

**TIOGA
INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025**

TIOGA INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025

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CERTIFICATE OF BOARD


Tioga Independent School District
Name of School District

Grayson
County

091-907
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) ☒ approved ☐ disapproved for the year ended June 30, 2025, at a meeting of the Board of Trustees of such school district on the 17th day of November 2025.


Signature of Board Secretary


Signature of Board President

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HankinsEastup

★
Deaton Tonn Seay & Scarborough / A Texas LLC

Independent Auditor's Report

Board of Trustees
Tioga Independent School District
Tioga, Texas

Opinion

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Tioga Independent School District as of June 30, 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 Tioga Independent School District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility 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 auditors' 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 general 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 Tioga Independent School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, and Teacher Retirement System schedules, listed in the table of contents, 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 Tioga Independent School District's basic financial statements. The accompanying combining nonmajor fund financial statements and required TEA schedules listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining non major fund financial statements and required TEA schedules, are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2025, on our consideration of Tioga 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 Tioga 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 Tioga Independent School District's internal control over financial reporting and compliance.

Hankins Eastup Deaton Tonn Seay & Scarborough, LLC

Denton, Texas
November 16, 2025

**TIOGA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

As management of Tioga Independent School District (the “District”), we offer the readers of this annual financial report a narrative discussion and analysis of the District’s financial performance as of and for the year ended June 30, 2025. Please read this narrative in conjunction with the independent auditor’s report on page 3, and the District's basic financial statements, which follow this discussion and analysis.

FINANCIAL HIGHLIGHTS

- The District’s net position (assets and deferred outflows minus liabilities and deferred inflows) as of June 30, 2025, is a negative \$3,711,746.
- The District’s total net position increased by \$1,643,221 during the fiscal year from current year operations. The operating increase is primarily a result of increased property tax revenue, and decreased spending.
- As of June 30, 2025, the District’s governmental funds report combined ending fund balances of \$1,930,507, an increase of \$2,142,162 from the prior year.
- As of June 30, 2025, the fund balance of the general fund is negative \$1,861,371, an increase of \$1,524,502 from the prior year.
- As of June 30, 2025, the fund balance of the child nutrition fund is \$0, and remains consistent with the prior year.
- As of June 30, 2025, the general fund owes the debt service fund \$2,367,078, for unallowable debt payments that were paid with debt service fund monies.
- As of June 30, 2025, the District owes the State of Texas \$1,168,400 which is to be repaid over three years.

OVERVIEW OF THE ANNUAL FINANCIAL REPORT

The District’s basic financial statements consists 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.

The *government-wide* financial statements include the Statement of Net Position and the Statement of Activities. These financial statements provide information about the activities of the District as a whole and provide a comprehensive view of the District's financial position and its results of operations. The government-wide financial statements report a flow of total economic resources similar to the financial statements of business enterprises.

The *fund* financial statements report the District's operations at the fund level—for both major funds individually and for nonmajor funds collectively. For governmental activities, fund financial statements report fund flows during the fiscal year and fund balances at the end of the fiscal year.

The *notes* to the financial statements provide narrative explanations and additional information to better understanding amounts in the government-wide financial statements and fund financial statements.

The combining statements for nonmajor funds contain financial information about each of the District's nonmajor funds.

TIOGA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS *(continued)*
FOR THE YEAR ENDED JUNE 30, 2025
(UNAUDITED)

The information listed in the table of contents under TEA Required Schedules and the Federal Awards Section contain information used by monitoring agencies to determine whether the District is complying with federal and state requirements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following analysis presents both current year and prior year summary financial information and discusses significant changes in line items. The analysis focuses on the District's net position (Table I) and changes in net position (Table II) of the District's governmental activities.

The largest portion of the District's assets is its capital assets—land, buildings, furniture, and equipment. The District uses these capital assets to provide services to students; capital assets, however, are *not* available for current or future spending.

As shown below, the District's net position increased from a negative \$5,354,967 to a negative \$3,711,746 during the fiscal year.

