,345,634	1,205,425
5900	Federal Program Revenues	30,000	30,000	63,689	33,689
5020	Total Revenues	18,322,808	18,322,808	21,251,471	2,928,663
	EXPENDITURES:				
	Current:				
0011	Instruction	10,189,391	9,829,932	9,752,379	77,553
0012	Instructional Resources and Media Services	207,701	207,701	192,137	15,564
0013	Curriculum and Instructional Staff Development	67,881	70,751	38,642	32,109
0021	Instructional Leadership	498,913	499,038	486,848	12,190
0023	School Leadership	1,287,734	1,287,734	1,151,758	135,976
0031	Guidance, Counseling, and Evaluation Services	782,776	782,776	731,226	51,550
0032	Social Work Services	-	7,000	5,113	1,887
0033	Health Services	222,365	222,365	220,018	2,347
0034	Student (Pupil) Transportation	622,432	622,597	609,616	12,981
0035	Food Services	15,950	26,200	25,994	206
0036	Extracurricular Activities	1,379,618	1,466,618	1,337,567	129,051
0041	General Administration	1,366,044	1,366,294	1,301,333	64,961
0051	Facilities Maintenance and Operations	3,872,276	3,907,686	3,626,877	280,809
0052	Security and Monitoring Services	220,521	240,521	237,101	3,420
0053	Data Processing Services	584,196	635,896	473,333	162,563
0061	Community Services	25,000	26,000	25,617	383
	Debt Service:				
0073	Bond Issuance Cost and Fees	-	12,000	4,410	7,590
	Capital Outlay:				
0081	Facilities Acquisition and Construction	-	2,002,981	2,002,981	-
	Intergovernmental:				
0091	Contracted Instructional Services Between Schools	725,000	725,000	416,262	308,738
0099	Other Intergovernmental Charges	166,185	166,185	142,224	23,961
6030	Total Expenditures	22,233,983	24,105,275	22,781,436	1,323,839
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,911,175)	(5,782,467)	(1,529,965)	4,252,502
	OTHER FINANCING SOURCES (USES):				
7913	Right-to-Use Lease and SBITA Proceeds	-	-	149,124	149,124
8911	Transfers Out (Use)	-	(300,000)	(148,430)	151,570
7080	Total Other Financing Sources (Uses)	-	(300,000)	694	300,694
1200	Net Change in Fund Balances	(3,911,175)	(6,082,467)	(1,529,271)	4,553,196
0100	Fund Balance - September 1 (Beginning)	-	39,476,782	39,476,782	-
3000	Fund Balance - August 31 (Ending)	$ (3,911,175)	$ 33,394,315	$ 37,947,511	$ 4,553,196

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

	FY 2025 Plan Year 2024	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022
District's Proportion of the Net Pension Liability (Asset)	0.000090861%	0.000083241%	0.007978546%
District's Proportionate Share of Net Pension Liability (Asset)	$ 5,550,144	$ 5,717,887	$ 4,736,658
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	7,913,218	9,174,166	9,051,880
Total	$ 13,463,362	$ 14,892,053	$ 13,788,538
District's Covered Payroll	$ 11,412,693	$ 12,074,184	$ 11,605,089
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	48.63%	50.56%	40.82%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.51%	73.15%	75.62%

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

FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015
0.008037199%	0.007729929%	0.007414088%	0.007513031%	0.008130062%	0.008787654%	0.0077626%
$ 2,046,790	$ 4,139,992	$ 3,854,075	$ 4,135,354	$ 2,599,556	$ 3,320,724	$ 2,743,976
3,768,859	8,889,468	8,824,921	9,960,311	6,684,668	7,697,643	6,563,672
$ 5,815,649	$ 13,029,460	$ 12,678,996	$ 14,095,665	$ 9,284,224	$ 11,018,367	$ 9,307,648
$ 11,345,330	$ 11,099,586	$ 11,018,112	$ 11,288,047	$ 12,171,729	$ 11,930,433	$ 10,113,116
18.04%	37.30%	34.98%	36.63%	21.36%	27.83%	27.13%
88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%

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

	2025	2024	2023
Contractually Required Contribution	$ 525,520	$ 550,279	$ 410,392
Contribution in Relation to the Contractually Required Contribution	525,520	550,279	410,392
Contribution Deficiency (Excess)	$ -	$ -	$ -
District's Covered Payroll	$ 11,412,693	$ 12,074,184	$ 11,309,703
Contributions as a Percentage of Covered Payroll	4.60%	11.47%	3.63%

