Tolar Independent School District

Annual Financial Report

For the Year Ended August 31, 2025

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

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Introductory Section

CERTIFICATE OF BOARD

Tolar Independent School District	Hood	111-903
Name of School District	County	Co. Dist. Number

We, the undersigned, certify that the attached financial reports of the above named school district were reviewed and (check one) ✓ approved ____ disapproved for the year ended August 31, 2025, at a meeting of the board of trustees of such school district on the 23 day of February, 2026.

Signature of Board Secretary

Signature of Board President

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

Financial Section

SNOWGARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Trustees
Tolar Independent School District
P.O. Box 368
Tolar, Texas 76476

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Emphasis of Matter

As described in Note A to the financial statements, in Fiscal Year 2025, Tolar Independent School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 101 *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

1207 Santa Fe Drive • Weatherford, Texas 76086 • 817-596-9301 • Fax 817-596-9304

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated February 18, 2026, on our consideration of Tolar Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Tolar Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Tolar Independent School District's internal control over financial reporting and compliance.



Snow Garrett Williams
February 18, 2026

Management's Discussion and Analysis
(Unaudited)

As management of the District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended August 31, 2025. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which follow this section.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent period by $6,580,603 (*net position*). Of this amount, a negative $1,612,176 (*unrestricted net position*) may be used to meet the District's ongoing obligations.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of $4,862,859. Approximately 50% of this total amount, $2,412,208, is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was $2,412,208, or 23% of the total general fund expenditures.

Overview of the Financial Statements

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

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

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

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

Both of the District's government-wide financial statements distinguish the functions of the District as being principally supported by taxes and intergovernmental revenues (*governmental activities*) as opposed to *business-type activities* that are intended to recover all or a significant portion of their costs through user fees and charges. The District has no *business-type activities* and no component units for which it is financially accountable. The government-wide financial statements can be found on pages 13-14 of this report.

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

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

All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

- ***Governmental funds****. Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources,* as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and debt service fund which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. The District adopts an annual appropriated budget for its general fund, debt service fund and food service fund. A budgetary comparison schedule has been provided to demonstrate compliance with these budgets. The basic governmental fund financial statements can be found on pages 15-20 of this report.

- ***Fiduciary funds***. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The District is the trustee, or *fiduciary*, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position that can be found on pages 21-22.

Notes to the financial statements. The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23-46 of this report.

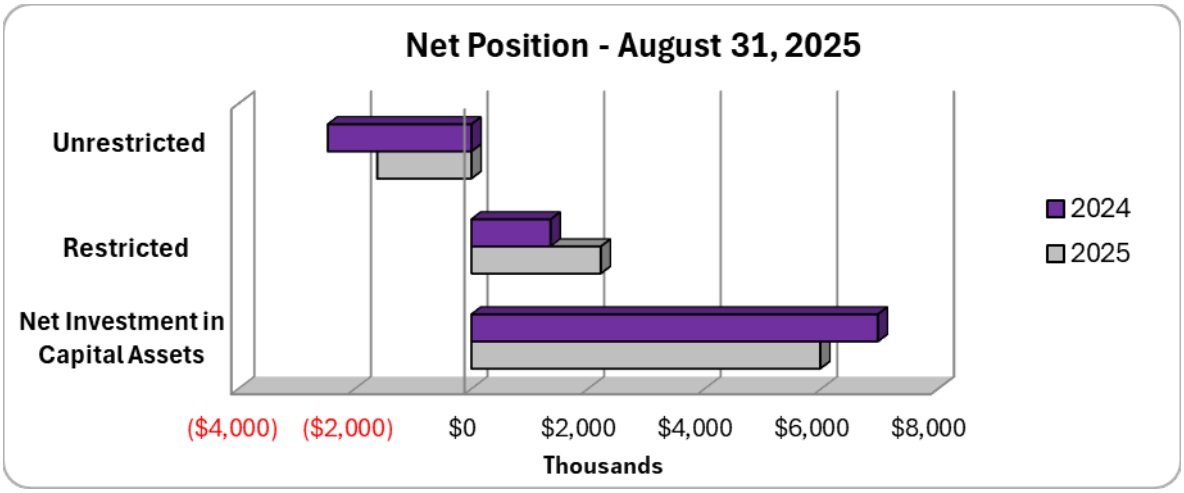
Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial statements. Required supplementary information can be found on pages 48-54 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assts and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $6,580,603 at August 31, 2025.

The District's Net Position

	August 31, 2025	August 31, 2024
Current and other assets	$ 6,093,619	$ 5,001,378
Capital assets	14,753,699	15,293,735
Total assets	20,847,318	20,295,113
Deferred outflows of resources		
Deferred outflow related to pensions	707,286	1,281,219
Deferred outflow related to OPEB	1,450,120	1,209,386
Total deferred outflows of resources	2,157,406	2,490,605
Other liabilities	1,158,786	711,569
Long-term liabilities outstanding	12,543,113	12,875,390
Total liabilities	13,701,899	13,586,959
Deferred inflows of resources		
Deferred gain on refunding	802,302	855,789
Deferred inflow related to pensions	117,392	181,721
Deferred inflow related to OPEB	1,802,528	2,296,056
Total deferred inflows of resources	2,722,222	3,333,566
Net position:		
Net investment in capital assets	5,983,536	6,970,949
Restricted	2,218,243	1,358,169
Unrestricted	(1,621,176)	(2,463,925)
Total net position	$ 6,580,603	$ 5,865,193

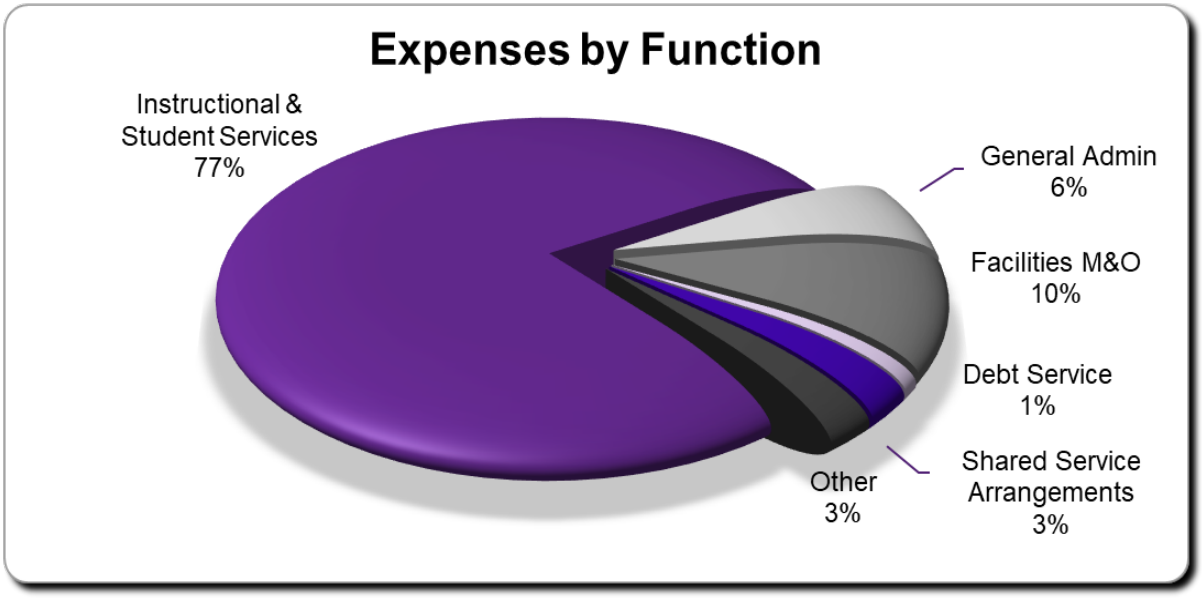


Investment in capital assets (e.g., land, construction in progress, buildings and improvements, furniture and equipment, and right-to-use assets) is $5,983,536. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets and right to use assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net position ($2,218,243) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (negative $1,621,176) may be used to meet the District's ongoing obligations. This deficit is not an indication that the District does not have resources available to meet financial obligations next year, but rather the result of having long-term commitments that are more than currently available resources.