Table I
NET POSITION

	Governmental Activities June 30, 2025	Governmental Activities June 30, 2024	Difference
Current and other assets	\$ 3,909,125	\$ 2,123,455	\$ 1,785,670
Capital assets	27,676,129	28,205,854	(529,725)
Total assets	31,585,254	30,329,309	1,255,945
Deferred outflows of resources	5,267,076	5,306,846	(39,770)
Total assets and deferred outflows of resources	36,852,330	35,636,155	1,216,175
Long-term liabilities	36,073,242	35,249,838	823,404
Other liabilities	2,329,826	3,699,829	(1,370,003)
Total liabilities	38,403,068	38,949,667	546,599
Deferred inflows of resources	2,161,008	2,041,455	119,553
Total liabilities and deferred inflows of resources	40,564,076	40,991,122	(427,046)
Net Position:			
Net investments in capital assets	(1,889,285)	68,663	(1,957,948)
Restricted	3,714,744	3,105,555	609,189
Unrestricted	(5,537,205)	(8,529,185)	2,991,980
Total Net Position	\$ (3,711,746)	\$ (5,354,967)	\$ 1,643,221

The decrease in capital assets is primarily attributable to the recording of annual depreciation expense.

The fluctuations in deferred outflows, long-term liabilities, and deferred inflows is primarily attributable to changes in the District's share of TRS benefit obligations.

TIOGA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS *(continued)*
FOR THE YEAR ENDED JUNE 30, 2025
(UNAUDITED)

The decrease in other liabilities is primarily attributable to a reduction in due to other governments.

Table II
CHANGES IN NET POSITION

	Governmental Activities Year Ended June 30, 2025	Governmental Activities Year Ended June 30, 2024	Difference
Revenues:			
Program Revenues:			
Charges for services	\$ 809,634	\$ 887,752	\$ (78,118)
Operating grants and contributions	1,197,639	1,009,120	188,519
General Revenues:			
Maintenance and operations taxes	1,600,521	1,534,947	65,574
Debt service taxes	1,102,016	759,218	342,798
State aid	7,224,027	7,163,312	60,715
Investment earnings	192	278	(86)
Miscellaneous	94,320	102,665	(8,345)
Total Revenue	<u>12,028,349</u>	<u>11,457,292</u>	<u>571,057</u>
Expenses:			
Instruction, curriculum and media services	4,792,916	4,841,946	(49,030)
Instructional and school leadership	456,074	521,619	(65,545)
Student support services	376,519	367,447	9,072
Child nutrition	530,726	542,907	(12,181)
Cocurricular activities	729,849	797,548	(67,699)
General administration	614,060	615,939	(1,879)
Plant maintenance, security and data	1,316,421	1,232,008	84,413
Debt services	1,166,714	1,350,282	(183,568)
Intergovernmental charges	401,849	359,366	42,483
Total Expenses	<u>10,385,128</u>	<u>10,629,062</u>	<u>(243,934)</u>
Increase (decrease) in net position	1,643,221	828,230	814,991
Net position - beginning of period	(5,354,967)	(5,873,978)	519,011
Prior Period Adjustment	-	(309,219)	309,219
Net position - end of period	<u>\$ (3,711,746)</u>	<u>\$ (5,354,967)</u>	<u>\$ 1,643,221</u>

Revenues from governmental activities for the year ended June 30, 2025, were \$12,028,349. The cost of all governmental programs and services were \$10,385,128. Governmental activities increased the District's net position during fiscal year 2025 by \$1,643,221.

Property taxes and state aid are the District's chief sources of operating revenues.

The increase in operating grants and contributions is primarily attributable to state grants for school safety.

**TIOGA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS *(continued)*
FOR THE YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

THE DISTRICT'S FUNDS

The general fund is the chief operating fund of the District. At the end of the current fiscal year, the *unassigned fund balance* in the general fund is a negative \$1,886,131.

The fund balance in the debt service fund is \$3,692,152; the debt service fund is carrying a \$2,367,078 receivable from the general fund as of June 30, 2025.

The child nutrition fund had a negative net change in fund balance of \$54,066 during the year ended June 30, 2025. However, the District recognized a transfer from the general fund to zero out the negative fund balance as of June 30, 2025.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At year-end, the District had \$27,676,129 (net of depreciation) invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance.

During the year ended June 30, 2025, the District recognized \$279,985 in new asset additions, including:

- Security film of \$54,346 and a security fence of \$34,000.
- E-Rate fiber project - \$30,192.
- Right-of-use asset for Ricoh copiers totaling \$104,388.
- 2015 school bus - \$17,500.

Additional information about the District's capital assets is presented in the notes to the basic financial statements.

Debt Administration

As of June 30, 2025, the District has \$32,155,000 (par value) in bonds outstanding and an additional \$229,885 in outstanding notes and leases.