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

2022	2021	2020	2019	2018	2017	2016
$ 383,996	$ 340,774	$ 318,976	$ 274,730	$ 258,240	$ 266,455	$ 279,204
383,996	340,774	318,976	274,730	258,240	266,455	279,204
$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 11,605,089	$ 11,345,330	$ 11,099,586	$ 11,018,112	$ 11,288,047	$ 12,171,729	$ 11,930,433
3.31%	3.00%	2.87%	2.49%	2.29%	2.19%	2.34%

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

	FY 2025 Plan Year 2024	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.000129485%	0.000133809%	0.012946757%
District's Proportionate Share of Net OPEB Liability (Asset)	$ 3,930,055	$ 2,962,309	$ 3,099,972
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	4,924,305	3,574,478	3,781,479
Total	$ 8,854,360	$ 6,536,787	$ 6,881,451
District's Covered Payroll	$ 11,412,693	$ 12,074,184	$ 11,605,089
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	34.44%	24.53%	26.71%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	13.70%	11.52%	11.52%

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

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

FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
0.012826872%	0.01340561%	0.14747581%	0.014093934%	0.014773771%
$ 4,947,898	$ 5,096,078	$ 6,974,312	$ 7,037,230	$ 6,424,559
6,629,080	6,847,907	9,267,300	9,709,320	9,306,193
$ 11,576,978	$ 11,943,985	$ 16,241,612	$ 16,746,550	$ 15,730,752
$ 11,345,330	$ 11,099,586	$ 11,018,112	$ 11,288,047	$ 12,171,729
43.61%	45.91%	63.30%	62.34%	52.78%
6.18%	4.99%	2.66%	1.57%	0.91%

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

	2025	2024	2023
Contractually Required Contribution	$ 118,207	$ 133,074	$ 116,465
Contribution in Relation to the Contractually Required Contribution	118,207	133,074	116,465
Contribution Deficiency (Excess)	$ -	$ -	$ -
District's Covered Payroll	$ 11,412,693	$ 12,074,184	$ 11,309,703
Contributions as a Percentage of Covered Payroll	1.04%	1.10%	1.03%

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

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

2022	2021	2020	2019	2018
$ 109,877	$ 99,810	$ 101,902	$ 89,152	$ 91,877
109,877	99,810	101,902	89,152	91,877
$ -	$ -	$ -	$ -	$ -
$ 11,605,089	$ 11,345,330	$ 11,099,586	$ 11,018,112	$ 11,288,047
0.95%	0.88%	0.92%	0.81%	0.81%

A. Notes to Schedules for the TRS Pension

Changes of Benefit terms.
The Texas 2023 Legislature passed Senate Bill 10 (SB 10), which provided a stipend payment to certain retirees and variable ad hoc cost-of-living adjustments (COLAs) to certain retirees in early fiscal year 2024. Due to its timing, the legislation and payments were not reflected in the August 31, 2023, actuarial valuation. Under the roll forward method, an adjustment was made to reflect the legislation in the rolled forward liabilities for the current measurement year, August 31, 2024. SB 10 and House joint Resolution 2 (HJR 2) of the 88th Regular Legislative Session appropriated payments of $1,645 billion for one-time stipends and $3,355 billion for COLAs. This appropriation is treated as a supplemental contribution and included in other additions. Since the Legislature appropriated funds for this one-time stipend and COLA, there was no impact on the Net Pension Liability of TRS.

Changes of Assumptions.
There were no changes in assumptions.

B. Notes to Schedules for the TRS OPEB Plan

Changes in Benefits.
There were no changes in benefits.

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

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

- The tables used to model the impact of aging on the underlying claims were revised.

COMBINING SCHEDULES

Nonmajor Governmental Funds

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

Data Control Codes		211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program
	ASSETS				
1110	Cash and Cash Equivalents	$ -	$ -	$ -	$ 150
1120	Investments - Current	-	-	-	-
1240	Due from Other Governments	79,210	90,809	-	62,984
1260	Due from Other Funds	-	-	-	-
1000	Total Assets	$ 79,210	$ 90,809	$ -	$ 63,134
	LIABILITIES				
2110	Accounts Payable	$ -	$ -	$ -	$ -
2150	Payroll Deductions and Withholdings Payable	27	37	-	31
2160	Accrued Wages Payable	23,878	27,486	-	27,938
2170	Due to Other Funds	55,305	63,286	-	35,165
2000	Total Liabilities	79,210	90,809	-	63,134
	FUND BALANCES				
3600	Unassigned Fund Balance	-	-	-	-
3000	Total Fund Balances	-	-	-	-
4000	Total Liabilities and Fund Balances	$ 79,210	$ 90,809	$ -	$ 63,134