Governmental activities. The District's total net position increased by $715,410. The total cost of all *governmental activities* this year was $12,312,279. The amount that our taxpayers paid for these activities through property taxes was $4,931,695 or 40%.

Changes in the District's Net Position

	Fiscal Year August 31, 2025	Fiscal Year August 31, 2024
Revenues:		
Program revenues		
Charges for services	$ 456,802	$ 435,647
Operating grants and contributions	1,226,258	1,643,921
General revenues		
Property taxes	4,931,695	4,174,763
Grants and contributions	6,153,853	6,450,980
Other	259,081	282,673
Special items inflow	-	904,630
Total revenues	13,027,689	13,892,614
Expenses:		
Instruction	6,659,111	6,444,973
Instructional resources and media services	46,408	58,477
Curriculum and staff development	2,474	5,043
Instructional leadership	-	40,447
School leadership	598,133	496,690
Guidance, counseling & evaluation services	270,975	249,021
Health services	136,846	144,443
Student transportation	259,800	240,077
Food service	700,554	683,526
Cocurricular/extracurricular activities	850,792	768,945
General administration	766,013	790,063
Facilities maintenance and operations	1,252,854	1,044,659
Security and monitoring services	128,365	68,494
Data processing	140,683	159,342
Community services	47,274	156,909
Interest on long-term debt	127,064	211,022
Bond issuance costs and fees	550	(45,328)
Payments related to shared service arrangements	324,383	267,367
Total expenses	12,312,279	11,784,170
Increase (decrease) in net position	715,410	2,108,444
Beginning net position	5,865,193	3,756,749
Ending net position	$ 6,580,603	$ 5,865,193



Financial Analysis of the District's Funds

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

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of $4,862,859, an increase of $619,485. $2,412,208 of this total amount constitutes *unassigned fund balance*. The remainder of fund balance is *restricted or assigned* to indicate that it is not available for new spending because it has already been restricted to pay (1) debt service ($2,102,505), (2) for federal and state grants ($82,862), assigned for campus activities ($82,756), and nonspendable for prepaid items ($182,528).

The general fund is the primary operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was $2,412,208 or 23% of the total general fund expenditures.

The fund balance of the District's general fund decreased $236,888 during the current fiscal year. This decrease was primarily the result of budgeted capital outlay expenditures.

The debt service fund has a total fund balance of $2,102,505, all of which is restricted for the payment of debt service. The net increase in fund balance during the period was $900,793 mainly due to lower than expected debt service payments.

General Fund Budgetary Highlights

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

- Actual revenues were lower than budgeted by $69,212, primarily related to lower than anticipated property tax revenues; and
- Actual expenditures were $69,820 higher than budgeted primarily due to higher than anticipated spending in school leadership, student transportation, and capital outlay offset by lower than expected spending in data processing services.

Capital Asset and Debt Administration

Capital Assets. The District's investment in capital assets for its governmental activities at August 31, 2025 amounted to $14,753,699 (net of accumulated depreciation/amortization). This investment in capital assets includes land, construction in progress, buildings and improvements, furniture and equipment, and right to use assets (leased equipment - intangible assets).

Major capital asset acquisitions during the year consisted of roof replacements, track improvements and the purchase of a new bus.

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

	August 31, 2025	August 31, 2024
Land	$ 1,035,749	$ 1,035,749
Construction in progress	250,515	-
Buildings and improvements	12,144,194	13,014,301
Furniture and equipment	1,272,512	1,167,917
Right to use assets	50,729	75,768
Total at historical cost	$ 14,753,699	$ 15,293,735

Additional information on the District's capital assets can be found in Note D on page 31 of this report.

Long-term Debt. As of August 31, 2025, the District had total general obligation bonded debt outstanding of $7,031,120, a decrease of $118,340 over the prior year. The District's accumulated accretion on CAB's decreased by $343,888, resulting in ending accumulated accretion of $701,755. The District also had notes from direct borrowings outstanding of $192,798, which is a decrease from the prior year of $67,277. The lease liability balance was $42,188 at August 31, 2025 a decrease of $15,274 from the prior year. The net pension liability for fiscal year 2025 had an ending balance of $2,430,641, a decrease of $357,857 from the prior year. And finally, the net OPEB liability for fiscal year 2025 had an ending balance of $2,144,611, which is an increase of $570,359 from the prior year.

Additional information on the District's long-term debt can be found in Note F on pages 32-33 of this report.

Economic Factors and Next Year's Budgets and Rates

- Current 2025-2026 enrollment is approximately 901.
- The District is currently at $0.6372 per $100 in assessed property value. The maximum tax rate
- allowable by state law for maintenance and operations is $0.6372.
- The District has adopted a balanced budget for 2025-2026 in the General Fund of $14,204,454.

Requests for Information

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

Basic Financial Statements

TOLAR INDEPENDENT SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET POSITION
AUGUST 31, 2025

Data Control Codes		1 Governmental Activities
	ASSETS:	
1110	Cash and Cash Equivalents	$ 5,301,799
1120	Current Investments	102,312
1225	Property Taxes Receivable (Net)	115,279
1240	Due from Other Governments	367,350
1290	Other Receivables (Net)	24,351
1410	Unrealized Expenditures	182,528
	Capital Assets:	
1510	Land	1,035,749
1520	Buildings and Improvements (Net)	12,144,194
1530	Furniture and Equipment (Net)	1,272,512
1550	Right to Use Assets (Net)	50,729
1580	Construction in Progress	250,515
1000	Total Assets	20,847,318
	DEFERRED OUTFLOWS OF RESOURCES:	
	Deferred Outflow Related to Pensions	707,286
	Deferred Outflow Related to OPEB	1,450,120
1700	Total Deferred Outflows of Resources	2,157,406
	LIABILITIES:	
2110	Accounts Payable	29,448
2140	Interest Payable	43,306
2165	Accrued Liabilities	588,427
2300	Unearned Revenue	497,605
	Noncurrent Liabilities	
2501	Due Within One Year	207,417
2502	Due in More Than One Year	7,760,444
2540	Net Pension Liability	2,430,641
2545	Net OPEB Liability	2,144,611
2000	Total Liabilities	13,701,899
	DEFERRED INFLOWS OF RESOURCES:	
	Deferred Gain on Refunding	802,302
	Deferred Inflow Related to Pensions	117,392
	Deferred Inflow Related to OPEB	1,802,528
2600	Total Deferred Inflows of Resources	2,722,222
	NET POSITION	
3200	Net Investment in Capital Assets	5,983,536
	Restricted For:	
3820	Federal and State Programs	82,862
3850	Debt Service	2,135,381
3900	Unrestricted	(1,621,176)
3000	Total Net Position	$ 6,580,603

The accompanying notes are an integral part of this statement.

TOLAR INDEPENDENT SCHOOL DISTRICT

Exhibit B-1

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues: Charges for Services	4 Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
	Governmental Activities:				
11	Instruction	$ 6,659,111	$ 29,768	$ 484,677	$ (6,144,666)
12	Instructional Resources and Media Services	46,408	232	(514)	(46,690)
13	Curriculum and Staff Development	2,474	12	108	(2,354)
23	School Leadership	598,133	2,924	5,514	(589,695)
31	Guidance, Counseling, and Evaluation Services	270,975	1,340	(436)	(270,071)
33	Health Services	136,846	675	55	(136,116)
34	Student Transportation	259,800	1,874	13,154	(244,772)
35	Food Service	700,554	169,841	419,189	(111,524)
36	Cocurricular/Extracurricular Activities	850,792	195,270	17,427	(638,095)
41	General Administration	766,013	3,709	12,548	(749,756)
51	Facilities Maintenance and Operations	1,252,854	6,192	36,844	(1,209,818)
52	Security and Monitoring Services	128,365	330	115,356	(12,679)
53	Data Processing Services	140,683	636	2,016	(138,031)
61	Community Services	47,274	40,008	811	(6,455)
72	Interest on Long-term Debt	127,064	477	86,952	(39,635)
73	Bond Issuance Costs and Fees	550	-	-	(550)
81	Capital Outlay	-	1,830	16,955	18,785
93	Payments to Shared Services Arrangements	324,383	1,684	15,602	(307,097)
TG	Total Governmental Activities	12,312,279	456,802	1,226,258	(10,629,219)
TP	Total Primary Government	$ 12,312,279	$ 456,802	$ 1,226,258	(10,629,219)
	General Revenues:				
MT	Property Taxes, Levied for General Purposes				3,472,043
DT	Property Taxes, Levied for Debt Service				1,459,652
IE	Investment Earnings				10,629
SF	State Aid-Formula Grants				6,153,853
MI	Miscellaneous				248,452
TR	Total General Revenues				11,344,629
CN	Change in Net Position				715,410
NB	Net Position - Beginning				5,865,193
NE	Net Position - Ending				$ 6,580,603

The accompanying notes are an integral part of this statement.