In August 2024, the District issued \$8.7 million in Series 2024 unlimited tax refunding bonds. The bonds were used as a partial payment against the Series 2019 Public Facility Corporation (PFC) School Facility Lease Revenue Bonds.

In September 2024, The District executed a 60-month lease agreement for copy machines. The District measured the lease liability at \$104,388 using an incremental borrowing rate of 3.49%.

More detailed information about the District's long-term debt is presented in the notes to the basic financial statements.

**TIOGA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS *(continued)*
FOR THE YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District considers various economic factors when setting its annual operating budgets and tax rates including population growth, projected student enrollments, labor markets, and the state of the overall economy.

On June 16, 2025, the District's board of trustees approved the District's 2025-26 operating budget. The District's 2025-26 operating budget includes estimated revenues of \$12,180,749 and budgeted expenditures of \$10,795,138.

On August 18, 2025, the board of trustees set the following tax rates for the 2025-26 tax year:

- \$0.7269 for each \$100 of property valuation for maintenance and operations
- \$0.50 for each \$100 of property valuation for debt service

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This annual financial report is designed to provide citizens, taxpayers, vendors, investors, and creditors an overview of the District's finances and to demonstrate fiscal accountability for the money the District receives to accomplish its educational mission. If you have questions about this report or need additional financial information, contact the District's administrative office, at Tioga Independent School District, P.O. Box 159, Tioga, Texas 76271. The District's telephone number is 940-437-2366.

BASIC FINANCIAL STATEMENTS

TIOGA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

EXHIBIT A-1

Data Control Codes	Primary Government <hr/> Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 2,949,582
1220 Property Taxes - Delinquent	159,789
1230 Allowance for Uncollectible Taxes	(7,989)
1240 Due from Other Governments	782,983
1410 Prepayments	24,760
Capital Assets:	
1510 Land	1,618,575
1520 Buildings, Net	25,704,691
1530 Furniture and Equipment, Net	252,753
1550 Right-to-Use Leased Assets, Net	86,990
1580 Construction in Progress	13,120
1000 Total Assets	<hr/> 31,585,254
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Charge for Refunding	3,645,845
1702 Deferred Outflow Related to Bond Insurance	221,137
1705 Deferred Outflow Related to TRS Pension	458,150
1706 Deferred Outflow Related to TRS OPEB	941,944
1700 Total Deferred Outflows of Resources	<hr/> 5,267,076
LIABILITIES	
2110 Accounts Payable	22,844
2140 Interest Payable	503,008
2160 Accrued Wages Payable	589,452
2180 Due to Other Governments	1,168,400
2300 Unearned Revenue	46,122
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc. Due in More than One Year:	683,504
2502 Bonds, Notes, Loans, Leases, etc.	32,546,954
2540 Net Pension Liability (District's Share)	1,623,240
2545 Net OPEB Liability (District's Share)	1,219,544
2000 Total Liabilities	<hr/> 38,403,068
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	421,897
2606 Deferred Inflow Related to TRS OPEB	1,739,111
2600 Total Deferred Inflows of Resources	<hr/> 2,161,008
NET POSITION	
3200 Net Investment in Capital Assets and Right-to-Use Lease Assets Restricted:	(1,889,285)
3850 Restricted for Debt Service	3,692,152
3880 Restricted for Scholarships	22,592
3900 Unrestricted	(5,537,205)
3000 Total Net Position	<hr/> <hr/> \$ (3,711,746)