255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	282 ESSER III ARP Act	289 Other Federal Special Revenue Funds	331 SSA - Career & Technical - Basic Grant	410 State Instructional Materials	429 Other State Special Revenue Funds	461 Campus Activity Funds
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 189,250
-	-	-	-	-	-	-	-
10,895	8,014	-	21,798	11,064	2,280	44,692	-
-	-	-	-	-	-	-	2,100
$ 10,895	$ 8,014	$ -	$ 21,798	$ 11,064	$ 2,280	$ 44,692	$ 191,350
$ -	$ -	$ -	$ -	$ -	$ 2,280	$ -	$ -
-	3	-	-	-	-	-	-
-	2,218	-	-	-	-	-	-
10,895	5,793	-	21,798	11,064	-	44,692	16,412
10,895	8,014	-	21,798	11,064	2,280	44,692	16,412
-	-	-	-	-	-	-	174,938
-	-	-	-	-	-	-	174,938
$ 10,895	$ 8,014	$ -	$ 21,798	$ 11,064	$ 2,280	$ 44,692	$ 191,350

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

Data Control Codes		Total Nonmajor Special Revenue Funds	699 Capital Projects Fund	Total Nonmajor Governmental Funds
	ASSETS			
1110	Cash and Cash Equivalents	$ 189,400	$ -	$ 189,400
1120	Investments - Current	-	16	16
1240	Due from Other Governments	331,746	-	331,746
1260	Due from Other Funds	2,100	-	2,100
1000	Total Assets	$ 523,246	$ 16	$ 523,262
	LIABILITIES			
2110	Accounts Payable	$ 2,280	$ -	$ 2,280
2150	Payroll Deductions and Withholdings Payable	98	-	98
2160	Accrued Wages Payable	81,520	-	81,520
2170	Due to Other Funds	264,410	16	264,426
2000	Total Liabilities	348,308	16	348,324
	FUND BALANCES			
3600	Unassigned Fund Balance	174,938	-	174,938
3000	Total Fund Balances	174,938	-	174,938
4000	Total Liabilities and Fund Balances	$ 523,246	$ 16	$ 523,262

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

Data Control Codes		211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program
	REVENUES:				
5700	Total Local and Intermediate Sources	$ -	$ -	$ -	$ 70,989
5800	State Program Revenues	-	-	-	3,357
5900	Federal Program Revenues	333,202	379,125	6,121	896,672
5020	Total Revenues	333,202	379,125	6,121	971,018
	EXPENDITURES:				
	Current:				
0011	Instruction	333,202	86,188	6,121	-
0013	Curriculum and Instructional Staff Development	-	-	-	-
0021	Instructional Leadership	-	31,089	-	-
0023	School Leadership	-	-	-	-
0031	Guidance, Counseling, and Evaluation Services	-	261,848	-	-
0035	Food Services	-	-	-	1,119,448
0036	Extracurricular Activities	-	-	-	-
0052	Security and Monitoring Services	-	-	-	-
6030	Total Expenditures	333,202	379,125	6,121	1,119,448
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	(148,430)
	OTHER FINANCING SOURCES (USES):				
7915	Transfers In	-	-	-	148,430
1200	Net Change in Fund Balance	-	-	-	-
0100	Fund Balance - September 1 (Beginning)	-	-	-	-
3000	Fund Balance - August 31 (Ending)	$ -	$ -	$ -	$ -

255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	282 ESSER III ARP Act	289 Other Federal Special Revenue Funds	331 SSA - Career & Technical - Basic Grant	410 State Instructional Materials	429 Other State Special Revenue Funds	461 Campus Activity Funds
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 240,553
-	-	-	-	-	30,466	402,761	-
49,554	32,367	239	21,798	29,938	-	-	-
49,554	32,367	239	21,798	29,938	30,466	402,761	240,553
4,000	32,367	239	10,960	29,938	30,466	296,033	-
45,554	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	12,338
-	-	-	-	-	-	-	4,291
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	226,017
-	-	-	10,838	-	-	106,728	-
49,554	32,367	239	21,798	29,938	30,466	402,761	242,646
-	-	-	-	-	-	-	(2,093)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	(2,093)
-	-	-	-	-	-	-	177,031
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 174,938