TOLAR INDEPENDENT SCHOOL DISTRICT

Exhibit C-1

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2025

Data Control Codes		10 General Fund	IDEA-Part B Discretionary	50 Debt Service Fund
	ASSETS:			
1110	Cash and Cash Equivalents	$ 3,068,716	$ -	$ 2,084,655
1120	Current Investments	102,312	-	-
1225	Taxes Receivable	143,819	-	56,972
1230	Allowance for Uncollectible Taxes (Credit)	(61,416)	-	(24,096)
1240	Due from Other Governments	26,938	272,365	11,340
1260	Due from Other Funds	272,365	-	-
1290	Other Receivables (Net)	13,986	-	10,365
1410	Unrealized Expenditures	182,528	-	-
1000	Total Assets	$ 3,749,248	$ 272,365	$ 2,139,236
	LIABILITIES:			
2110	Accounts Payable	$ 20,181	$ -	$ -
2150	Payroll Deductions and Withholdings	6,139	-	-
2160	Accrued Wages Payable	540,540	-	-
2170	Due to Other Funds	-	272,365	-
2200	Accrued Expenditures	11,499	-	-
2300	Unearned Revenues	493,750	-	3,855
2000	Total Liabilities	1,072,109	272,365	3,855
	DEFERRED INFLOWS OF RESOURCES:			
	Property Taxes	82,403	-	32,876
2600	Total Deferred Inflows of Resources	82,403	-	32,876
	FUND BALANCES:			
	Nonspendable:			
3430	Prepaid Items	182,528	-	-
	Restricted:			
3450	Federal/State Funds Grant Restrictions	-	-	-
3480	Retirement of Long-Term Debt	-	-	2,102,505
	Assigned Fund Balances:			
3545	Other - Campus Activity	-	-	-
3600	Unassigned	2,412,208	-	-
3000	Total Fund Balances	2,594,736	-	2,102,505
4000	Total Liabilities and Fund Balances	$ 3,749,248	$ 272,365	$ 2,139,236

The accompanying notes are an integral part of this statement.

TOLAR INDEPENDENT SCHOOL DISTRICT

Exhibit C-1

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2025

Data Control Codes		Other Governmental Funds	98 Total Governmental Funds
	ASSETS:		
1110	Cash and Cash Equivalents	$ 148,426	$ 5,301,797
1120	Current Investments	-	102,312
1225	Taxes Receivable	-	200,791
1230	Allowance for Uncollectible Taxes (Credit)	-	(85,512)
1240	Due from Other Governments	56,708	367,351
1260	Due from Other Funds	-	272,365
1290	Other Receivables (Net)	-	24,351
1410	Unrealized Expenditures	-	182,528
1000	Total Assets	$ 205,134	$ 6,365,983
	LIABILITIES:		
2110	Accounts Payable	$ 9,267	$ 29,448
2150	Payroll Deductions and Withholdings	-	6,139
2160	Accrued Wages Payable	28,644	569,184
2170	Due to Other Funds	-	272,365
2200	Accrued Expenditures	1,605	13,104
2300	Unearned Revenues	-	497,605
2000	Total Liabilities	39,516	1,387,845
	DEFERRED INFLOWS OF RESOURCES:		
	Property Taxes	-	115,279
2600	Total Deferred Inflows of Resources	-	115,279
	FUND BALANCES:		
	Nonspendable:		
3430	Prepaid Items	-	182,528
	Restricted:		
3450	Federal/State Funds Grant Restrictions	82,862	82,862
3480	Retirement of Long-Term Debt	-	2,102,505
	Assigned Fund Balances:		
3545	Other - Campus Activity	82,756	82,756
3600	Unassigned	-	2,412,208
3000	Total Fund Balances	165,618	4,862,859
4000	Total Liabilities and Fund Balances	$ 205,134	$ 6,365,983

The accompanying notes are an integral part of this statement.

TOLAR INDEPENDENT SCHOOL DISTRICT

Exhibit C-1R

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

Total fund balances - governmental funds balance sheet	$	4,862,859
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.		115,279
Capital assets used in governmental activities are not reported in the funds.		14,753,699
Deferred resource outflows related to the pension plan are not reported in the funds.		707,286
Deferred resource outflows related to the OPEB plan are not reported in the funds.		1,450,120
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.		(2,430,641)
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.		(2,144,611)
Deferred resource inflows related to the pension plan are not reported in the funds.		(117,392)
Deferred resource inflows related to the OPEB plan are not reported in the funds.		(1,802,528)
Payables for bond principal which are not due in the current period are not reported in the funds.		(7,031,120)
Payables for notes which are not due in the current period are not reported in the funds		(192,798)
Payables for right-to-use leases which are not due in the current period are not reported in the funds.		(42,188)
Payables for bond interest which are not due in the current period are not reported in the funds.		(37,889)
Payables for note interest which are not due in the current period are not reported in the funds.		(5,416)
The accumulated accretion of interest on capital appreciation bonds is not reported in the funds.		(701,755)
Deferred gain on refunding bonds is not reported in the funds.		(802,302)
Net position of governmental activities - Statement of Net Position	$	6,580,603

The accompanying notes are an integral part of this statement.

TOLAR INDEPENDENT SCHOOL DISTRICT

Exhibit C-2

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

Data Control Codes		10 General Fund	IDEA-Part B Discretionary	50 Debt Service Fund
	REVENUES:			
5700	Local and Intermediate Sources	$ 3,806,350	$ -	$ 1,454,268
5800	State Program Revenues	6,666,176	-	82,528
5900	Federal Program Revenues	-	272,365	-
5020	Total Revenues	10,472,526	272,365	1,536,796
	EXPENDITURES:			
	Current:			
0011	Instruction	5,817,050	272,365	-
0012	Instructional Resources and Media Services	44,645	-	-
0013	Curriculum and Staff Development	2,247	-	-
0023	School Leadership	563,471	-	-
0031	Guidance, Counseling, and Evaluation Services	258,157	-	-
0033	Health Services	130,102	-	-
0034	Student Transportation	361,019	-	-
0035	Food Service	-	-	-
0036	Cocurricular/Extracurricular Activities	624,728	-	-
0041	General Administration	714,649	-	-
0051	Facilities Maintenance and Operations	1,192,977	-	-
0052	Security and Monitoring Services	63,575	-	-
0053	Data Processing Services	122,613	-	-
0061	Community Services	45,304	-	-
	Debt Service:			
0071	Principal on Long-term Debt	82,551	-	118,340
0072	Interest on Long-term Debt	9,433	-	517,113
0073	Bond Issuance Costs and Fees	-	-	550
0081	Facilities Acquisition and Construction	352,510	-	-
	Intergovernmental:			
0093	Payments to Shared Service Arrangements	324,383	-	-
6030	Total Expenditures	10,709,414	272,365	636,003
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	(236,888)	-	900,793
1200	Net Change in Fund Balances	(236,888)	-	900,793
0100	Fund Balances - Beginning	2,831,624	-	1,201,712
3000	Fund Balances - Ending	$ 2,594,736	$ -	$ 2,102,505

The accompanying notes are an integral part of this statement.