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

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

FOR THE YEAR ENDED JUNE 30, 2025

Data		Program Revenues		Net (Expense) Revenue and Changes in Net Position	
Control	1	3	4	6	
Codes		Charges for	Operating	Primary Gov.	
	Expenses	Services	Grants and Contributions	Governmental Activities	
Primary Government:					
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 4,764,585	\$ 382,329	\$ 555,858	\$ (3,826,398)
12	Instructional Resources and Media Services	26,714	-	2,445	(24,269)
13	Curriculum and Instructional Staff Development	1,617	-	-	(1,617)
23	School Leadership	456,074	-	34,440	(421,634)
31	Guidance, Counseling, and Evaluation Services	86,168	-	6,912	(79,256)
32	Social Work Services	27	-	-	(27)
33	Health Services	96,039	-	7,882	(88,157)
34	Student (Pupil) Transportation	194,285	-	22,948	(171,337)
35	Food Services	530,726	194,250	247,952	(88,524)
36	Extracurricular Activities	729,849	233,055	26,699	(470,095)
41	General Administration	614,060	-	29,089	(584,971)
51	Facilities Maintenance and Operations	1,103,103	-	69,543	(1,033,560)
52	Security and Monitoring Services	186,423	-	193,871	7,448
53	Data Processing Services	26,895	-	-	(26,895)
72	Debt Service - Interest on Long-Term Debt	941,072	-	-	(941,072)
73	Debt Service - Bond Issuance Cost and Fees	225,642	-	-	(225,642)
91	Contracted Instructional Services Between Schools	5,640	-	-	(5,640)
93	Payments Related to Shared Services Arrangements	346,683	-	-	(346,683)
99	Other Intergovernmental Charges	49,526	-	-	(49,526)
[TP]	TOTAL PRIMARY GOVERNMENT:	\$ 10,385,128	\$ 809,634	\$ 1,197,639	(8,377,855)
Data					
Control					
Codes					
	General Revenues:				
	Taxes:				
MT	Property Taxes, Levied for General Purposes				1,600,521
DT	Property Taxes, Levied for Debt Service				1,102,016
SF	State Aid - Formula Grants				7,224,027
IE	Investment Earnings				192
MI	Miscellaneous Local and Intermediate Revenue				94,320
TR	Total General Revenues				10,021,076
CN	Change in Net Position				1,643,221
NB	Net Position - Beginning				(5,354,967)
NE	Net Position - Ending				\$ (3,711,746)

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

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TIOGA INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 1,484,937	\$ 1,325,074	\$ 139,571	\$ 2,949,582
1220 Property Taxes - Delinquent	100,422	59,367	-	159,789
1230 Allowance for Uncollectible Taxes	(5,021)	(2,968)	-	(7,989)
1240 Due from Other Governments	717,704	-	65,279	782,983
1260 Due from Other Funds	24,691	2,367,078	-	2,391,769
1410 Prepayments	24,760	-	-	24,760
1000 Total Assets	<u>\$ 2,347,493</u>	<u>\$ 3,748,551</u>	<u>\$ 204,850</u>	<u>\$ 6,300,894</u>
LIABILITIES				
2110 Accounts Payable	\$ 22,844	\$ -	\$ -	\$ 22,844
2160 Accrued Wages Payable	555,141	-	34,311	589,452
2170 Due to Other Funds	2,367,078	-	24,691	2,391,769
2180 Due to Other Governments	1,168,400	-	-	1,168,400
2300 Unearned Revenue	-	-	46,122	46,122
2000 Total Liabilities	<u>4,113,463</u>	<u>-</u>	<u>105,124</u>	<u>4,218,587</u>
DEFERRED INFLOWS OF RESOURCES				
2601 Unavailable Revenue - Property Taxes	95,401	56,399	-	151,800
2600 Total Deferred Inflows of Resources	<u>95,401</u>	<u>56,399</u>	<u>-</u>	<u>151,800</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3430 Prepaid Items	24,760	-	-	24,760
Restricted Fund Balance:				
3480 Retirement of Long-Term Debt	-	3,692,152	-	3,692,152
3490 Scholarships	-	-	22,592	22,592
Committed Fund Balance:				
3545 Campus Activity Funds	-	-	77,134	77,134
3600 Unassigned Fund Balance	(1,886,131)	-	-	(1,886,131)
3000 Total Fund Balances	<u>(1,861,371)</u>	<u>3,692,152</u>	<u>99,726</u>	<u>1,930,507</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 2,347,493</u>	<u>\$ 3,748,551</u>	<u>\$ 204,850</u>	<u>\$ 6,300,894</u>

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

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

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$ 1,930,507
1 Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund financial statements.	36,121,700
2 Accumulated depreciation is not reported in the fund financial statements.	(8,445,571)
3 Bonds and notes payable have not been included in the fund financial statements.	(32,384,885)
4 Accreted interest payable on capital appreciation bonds has not been included in the fund financial statements.	(19,198)
5 Interest on outstanding debt is accrued in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.	(503,008)
6 Bond premiums and discounts are not recognized in the fund financial statements.	(826,375)
7 Deferred charge on bond refundings and deferred outflows related to bond insurance are not recognized in the fund financial statements.	3,866,982
8 Property tax revenue reported as unavailable revenue in the fund financial statements is recognized as revenue in the government-wide financial statements.	151,800
9 Included in the items related to government-wide long-term debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of \$1,623,240, Deferred Inflows of Resources related to TRS pension in the amount of \$421,897, and Deferred Outflows of Resources related to TRS pension in the amount of \$458,150. This results in a decrease in Net Position.	(1,586,987)
10 Included in the items related to government-wide long-term debt is the recognition of the District's proportionate share of the net Other Post-Employment Benefit (OPEB) liability required by GASB 75 in the amount of \$1,219,544, a Deferred Resource Inflow related to TRS OPEB in the amount of \$1,739,111, and a Deferred Resource Outflow related to TRS OPEB in the amount of \$941,944. This results in a net decrease in Net Position.	(2,016,711)
29 Net Position of Governmental Activities	<u><u>\$ (3,711,746)</u></u>