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

Data Control Codes		Total Nonmajor Special Revenue Funds	699 Capital Projects Fund	Total Nonmajor Governmental Funds
	REVENUES:			
5700	Total Local and Intermediate Sources	$ 311,542	$ -	$ 311,542
5800	State Program Revenues	436,584	-	436,584
5900	Federal Program Revenues	1,749,016	-	1,749,016
5020	Total Revenues	2,497,142	-	2,497,142
	EXPENDITURES:			
	Current:			
0011	Instruction	829,514	-	829,514
0013	Curriculum and Instructional Staff Development	45,554	-	45,554
0021	Instructional Leadership	31,089	-	31,089
0023	School Leadership	12,338	-	12,338
0031	Guidance, Counseling, and Evaluation Services	266,139	-	266,139
0035	Food Services	1,119,448	-	1,119,448
0036	Extracurricular Activities	226,017	-	226,017
0052	Security and Monitoring Services	117,566	-	117,566
6030	Total Expenditures	2,647,665	-	2,647,665
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(150,523)	-	(150,523)
	OTHER FINANCING SOURCES (USES):			
7915	Transfers In	148,430	-	148,430
1200	Net Change in Fund Balance	(2,093)	-	(2,093)
0100	Fund Balance - September 1 (Beginning)	177,031	-	177,031
3000	Fund Balance - August 31 (Ending)	$ 174,938	$ -	$ 174,938

REQUIRED TEA SCHEDULES

Schedule of Delinquent Taxes Receivable

Budgetary Comparison – Child Nutrition Fund

Budgetary Comparison – Debt Service Fund

State Compensatory Education and Bilingual Education Program Expenditures

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

Last 10 Years Ended August 31		(1) Tax Rates Maintenance	(2) Tax Rates Debt Service	(3) Assessed/Appraised Value for School Tax Purposes
2016	and prior years	Various	Various	$ 8,076,667,677
2017		1.040000	0.21330	1,238,730,950
2018		1.040000	0.21330	1,346,223,091
2019		1.040000	0.28000	1,344,110,455
2020		0.970000	0.31200	1,499,987,832
2021		0.966400	0.38360	1,221,189,926
2022		0.963400	0.39660	913,320,147
2023		0.974600	0.38540	1,624,822,965
2024		0.824100	0.38540	1,724,778,869
2025	(School year under audit)	0.824100	0.38540	1,549,222,435
1000	TOTALS			
8000	Total Taxes Refunded Under Section 26.1115, Tax Code			

(10) Beginning Balance 9/1/2024	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2025	(99) Taxes Refunded Under Section 26.1115c
$ 19,023	$	$ 210	$ 29	$	$ 18,784	
10,211		69	14	-	10,128	
16,293		1,173	241	-	14,879	
13,618		2,245	460	-	10,913	
18,367		3,182	857	-	14,328	
24,164		4,939	1,588	(74)	17,563	
25,609		4,606	1,828	(75)	19,100	
81,740		18,990	7,510	(2,729)	52,511	
165,381		40,881	19,119	(38,225)	67,156	
	18,737,845	12,614,462	5,899,300	(64,821)	159,262	
$ 374,406	$ 18,737,845	$ 12,690,757	$ 5,930,946	$ (105,924)	$ 384,624	
						$ 1,714

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

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	REVENUES:				
5700	Total Local and Intermediate Sources	$ 340,268	$ 340,268	$ 70,989	$ (269,279)
5800	State Program Revenues	3,500	3,500	3,357	(143)
5900	Federal Program Revenues	518,000	518,000	896,672	378,672
5020	Total Revenues	861,768	861,768	971,018	109,250
	EXPENDITURES:				
	Current:				
0035	Food Services	861,768	1,081,768	1,119,448	(37,680)
6030	Total Expenditures	861,768	1,081,768	1,119,448	(37,680)
1100	Excess (Deficiency) of Revenues Over Expenditures	-	(220,000)	(148,430)	71,570
	OTHER FINANCING SOURCES (USES):				
7915	Transfers In	-	-	148,430	148,430
1200	Net Change in Fund Balances	-	(220,000)	-	220,000
0100	Fund Balance - September 1 (Beginning)	-	-	-	-
3000	Fund Balance - August 31 (Ending)	$ -	$ (220,000)	$ -	$ 220,000