TOLAR INDEPENDENT SCHOOL DISTRICT

Exhibit C-2

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

Data Control Codes		Other Governmental Funds	98 Total Governmental Funds
	REVENUES:		
5700	Local and Intermediate Sources	$ 363,530	$ 5,624,148
5800	State Program Revenues	195,333	6,944,037
5900	Federal Program Revenues	525,127	797,492
5020	Total Revenues	1,083,990	13,365,677
	EXPENDITURES:		
	Current:		
0011	Instruction	175,965	6,265,380
0012	Instructional Resources and Media Services	-	44,645
0013	Curriculum and Staff Development	-	2,247
0023	School Leadership	-	563,471
0031	Guidance, Counseling, and Evaluation Services	-	258,157
0033	Health Services	-	130,102
0034	Student Transportation	-	361,019
0035	Food Service	652,396	652,396
0036	Cocurricular/Extracurricular Activities	187,653	812,381
0041	General Administration	-	714,649
0051	Facilities Maintenance and Operations	-	1,192,977
0052	Security and Monitoring Services	112,396	175,971
0053	Data Processing Services	-	122,613
0061	Community Services	-	45,304
	Debt Service:		
0071	Principal on Long-term Debt	-	200,891
0072	Interest on Long-term Debt	-	526,546
0073	Bond Issuance Costs and Fees	-	550
0081	Facilities Acquisition and Construction	-	352,510
	Intergovernmental:		
0093	Payments to Shared Service Arrangements	-	324,383
6030	Total Expenditures	1,128,410	12,746,192
1100	Excess (Deficiency) of Revenues Over (Under)		
1100	Expenditures	(44,420)	619,485
1200	Net Change in Fund Balances	(44,420)	619,485
0100	Fund Balances - Beginning	210,038	4,243,374
3000	Fund Balances - Ending	$ 165,618	$ 4,862,859

The accompanying notes are an integral part of this statement.

TOLAR INDEPENDENT SCHOOL DISTRICT

Exhibit C-3

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

Net change in fund balances - total governmental funds	$	619,485
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:		
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.		23,430
Capital outlays are not reported as expenses in the SOA.		601,462
The depreciation / amortization of capital assets used in governmental activities is not reported in the funds.		(1,141,498)
GASB 68 requires that certain plan expenditures be de-expended and recorded as deferred resource outflows. These pension contributions made after the measurement date of the plan increased ending net position.		233,940
Pension contributions made before the measurement date and during the previous fiscal year were expended and recorded as a reduction to net pension liability.		(227,497)
Changes in the net pension liability and related deferred inflows and outflows are recognized in the government wide financials but are not reported in the fund financial statements. The net effect of the change is a decrease in net position.		(158,190)
GASB 75 requires that certain plan expenditures be de-expended and recorded as deferred resource outflows. These OPEB contributions made after the measurement date of the plan increased net position.		57,838
OPEB contributions made before the measurement date and during the previous fiscal year were expended and recorded as a reduction in the net OPEB liability.		(55,723)
Changes in the net OPEB liability and related deferred inflows and outflows are recognized in the government wide financials but are not reported in the fund financial statements. The net effect of the change is an increase in net position.		161,788
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.		118,340
Repayment of note principal is an expenditure in the funds but is not an expense in the SOA.		67,277
Repayment of right-to-use lease principal is an expenditure in the funds but is not an expense in the SOA.		15,274
Changes in accrued interest on bonds and notes from beginning of period to end of period.		2,109
The accretion of interest on capital appreciation bonds is not reported in the funds.		343,888
Deferred gain on refunding bonds is amortized in the SOA but not in the funds.		53,487
Change in net position of governmental activities - Statement of Activities	$	715,410

The accompanying notes are an integral part of this statement.

TOLAR INDEPENDENT SCHOOL DISTRICT

Exhibit E-1

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2025

Data Control Codes		Custodial Funds
	ASSETS:	
1110	Cash and Cash Equivalents	$ 4,982
1000	Total Assets	4,982
	LIABILITIES:	
2000	Total Liabilities	-
	NET POSITION:	
3800	Restricted for Student Activities	4,982
3000	Total Net Position	$ 4,982

The accompanying notes are an integral part of this statement.

TOLAR INDEPENDENT SCHOOL DISTRICT

Exhibit E-2

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

	Custodial Funds
ADDITIONS:	
Revenues from Student Activities	$ 50,284
Total Additions	50,284
DEDUCTIONS:	
Payments for Student Activities	54,901
Total Deductions	54,901
Change in Fiduciary Net Position	(4,617)
Net Position-Beginning of the Year	9,599
Net Position-End of the Year	$ 4,982

The accompanying notes are an integral part of this statement.

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

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

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

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

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

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

The District reports the following major governmental funds:

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

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

IDEA-B Discretionary Fund: This Fund is used to account for and report grant receipts from the IDEA-B Discretionary Cost program.

In addition, the District reports the following fund types:

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

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

b. Measurement Focus, Basis of Accounting

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

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

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

3. Financial Statement Amounts

a. Property Taxes

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

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

b. Inventories and Prepaid Items

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

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

c. Capital Assets

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

Right to use SBITA assets are reported at the present value of payments expected to be made during the SBITA term, adjusted for SBITA payments made at or before the commencement of the SBITA term, plus capitalizable implementation costs. The District recognizes right to use SBITA assets with an initial value of $5,000 or more. As of August 31, 2025, the right to use SBITA assets reported includes subscription agreements paid in full at commencement and therefore does not recognize any SBITA liabilities.

Significant accounting policies for leased right-to-use assets are located at Note G.

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

Asset Class	Estimated Useful Lives
Buildings & Improvements	7-30 years
Equipment	5-10 years
Right-to-Use Assets Leases	2-4 years
Right-to-Use Assets SBITAs	1 year

d. Deferred Outflows and Inflows of Resources

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

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

e. Receivable and Payable Balances

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

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

f. Interfund Activity

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

g. Use of Estimates

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

h. Data Control Codes

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

i. Fund Balances - Governmental Funds

Fund balances of the governmental funds can consist of the following:

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

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

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the District's Board of Trustees, which is a Board resolution. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by taking the same type of formal action. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

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

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

The District established a minimum fund balance policy requiring at least 15% of operating expenditures in fund balance at all times. The District was in compliance with this policy at August 31, 2025.

j. Net Position Flow Assumption

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

k. Fund Balance Flow Assumptions

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

4. Pensions

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

5. Other Post-Employment Benefits

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

6. Implementation of New Standards

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

GASB Statement No. 101, *Compensated Absences*

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability for certain types of compensated absences - including parental leave, military leave, and jury duty leave - should not be recognized until the leave commences. A liability for other specific types of compensated absences should not be recognized until the leave is used.

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

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, Certain Financial Statement Note Disclosures, violations of finance related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

Violation	Action Taken
General Fund and Food Service Fund, expenditures exceeded final budgeted amounts.	The District will closely monitor budget versus actual expenditures and propose any necessary amendments to avoid future negative variances.

C. Deposits and Investments

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

1. Cash Deposits:

At August 31, 2025, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was $5,306,781 and the bank balance was $5,465,533. The District's cash deposits at August 31, 2025 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

2. Investments:

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

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

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

The District’s investments at August 31, 2025 are shown below.

Investment or Investment Type	Maturity		Value
TexSTAR - LGIP	Wtd Avg Maturity = 48 days	$	102,312
		$	102,312

3. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

At August 31, 2025, the District's investments, other than those which are obligations of or guaranteed by the U. S. Government, are rated as to credit quality as follows:

TexSTAR – LGIP	AAAm

b. Custodial Credit Risk

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

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

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

c. Concentration of Credit Risk

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

d. Interest Rate Risk

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

e. Foreign Currency Risk

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

Investment Accounting Policy

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

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

TexSTAR

TexSTAR is a local government investment pool organized under the Interlocal Cooperation Act Texas Short Term to invest their public funds and funds under their control through the investment pools. Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code (the "PFIA"). These two acts provide for the creation of public funds investment pools (including TexSTAR) and authorize eligible governmental entities ("Participants") to invest their public funds and funds under their control through the investment pools.

The Board of Trustees is TexSTAR's governing body and is comprised of employees, officers or elected officials of Participant Government Entities or individuals who do not have a business relationship with the Pool. Portfolio assets are marked to market daily using the fair value method. Due to the fact that amortized cost, which generally approximates the market value of the assets, has been deemed to be a proxy for fair value, portfolio assets are valued on the basis of the amortized cost valuation technique.

D. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated / amortized:				
Land	$ 1,035,749	$ -	$ -	$ 1,035,749
Construction in progress	-	250,515	-	250,515
Total capital assets not being depreciated / amortized	1,035,749	250,515	-	1,286,264
Capital assets being depreciated / amortized:				
Buildings and improvements	24,181,708	-	-	24,181,708
Equipment	3,213,992	350,947	-	3,564,939
Right to Use Assets - Leased Equipment	76,009	-	-	76,009
Right to Use Assets - SBITAs	29,052	-	-	29,052
Total capital assets being depreciated / amortized	27,500,761	350,947	-	27,851,708
Less accumulated depreciation / amortization for:				
Buildings and improvements	(11,167,407)	(870,107)	-	(12,037,514)
Equipment	(2,046,075)	(246,352)	-	(2,292,427)
Right to Use Assets - Leased Equipment	(19,609)	(15,355)		(34,964)
Right-to-Use Assets - SBITAs	(9,684)	(9,684)	-	(19,368)
Total accumulated depreciation / amortization	(13,242,775)	(1,141,498)	-	(14,384,273)
Total capital assets being depreciated / amortized, net	14,257,986	(790,551)	-	13,467,435
Governmental activities capital assets, net	$ 15,293,735	$ (540,036)	$ -	$ 14,753,699

Depreciation / amortization was charged to functions as follows:

Instruction	$ 641,300
Instructional resources and media services	4,514
Curriculum and staff development	227
School leadership	56,975
Guidance, counseling, and evaluation services	26,103
Health services	13,155
Student transportation	36,504
Food service	61,503
Cocurricular/extracurricular activities	63,284
General administration	73,922
Plant maintenance and operations	119,556
Security and monitoring services	17,793
Data processing services	22,082
Community services	4,580
	$ 1,141,498

E. Interfund Balances and Activities

1. Due To and From Other Funds

Due To Fund	Due From Fund	Amount
General Fund	IDEA-Part B Discretionary	$ 272,365
	Total	$ 272,365

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

F. Long-Term Obligations

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

1. Long-Term Obligation Activity

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
General Obligation Bonds	$ 7,149,460	$ -	$ 118,340	$ 7,031,120	$ 123,140
Accumulated Accretion	1,045,643	-	343,888	701,755	-
Notes from Direct Borrowings	260,075	-	67,277	192,798	69,328
Lease Liability	57,462	-	15,274	42,188	14,949
Net Pension Liability*	2,788,498	-	357,857	2,430,641	-
Net OPEB Liability*	1,574,252	570,359	-	2,144,611	-
Total governmental activities	$ 12,875,390	$ 570,359	$ 902,636	$ 12,543,113	$ 207,417

* Other long-term liabilities

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

Liability	Activity Type	Fund
Net Pension Liability *	Governmental	General
Net OPEB Liability *	Governmental	General

2. Debt Service Requirements

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

	Governmental Activities				
Year Ending	Bonds		Notes from Direct Borrowings		
August 31	Principal	Interest	Principal	Interest	Total
2026	$ 123,140	$ 511,746	$ 69,328	$ 5,917	$ 710,131
2027	127,980	511,089	71,420	3,796	714,285
2028	455,000	142,460	52,050	1,608	651,118
2029	470,000	134,707	-	-	604,707
2030	480,000	126,106	-	-	606,106
2031-2035	2,560,000	482,519	-	-	3,042,519
2036-2040	2,815,000	178,072	-	-	2,993,072
Totals	$ 7,031,120	$ 2,086,699	$ 192,798	$ 11,321	$ 9,321,938

The Series 2006 UT Building Bonds Interest rate is 4.95% and matures February 2027.

The Series 2021 UT Refunding Bonds interest rate ranges from 1.60% to 2.70% and matures February 2042.

The Time Warrant Series 2017 interest rate is 3.09% and matures October 2027.

The 2021 Bus Note interest rate is 2.989% and matures September 2026.

The District did not have any unused lines of credit, assets pledged as collateral for debt, or terms specified in debt agreements related to significant events of default with finance-related consequences, termination events with finance-related consequences, or subjective acceleration clauses as of August 31, 2025.

G. Leases

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

At the commencement of a lease, the District measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments. The lease asset is initially measured at the initial amount of the lease liability, adjusted for lease payments made at or before the commencement of the lease term, plus initial direct costs that are ancillary charges necessary to place the lease in service. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or it's useful life.

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

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

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

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

The lease with Canon matures on June 30, 2026 and is for copier equipment totaling $22,263 payable in monthly installments of $438 at an interest rate of 5.5%.

The lease with Canon matures on May 24, 2027 and is for copier equipment totaling $5,759 payable in monthly installments of $110 at an interest rate of 5.5%.

The lease with Canon matures on April 20, 2029 and is for copier equipment totaling $47,987 payable in monthly installments of $847 at an interest rate of 2.28%.

Future lease payment maturity schedule is as follows:

Year Ending August 31	Principal	Interest	Total
2026	$ 14,949	915	$ 15,864
2027	10,633	521	11,154
2028	9,888	276	10,164
2029	6,718	58	6,776
Totals	$ 42,188	$ 1,770	$ 43,958

H. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2025, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

Property Casualty Program

During the year ended August 31, 2025, the District participated in the Texas Association of School Boards Risk Management Fund (the Fund) with coverage in Auto Liability, Auto Physical Damage, Privacy and Information Security, Property and School Liability. The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for its Auto, Liability and Property programs. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended August 31, 2025, the Fund anticipates Tolar ISD has no additional liability beyond the contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2024 are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

Workers' Compensation

During the year ended August 31, 2025, Tolar ISD met its statutory workers' compensation obligations through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Workers' Compensation Program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members' injured employees.

The Fund and its members are protected against higher than expected claims costs through the purchase of stop-loss coverage for any claim in excess of the Fund's self-insured retention of $2 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2024, the Fund carries a discounted reserve of $50,247,590 for future development on reported claims and claims that have been incurred but not yet reported. For the year ended August 31, 2025, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2024, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

The District established a partially self-funded workers' compensation plan by participating in the Texas Educational Insurances Association (the Association) until Fiscal Year 2020. The District continues to pay into the Texas Educational Insurance Association for claims incurred in plan years 2001-2002 through 2019-2020. The District is now in the TASB Risk Management Fund. The Association is a public entity risk pool currently operating as a common risk management and insurance program for member colleges and school districts. The main purpose of the Association is to partially self-insure certain workers' compensation risks up to an agreed upon retention limit. The plan for worker's compensation benefits is authorized by Section 504.011 of the Labor Code. Claims are paid by a third-party administrator acting on behalf of the District under the terms of a contractual agreement. Administrative fees are included within the provisions of that agreement. The liability of the workers' compensation self-insurance plan includes $3,374 incurred but not reported claims. Estimates of claims payable and of claims incurred but not reported at August 31, 2025, are reflected as accounts and claims payable in the General Fund. The plan is funded to discharge liabilities of the fund as they become due.

Changes in the balances of claim liabilities from the Texas Educational Insurance Association during the past year are as follows:

	Year ended 8/31/2025	Year ended 8/31/2024
Unpaid claims, beginning of year	$ 12,257	$ 14,528
Incurred claims	(1,972)	(1,398)
Claim payments	(697)	(873)
Unpaid claims, end of year	$ 9,588	$ 12,257

Unemployment Compensation

During the year ended August 31, 2025, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for the Unemployment Compensation pool. For the year ended August 31, 2025, the Fund anticipates that Tolar ISD will have no additional liability beyond the contractual obligation for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2024, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

I. Pension Plan

1. Plan Description

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

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

2. Pension Plan Fiduciary Net Position

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

3. Benefits Provided

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

One-Time Stipends

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

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

Cost-of-Living Adjustment

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

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

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.

4. Contributions

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

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

Contribution Rates

	2024	2025
Member	8.25%	8.25%
Non-Employer Contributing Entity (State)	8.25%	8.25%
Employers	8.25%	8.25%

District's 2025 Employer Contributions	$	233,940
District's 2025 Member Contributions	$	522,830
2024 NECE On-Behalf Contributions (State)	$	369,680

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

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

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

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

- All public schools, charter schools, and regional educational service centers must contribute 1.9% of the member's salary beginning in fiscal year 2024, gradually increasing to 2% in fiscal year 2025.

- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

5. Actuarial Assumptions

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

Valuation Date	August 31, 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 Investment Rate of Return	7.00%
Municipal Bond Rate as of August 2024	3.87% *
Last year ending August 31 in Projection Period (100 years)	2123
Inflation	2.30%
Salary Increases including inflation	2.95% to 8.95%
Ad hoc post-employment benefit changes	None

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

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

6. Discount Rate

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

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

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

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

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

7. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net pension liability if the discount rate used was 1 percentage point lower than and 1 percentage point higher than the discount rate that was used (7.00%) in measuring the net pension liability.

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the net pension liability:	$ 3,882,350	$ 2,430,641	$ 1,227,797

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

At August 31, 2025, the District reported a liability of $2,430,641 for its proportionate share of the TRS net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	$ 2,430,641
State's proportionate share that is associated with District	4,007,128
Total	$ 6,437,769

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

At August 31, 2024 the employer's proportion of the collective net pension liability was 0.003979%, which was a decrease of 0.000080% from its proportion measured as of August 31, 2023.

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

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

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

For the fiscal year ended August 31, 2025, the District recognized pension expense of $864,606 and revenue of $478,919 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Actuarial Experience	$ 133,974	$ 18,977
Changes in Actuarial Assumptions	125,499	16,825
Difference Between Projected and Actual Investment Earnings	14,775	-
Changes in Proportion and Difference between District's Contributions and the Proportionate Share of Contributions	199,098	81,590
Contributions paid to TRS subsequent to the measurement date of the Net Pension Liability	233,940	-
Total	$ 707,286	$ 117,392

The District recognized $233,940 as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the measurement year ended August 31, 2025. The other amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended August 31	Pension Expense Amount
2026	$ 34,941
2027	308,401
2028	68,148
2029	(58,932)
2030	3,395
Thereafter	1

J. Defined Other Post-Employment Benefit Plans

1. Plan Description

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

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

2. OPEB Plan Fiduciary Net Position

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

3. Benefits Provided

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

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

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

TRS-Care Monthly Premium Rates

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

4. Contributions

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

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

Contribution Rates

	2024	2025
Member	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding remitted by Employers	1.25%	1.25%

District's 2025 Employer Contributions	$ 57,838
District's 2025 Member Contributions	$ 41,192
2024 NECE On-Behalf Contributions (State)	$ 80,420

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to *(regardless of whether they participate in the TRS-Care OPEB program*). When hiring a TRS retiree, employers are required to pay TRS-Care a monthly surcharge of $535 per retiree.

5. Actuarial Assumptions

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

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

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

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

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

6. Discount Rate

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

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

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

7. Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (2.87%)	Discount Rate (3.87%)	1% Increase in Discount Rate (4.87%)
District's proportionate share of the net OPEB liability:	$ 2,547,898	$ 2,144,611	$ 1,818,749

8. Healthcare Trend Rate Sensitivity Analysis

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

	1% Decrease in the Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in the Healthcare Trend Rate
District's proportionate share of the net OPEB liability:	$ 1,746,467	$ 2,144,611	$ 2,663,432

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

At August 31, 2025, the District reported a liability of $2,144,611 for its proportionate share of the TRS's Net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	$ 2,144,611
State's proportionate share that is associated with District	2,687,168
Total	$ 4,831,779

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

At August 31, 2024 the District's proportion of the collective net OPEB liability was 0.007066%, which was a decrease of 0.000045% from its proportion measured as of August 31, 2023.

10. Changes Since the Prior Actuarial Valuation

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

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

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

The amount of OPEB expense recognized by the District in the reporting period was ($455,347) and revenue of ($349,282) for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Actuarial Experience	$ 411,050	$ 1,070,277
Changes in Actuarial Assumptions	274,485	699,762
Difference Between Projected and Actual Investment Earnings	-	6,006
Changes in Proportion and Difference between District's Contributions and the Proportionate Share of Contributions	706,747	26,483
Contributions paid to TRS subsequent to the measurement date of the Net OPEB Liability	57,838	-
Total	$ 1,450,120	$ 1,802,528

The District recognized $57,838 as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date, which will be recognized as a reduction of the net OPEB liability in the fiscal year ended August 31, 2026. The other amounts of the District's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended August 31	OPEB Expense Amount
2026	$ (153,425)
2027	(56,292)
2028	(160,305)
2029	(121,438)
2030	(34,634)
Thereafter	115,848

11. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal year ended August 31, 2025, the subsidy payment received by TRS-Care on behalf of the District was $41,112.

K. Employee Health Care Coverage

During the year ended August 31, 2025, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of $225 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third-party administrator, acting on behalf of the licensed insurer. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

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

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

L. Commitments and Contingencies

1. Contingencies

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

2. Litigation

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

M. Shared Services Arrangements

Shared Services Arrangement - Membership
The District participates in a shared services arrangement ("SSA") for special education with the following school districts:

Member Districts
Glen Rose ISD
Bluff Dale ISD
Three Way ISD

The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in capital assets purchased by the fiscal agent, Glen Rose ISD, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA.

N. Subsequent Events

The District evaluated subsequent events through February 18, 2026, the date the financial statements were available to be issued and no subsequent events were noted.

Required Supplementary Information

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

TOLAR INDEPENDENT SCHOOL DISTRICT

Exhibit G-1

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

Data Control Codes		1 Budgeted Amounts Original	2 Budgeted Amounts Final	3 Actual	Variance with Final Budget Positive (Negative)
	REVENUES:				
5700	Local and Intermediate Sources	$ 5,451,474	$ 3,892,447	$ 3,806,350	$ (86,097)
5800	State Program Revenues	6,353,436	6,635,291	6,666,176	30,885
5900	Federal Program Revenues	462,722	14,000	-	(14,000)
5020	Total Revenues	12,267,632	10,541,738	10,472,526	(69,212)
	EXPENDITURES:				
	Current:				
	Instruction and Instructional Related Services:				
0011	Instruction	5,739,616	5,821,243	5,817,050	4,193
0012	Instructional Resources and Media Services	61,634	61,634	44,645	16,989
0013	Curriculum and Instructional Staff Development	15,650	15,650	2,247	13,403
	Total Instruction and Instr. Related Services	5,816,900	5,898,527	5,863,942	34,585
	Instructional and School Leadership:				
0023	School Leadership	500,056	500,056	563,471	(63,415)
	Total Instructional and School Leadership	500,056	500,056	563,471	(63,415)
	Student Support Services:				
0031	Guidance, Counseling and Evaluation Services	247,927	247,927	258,157	(10,230)
0033	Health Services	133,527	133,527	130,102	3,425
0034	Student Transportation	320,224	320,224	361,019	(40,795)
0036	Cocurricular/Extracurricular Activities	548,027	618,202	624,728	(6,526)
	Total Student Support Services	1,249,705	1,319,880	1,374,006	(54,126)
	Administrative Support Services:				
0041	General Administration	729,033	729,033	714,649	14,384
	Total Administrative Support Services	729,033	729,033	714,649	14,384
	Support Services:				
0051	Facilities Maintenance and Operations	1,211,249	1,199,094	1,192,977	6,117
0052	Security and Monitoring Services	21,600	54,600	63,575	(8,975)
0053	Data Processing Services	181,260	181,260	122,613	58,647
	Total Support Services	1,414,109	1,434,954	1,379,165	55,789
	Ancillary Services:				
0061	Community Services	-	43,589	45,304	(1,715)
	Total Ancillary Services	-	43,589	45,304	(1,715)
	Debt Service:				
0071	Principal on Long-Term Debt	1,641,239	84,000	82,551	1,449
0072	Interest on Long-Term Debt	-	14,400	9,433	4,967
	Total Debt Service	1,641,239	98,400	91,984	6,416
	Capital Outlay:				
0081	Facilities Acquisition and Construction	90,000	322,155	352,510	(30,355)
	Total Capital Outlay	90,000	322,155	352,510	(30,355)
	Intergovernmental Charges:				
0093	Payments to Shared Service Arrangements	266,000	293,000	324,383	(31,383)
	Total Intergovernmental Charges	266,000	293,000	324,383	(31,383)
6030	Total Expenditures	$ 11,707,042	$ 10,639,594	$ 10,709,414	$ (69,820)