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

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
	REVENUES:				
5700	Total Local and Intermediate Sources	$ 6,458,500	$ 6,458,500	$ 6,108,574	$ (349,926)
5800	State Program Revenues	-	-	177,563	177,563
5020	Total Revenues	6,458,500	6,458,500	6,286,137	(172,363)
	EXPENDITURES:				
	Debt Service:				
0071	Principal on Long-Term Liabilities	1,815,000	1,815,000	3,555,000	(1,740,000)
0072	Interest on Long-Term Liabilities	2,600,238	2,600,238	2,418,160	182,078
0073	Bond Issuance Cost and Fees	10,000	1,635,000	25,950	1,609,050
6030	Total Expenditures	4,425,238	6,050,238	5,999,110	51,128
1200	Net Change in Fund Balances	2,033,262	408,262	287,027	(121,235)
0100	Fund Balance - September 1 (Beginning)	1,708,321	1,708,321	1,708,321	-
3000	Fund Balance - August 31 (Ending)	$ 3,741,583	$ 2,116,583	$ 1,995,348	$ (121,235)

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

Section A: Compensatory Education Programs

AP1	Did your district expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the district have written policies and procedures for its state compensatory education program?	Yes
AP3	Total state allotment funds received for state compensatory education programs during the district's fiscal year.	1294370
AP4	Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24,26,28,29,30)	809435

Section B: Bilingual Education Programs

AP5	Did your district expend any bilingual education program state allotment funds during the district's fiscal year?	Yes
AP6	Does the district have written policies and procedures for its bilingual education program?	Yes
AP7	Total state allotment funds received for bilingual education programs during the district's fiscal year.	198479
AP8	Actual direct program expenditures for bilingual education programs during the district's fiscal year. (PIC 25)	240037

OVERALL COMPLIANCE, INTERNAL CONTROL AND FEDERAL AWARDS SECTION

BENNETT BENNETT & TRICE, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
611 N 2ND STREET, LAMESA TX 79331
PO BOX 790

VOICE 806 872-5426
TOLL FREE 800 227-5426
FAX 806 872-3542
EMAIL KBAIRRINGTON@bbtcpa.com

Members of
Texas Society of
Certified Public Accountants
American Institute of
Certified Public Accountants

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

Board of School Trustees
Denver City Independent School District
501 Mustang Avenue
Denver City, Texas 79323

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Denver City Independent School District, Denver City, Texas, as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise the Denver City Independent School District's basic financial statements, and have issued our report thereon dated January 22, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Denver City 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.* There were instances of noncompliance in budgeting requirements, as explained in the findings.

Purpose of this Report

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

Bennett Bennett & Trice

Bennett Bennett & Trice, PLLC
Lamesa, Texas

January 22, 2026

BENNETT BENNETT & TRICE, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
611 N 2ND STREET, LAMESA TX 79331
PO BOX 790

VOICE 806 872-5426
TOLL FREE 800 227-5426
FAX 806 872-3542
EMAIL KBAIRRINGTON@bbtcpa.com

Members of
Texas Society of
Certified Public Accountants
American Institute of
Certified Public Accountants

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

Board of School Trustees
Denver City Independent School District
501 Mustang Avenue
Denver City, Texas 79323

Report on Compliance for Each Major Fund

Opinion on Each Major Federal Program

We have audited Denver City Independent School District's compliance with types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Denver City Independent School District's major federal programs for the year ended August 31, 2025. Denver City 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, the Denver City Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2025.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the Denver City 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 the Denver City 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 the Denver City Independent School District's federal programs.

Auditors' Responsibility for Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Denver City 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 the Denver City 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Bennett Bennett & Trice

Bennett Bennett & Trice, PLLC
Lames, Texas

January 22, 2026

DENVER CITY INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED AUGUST 31, 2025

A. SECTION I – SUMMARY OF AUDITORS' RESULTS

1. Financial Statements

Type of auditor's report issued: **Unmodified**

Internal control over financial reporting:		
Material weakness(es) identified?	____yes	X no
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:		
Material weakness(es) identified?	____yes	X no
Significant deficiencies identified that are not considered to be material weaknesses?	____yes	X none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of Uniform Guidance?	____yes	X no

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
	Child Nutrition
10.553	School Breakfast Program
10.555	National School Lunch Program
10.555	School Lunch Matching
10.565	Commodities
10.579	NSLP Equipment Assistance

Dollar threshold used to distinguish between type A and type B federal programs:	$750,000	
Auditee qualified as low-risk auditee?	____yes	X no

DENVER CITY INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED AUGUST 31, 2025

B. SECTION II - FINDINGS - FINANCIAL STATEMENT AUDIT

2025-1 Over expenditure of budget line

Condition: Annual expenditures exceeded the budget amount in several functions.