TOLAR INDEPENDENT SCHOOL DISTRICT

Exhibit G-1

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

Data Control Codes		1 Budgeted Amounts Original	2 Budgeted Amounts Final	3 Actual	Variance with Final Budget Positive (Negative)
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	$ 560,590	$ (97,856)	$ (236,888)	$ (139,032)
1200	Net Change in Fund Balance	560,590	(97,856)	(236,888)	(139,032)
0100	Fund Balance - Beginning	2,831,624	2,831,624	2,831,624	-
3000	Fund Balance - Ending	$ 3,392,214	$ 2,733,768	$ 2,594,736	$ (139,032)

TOLAR INDEPENDENT SCHOOL DISTRICT

Exhibit G-2

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

	Measurement Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.004%	0.004%	0.004%	0.003%	0.003%	0.004%	0.004%	0.003%	0.003%	0.003%
District's proportionate share of the net pension liability	$ 2,430,641	$ 2,788,498	$ 2,290,546	$ 831,554	$ 1,696,359	$ 1,919,225	$ 2,021,952	$ 1,026,209	$ 1,193,318	$ 1,203,764
State's proportionate share of the net pension liability associated with the District	4,007,128	4,419,036	3,945,926	1,977,011	4,110,747	3,583,751	3,801,557	2,326,889	2,786,108	2,605,509
Total	$ 6,437,769	$ 7,207,534	$ 6,236,472	$ 2,808,565	$ 5,807,106	$ 5,502,976	$ 5,823,509	$ 3,353,098	$ 3,979,426	$ 3,809,273
District's covered payroll	$ 5,789,841	$ 5,467,208	$ 5,195,253	$ 5,191,539	$ 4,994,208	$ 4,564,372	$ 4,361,846	$ 4,232,056	$ 4,092,952	$ 3,873,270
District's proportionate share of the net pension liability as a percentage of its covered payroll	41.98%	51.00%	44.09%	16.02%	33.97%	42.05%	46.36%	24.25%	29.16%	31.08%
Plan fiduciary net position as a percentage of the total pension liability	77.51%	73.15%	75.62%	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%

TOLAR INDEPENDENT SCHOOL DISTRICT

Exhibit G-3

SCHEDULE OF DISTRICT'S PENSION CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ 233,940	$ 227,497	$ 209,113	$ 179,643	$ 138,534	$ 130,398	$ 128,364	$ 123,875	$ 105,496	$ 100,334
Contributions in relation to the contractually required contribution	(233,940)	(227,497)	(209,113)	(179,643)	(138,534)	(130,398)	(128,364)	(123,875)	(105,496)	(100,334)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 6,340,145	$ 5,789,841	$ 5,467,208	$ 5,195,253	$ 5,191,539	$ 4,994,208	$ 4,564,372	$ 4,361,846	$ 4,232,056	$ 4,092,952
Contributions as a percentage of covered payroll	3.69%	3.93%	3.82%	3.46%	2.67%	2.61%	2.81%	2.84%	2.49%	2.45%

TOLAR INDEPENDENT SCHOOL DISTRICT

Exhibit G-4

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

	Measurement Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the collective net OPEB liability	0.007%	0.007%	0.006%	0.006%	0.006%	0.006%	0.006%	0.005%	-	-
District's proportionate share of the collective net OPEB liability	$ 2,144,611	$ 1,574,252	$ 1,543,529	$ 2,252,420	$ 2,205,539	$ 2,754,023	$ 2,895,507	$ 2,032,031	$ -	$ -
State proportionate share of the collective net OPEB liability associated with the District	2,687,168	1,899,577	1,882,863	3,017,741	2,963,716	3,659,480	3,851,574	3,435,955	-	-
Total	$ 4,831,779	$ 3,473,829	$ 3,426,392	$ 5,270,161	$ 5,169,255	$ 6,413,503	$ 6,747,081	$ 5,467,986	$ -	$ -
District's covered payroll	$ 5,789,841	$ 5,467,208	$ 5,195,253	$ 5,191,539	$ 4,994,208	$ 4,564,372	$ 4,361,846	$ 4,232,056	$ -	$ -
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	37.04%	28.79%	29.71%	43.39%	44.16%	60.34%	66.38%	48.02%	-	-
Plan fiduciary net position as a percentage of the total OPEB liability	13.70%	14.94%	11.52%	6.18%	4.99%	2.66%	1.57%	0.91%	-	-

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

TOLAR INDEPENDENT SCHOOL DISTRICT

Exhibit G-5

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

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily or contractually required District contribution	$ 57,838	$ 55,723	$ 61,016	$ 52,629	$ 44,946	$ 44,265	$ 40,789	$ 36,899	$ -	$ -
Contributions recognized by OPEB in relation to statutorily or contractually required contribution	(57,838)	(55,723)	(61,016)	(52,629)	(44,946)	(44,265)	(40,789)	(36,899)	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 6,340,145	$ 5,789,841	$ 5,467,208	$ 5,195,253	$ 5,191,539	$ 4,994,208	$ 4,564,372	$ 4,361,846	$ -	$ -
Contributions as a percentage of covered payroll	0.91%	0.96%	1.12%	1.01%	0.87%	0.89%	0.89%	0.85%	-	-

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

Budget

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

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

b. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.

c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the board.

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

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

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

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

Defined Benefit Pension Plan and Defined Benefit OPEB Plan

Changes of benefit terms

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

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

Changes of assumptions

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

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

Other Supplementary Information

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

TOLAR INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECEIVABLE

FOR THE YEAR ENDED AUGUST 31, 2025

Exhibit J-1

Year Ended August 31	1 Tax Rates Maintenance	2 Tax Rates Debt Service	3 Assessed/Appraised Value For School Tax Purposes	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 Total Taxes Refunded Under Sect. 26.1115(c)
2016 and Prior Years	Various	Various	Various	$ 15,765	$ -	$ 745	$ 165	$ (129)	$ 14,726	
2017	1.0400	.4012	202,830,513	2,185	-	16	7	23	2,185	
2018	1.0400	.4002	209,447,821	3,034	-	74	33	106	3,033	
2019	1.0400	.3500	218,059,853	3,058	-	97	33	-	2,928	
2020	.9700	.3100	266,396,259	5,737	-	151	48	-	5,538	
2021	.9600	.3100	293,505,000	8,768	-	808	261	-	7,699	
2022	.9600	.2800	287,532,633	14,487	-	24,478	7,157	23,677	6,529	
2023	.9471	.2816	379,062,831	27,933	-	29,125	8,662	23,853	13,999	
2024	.6692	.2817	431,806,920	81,457	-	33,465	14,086	1,193	35,099	
2025 (School Year Under Audit)	.6669	.2816	508,837,256	-	4,838,025	3,325,178	1,404,164	372	109,055	
1000 Totals				$ 162,424	$ 4,838,025	$ 3,414,137	$ 1,434,616	$ 49,095	$ 200,791	

8000 - Total Taxes Refunded under Section 26.1115, Tax Code $ -

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

Column 20, the current year's levy is the ending levy due provided by Hood County Tax Office.

TOLAR INDEPENDENT SCHOOL DISTRICT

Exhibit J-2

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

Data Control Codes		1 Budget	2 Actual	3 Variance with Final Budget Positive (Negative)
	REVENUES:			
5700	Local and Intermediate Sources	$ 157,815	$ 171,502	$ 13,687
5800	State Program Revenues	8,320	20,379	12,059
5900	Federal Program Revenues	448,722	411,721	(37,001)
5020	Total Revenues	614,857	603,602	(11,255)
	EXPENDITURES:			
	Student Support Services:			
0035	Food Service	614,857	652,396	(37,539)
6030	Total Expenditures	614,857	652,396	(37,539)
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	-	(48,794)	(48,794)
1200	Net Change in Fund Balance	-	(48,794)	(48,794)
0100	Fund Balance - Beginning	131,656	131,656	-
3000	Fund Balance - Ending	$ 131,656	$ 82,862	$ (48,794)

TOLAR INDEPENDENT SCHOOL DISTRICT

Exhibit J-3

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

Data Control Codes		1 Budget	2 Actual	3 Variance with Final Budget Positive (Negative)
	REVENUES:			
5700	Local and Intermediate Sources	$ 1,542,839	$ 1,454,268	$ (88,571)
5800	State Program Revenues	-	82,528	82,528
5020	Total Revenues	1,542,839	1,536,796	(6,043)
	EXPENDITURES:			
	Debt Service:			
0071	Principal on Long-Term Debt	980,000	118,340	861,660
0072	Interest on Long-Term Debt	555,809	517,113	38,696
0073	Bond Issuance Costs and Fees	7,030	550	6,480
6030	Total Expenditures	1,542,839	636,003	906,836
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	-	900,793	900,793
1200	Net Change in Fund Balance	-	900,793	900,793
0100	Fund Balance - Beginning	1,201,712	1,201,712	-
3000	Fund Balance - Ending	$ 1,201,712	$ 2,102,505	$ 900,793

TOLAR INDEPENDENT SCHOOL DISTRICT

Exhibit J-4

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

Data Control Codes		Responses
	Section A: Compensatory Education Programs	
AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	$530,684
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30)	$1,056,136
	Section B: Bilingual Education Programs	
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	$2,909
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PIC 25)	$310

SNOWGARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Trustees
Tolar Independent School District
P.O. Box 368
Tolar, Texas 76476

Members of the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tolar Independent School District, as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise Tolar Independent School District's basic financial statements, and have issued our report thereon dated February 18, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Tolar Independent School District's internal control over financial reporting (internal control) as a basis for designing 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 Tolar Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Tolar Independent School District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control. Described in the accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

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

We noted certain matters that we reported to management of Tolar Independent School District in a separate letter dated February 18, 2026.

1207 Santa Fe Drive • Weatherford, Texas 76086 • 817-596-9301 • Fax 817-596-9304

Tolar Independent School District's Response to Findings

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

Purpose of this Report

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



Snow Garrett Williams
February 18, 2026

SNOWGARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Trustees
Tolar Independent School District
P.O. Box 368
Tolar, Texas 76476

Members of the Board of Trustees :

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

1207 Santa Fe Drive • Weatherford, Texas 76086 • 817-596-9301 • Fax 817-596-9304

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 Tolar Independent School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Tolar 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 Tolar 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 Tolar 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 Tolar 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 Tolar Independent School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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



Snow Garrett Williams
February 18, 2026

TOLAR INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2025

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? ____ Yes ___X___ No

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

Noncompliance material to financial statements noted? ____ Yes ___X___ No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? ____ Yes ___X___ No

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

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

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

Identification of major programs:

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

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

Auditee qualified as low-risk auditee? ___X___ Yes ____ No

TOLAR INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2025

B. Financial Statement Findings

Finding 2025-001 - Significant Deficiency - Internal Controls Over Financial Reporting

Criteria: Timely and accurate financial reports are essential to perform analysis of financial conditions, review data for accuracy and completeness, monitor compliance with budget appropriations, prepare long-range financial plans, and to safeguard assets.

Condition: Audit entries were required to properly present the financial statements of the District. These entries included adjustments to grant revenues and receivable balances as well as adjustments to move excess expenditures from grant funds. The General Fund and Food Service Fund total expenditures exceeded actual in total.

Cause: It appears the condition was the result of a deficiency in internal controls related to reconciliation of grant revenue, receivable and expenditure balances, and monitoring of the budget.

Effect: Due to the audit adjustments needed, financial reports prepared throughout the fiscal year could have been relied upon in error.

Auditor's Recommendation:

The District should improve internal controls over grant reconciliations and budgeting, primarily focusing on reconciling actual expenditures to budgeted amounts and providing budget amendments, as needed.

Views of Responsible Officials: The District is in agreement with the finding reported and is in the process of enhancing controls. See corrective action plan.

C. Federal Award Findings and Questioned Costs

NONE

TOLAR INDEPENDENT SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED AUGUST 31, 2025

Finding/Recommendation	Current Status
2024-001 Significant Deficiency Internal Controls Over Financial Reporting and Budgeting	Improvements made in FY 25 - See Schedule of Findings and Questioned Costs - Finding 2025-001

Tolar Independent School District
305 South Oak Street
PO Box 368
Tolar, TX 76476
Phone: (254) 835-4718
Fax: (254) 221-6158

Central Administration
Superintendent - Travis Stilwell
Assistant Superintendent - Kristen Carey
Business Manager - Michelle Lillibridge
HR Administrative Assistant - Erin McCarten
Accounts Payable - Liz Boulanger

Campus Administration
Tolar High School Principal - Clint Gardner
Tolar High School Asst. Principal - Brandon Higgins
Tolar Junior High Principal - Casey Hamilton
Tolar Elementary Principal - Christal Hollinger

11/14/2025

Corrective Action Plan: Finding 2025-001 – Internal Controls Over Financial Reporting

It is the intent of Tolar ISD to adhere to the accounting principles and policies established to ensure proper financial integrity is maintained.

To comply, Tolar ISD Business Office will utilize useful financial reports to compare allocations and spending. Grant drawdowns and journal entries will take place after expenditures are confirmed, posting to the appropriate fund and fiscal year. The responsible party for the corrective action plan is the business manager, Michelle Lillibridge.

Anticipated completion date: December 2025.

TOLAR INDEPENDENT SCHOOL DISTRICT

Exhibit K-1

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 ALN Number	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
CHILD NUTRITION CLUSTER:			
U. S. Department of Agriculture			
Passed Through State Department of Education:			
School Breakfast Program	10.553	71402501	$ 116,425
National School Lunch Program	10.555	71302501	228,843
Total Passed Through State Department of Education			345,268
Passed Through Texas Department of Agriculture:			
School Breakfast Program	10.553	NT4XL1YGLGC5	840
Commodity Supplemental Food Program (Non-cash)	10.555	NT4XL1YGLGC5	34,878
Total Passed Through Texas Department of Agriculture			35,718
Total U.S. Department of Agriculture			380,986
Total Child Nutrition Cluster			380,986
SPECIAL EDUCATION (IDEA) CLUSTER:			
U.S. Department of Education			
Passed Through Glen Rose ISD:			
IDEA-B Discretionary	84.027A	66002212	272,365
Total Passed Through Glen Rose ISD			272,365
Total U.S. Department of Education			272,365
Total Special Education (IDEA) Cluster			272,365
OTHER PROGRAMS:			
U.S. Department of Agriculture			
Passed Through Texas Department of Agriculture			
Commodity Storage Grant	10.560	NT4XL1YGLGC5	1,052
Local Food for Schools Cooperative	10.185	NT4XL1YGLGC5	29,684
Total Passed Through Texas Department of Agriculture			30,736
Total U.S. Department of Agriculture			30,736
U. S. Department of Education			
Passed Through Texas Department of Education:			
Title IV, Part A, Subpart 1	84.424A	25680101111903	9,999
ESEA Title I Part A - Improving Basic Programs	84.010A	25610101111903	73,690
ESEA Title I Part A - Improving Basic Programs	84.010A	26610101111903	9,046
Total ALN 84.010A			82,736
ESEA Title II, Part A, Teacher & Principal Training & Recruiting	84.367A	25694501111903	18,643
ESEA Title II, Part A, Teacher & Principal Training & Recruiting	84.367A	26694501111903	2,027
Total ALN 84.367A			20,670
Total Passed Through State Department of Education			113,405
Total U. S. Department of Education			113,405
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 797,492

The accompanying notes are an integral part of this schedule.

TOLAR INDEPENDENT SCHOOL DISTRICT

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

Basis of Presentation

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

Summary of Significant Accounting Policies

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

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

TOLAR INDEPENDENT SCHOOL DISTRICT

Exhibit L-1

SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2025

Data Control Codes		Responses
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments.) Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued. Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	Yes
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year-end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end	$ 701,755