Criteria: As per Texas Education Agency 2022 Financial Accountability System Resource Guide (FAR) Module 1, Section 1.1.3 Budget Requirements, a school district's budget must be itemized according to the classification and purpose of the expenditure.

Cause: In the Food service and the Debt Service– expenditures were in excess of the budget and the budget was not amended. The Food Service budget was not amended for all the expenditures.

Effect: The District was over expended in these specific funds, but the total expenditures within budget for the General Fund.

Recommendations: Procedures should be implemented to amend the budget for possible year-end adjustments.

C. SECTION III – FINDINGS QUESTIONED COST RELATED TO THE FEDERAL AWARDS

The audit disclosed no findings required to be reported.

D. STATUS OF PRIOR YEAR'S FINDINGS/COMPLIANCE

2024-1 Over expenditure of budget line. Management has implemented procedures to amend the budget for possible year-end adjustments.

This was corrected within the General Fund. The District still had a problem within the Debt Service and the Food Service.

E. CORRECTIVE ACTION PLAN

The person responsible for corrective action is Rick Martinez, Superintendent. Procedures have been implemented to ensure the District has no significant deficiencies in internal controls or noncompliance in the future. The District continues to overcome the budgeting problems.

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

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal Assistance Listing No.	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed Through Texas Education Agency			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	2561010251901	$ 333,202
*IDEA - Part B, Formula	84.027A	256610012519016000	379,125
Total Special Education Cluster (IDEA)			385,246
2024 - 2025 Perkins V: Strengthening CTE for 21st Century	84.048A	25420006251901	29,938
*IDEA - Part B, Preschool	84.173A	256610012519016000	6,121
Total Special Education Cluster (IDEA)			385,246
ESEA, Title III, Part A - English Language Acquisition	84.365A	25671001251901	32,367
ESEA, Title II, Part A, Teacher Principal Training	84.367A	25694501251901	49,554
ESEA, Title IV, Part A - Student Support & Academic	84.424A	25680101251901	21,798
COVID-19 ARP ESSER III	84.425U	21528001251901	238
Total Passed Through Texas Education Agency			852,343
TOTAL U.S. DEPARTMENT OF EDUCATION			852,343
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through the Texas Department of Agriculture			
*School Breakfast Program	10.553	202525N109946	423,788
*National School Lunch Program - Cash Assistance	10.555	202525N109946	412,951
*NSLP Equipment Assistance Program	10.579	6TX300355	6,281
Total Child Nutrition Cluster			843,020
*Warehouse Distribution Fees Reimbursement	10.560	256TX312N2533	3,030
*Commodity Supplemental Food Pr. - Cash Assistance	10.565	256TX877Y8005	50,622
Total Food Distribution Cluster			53,652
Total Passed Through the Texas Department of Agriculture			896,672
TOTAL U.S. DEPARTMENT OF AGRICULTURE			896,672
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 1,749,015

*Clustered Programs

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures included on the Schedule of Expenditures of Federal Awards (the Schedule) are presented on the modified accrual basis of accounting, with the exception of the National School Lunch Program, National School Breakfast Program and the Food Distribution Program (Non-Cash Assistance). Under the modified accrual basis of accounting, revenue is recognized in the accounting period in which it becomes available and measurable, and expenditures in the accounting period in which the fund liability is incurred, if measurable. Expenditures in the National School Lunch Program, National School Breakfast Program and the Food Distribution Program are not specifically attributable to this revenue source and are shown on the accompanying Schedule in an amount equal to revenue for balancing purposes only. The District values revenues and expenditures for the Food Distribution Program based on the value of commodities received. Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as due to other governments until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors may require the District to refund all or part of the unused amount.

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

B. BASIS OF PRESENTATION

The Schedule includes the federal grant activity of Denver City Independent School District under programs of the federal government for the year ended August 31, 2023. The information in the Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net assets of Denver City Independent School District.

C. SUBRECIPIENTS

Of the federal expenditures presented in the schedule, Denver City Independent School District provided no federal awards to subrecipients.

D. RECONCILIATION INFORMATION

Amount reported on the Schedule of Expenditures of Federal Awards	$	1,749,016
SHARS Revenue reported in the General Fund		63,689
Federal Program Revenue Reported on Exhibit C-3	$	1,812,705