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

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

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 2,070,160	\$ 1,098,834	\$ 414,381	\$ 3,583,375
5800 State Program Revenues	7,501,043	138,163	232,915	7,872,121
5900 Federal Program Revenues	33,604	-	345,144	378,748
5020 Total Revenues	9,604,807	1,236,997	992,440	11,834,244
EXPENDITURES:				
Current:				
0011 Instruction	4,223,226	-	169,339	4,392,565
0012 Instructional Resources and Media Services	22,515	-	-	22,515
0013 Curriculum and Instructional Staff Development	1,398	-	-	1,398
0023 School Leadership	406,960	-	-	406,960
0031 Guidance, Counseling, and Evaluation Services	73,345	-	-	73,345
0032 Social Work Services	27	-	-	27
0033 Health Services	82,698	-	-	82,698
0034 Student (Pupil) Transportation	179,509	-	-	179,509
0035 Food Services	-	-	487,734	487,734
0036 Extracurricular Activities	463,819	-	197,866	661,685
0041 General Administration	562,129	-	-	562,129
0051 Facilities Maintenance and Operations	1,028,158	-	-	1,028,158
0052 Security and Monitoring Services	90,220	-	178,552	268,772
0053 Data Processing Services	25,066	-	-	25,066
Debt Service:				
0071 Principal on Long-Term Liabilities	152,461	265,000	-	417,461
0072 Interest on Long-Term Liabilities	408,197	367,476	-	775,673
0073 Bond Issuance Cost and Fees	9,000	446,545	-	455,545
Intergovernmental:				
0091 Contracted Instructional Services Between Schools	5,640	-	-	5,640
0093 Payments to Fiscal Agent/Member Districts of SSA	346,683	-	-	346,683
0099 Other Intergovernmental Charges	49,526	-	-	49,526
6030 Total Expenditures	8,130,577	1,079,021	1,033,491	10,243,089
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	1,474,230	157,976	(41,051)	1,591,155
OTHER FINANCING SOURCES (USES):				
7901 Refunding Bonds Issued	-	8,700,000	-	8,700,000
7913 Right-to-Use Lease Proceeds	104,338	-	-	104,338
7915 Transfers In	-	-	54,066	54,066
7916 Premium or Discount on Issuance of Bonds	-	71,426	-	71,426
8911 Transfers Out (Use)	(54,066)	-	-	(54,066)
8940 Payment to Bond Refunding Escrow Agent (Use)	-	(8,324,757)	-	(8,324,757)
7080 Total Other Financing Sources (Uses)	50,272	446,669	54,066	551,007
1200 Net Change in Fund Balances	1,524,502	604,645	13,015	2,142,162
0100 Fund Balance - July 1 (Beginning)	(3,385,873)	3,087,507	86,711	(211,655)
3000 Fund Balance - June 30 (Ending)	\$ (1,861,371)	\$ 3,692,152	\$ 99,726	\$ 1,930,507

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

TIOGA INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ 2,142,162
Current year capital asset additions are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The net effect of reclassifying the current year capital asset additions is to increase net position.	279,985
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.	(809,710)
Current year long-term debt principal payments on bonds payable, loans payable, and payment of accreted interest are expenditures in the fund financial statements, but are shown as reductions in long-term debt in the government-wide financial statements.	433,346
Current year interest accretion on capital appreciation bonds is not reflected in the fund financial statements, but is shown as an increase in long-term liabilities in the government-wide financial statements.	55,052
Interest expense on outstanding debt is accrued in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due. The current year decrease in accrued interest payable increases the change in net position in the governmentwide financial statements.	(32,179)
Bond premiums and discounts are not amortized in the fund financial statements, but are reported net of amortization in the government-wide financial statements.	107,661
Current year amortization of the deferred charge on bond refundings and deferred outflows related to bond insurance are not recognized in the fund financial statements, but are shown as a reduction of the deferred charge in the government-wide financial statements.	(269,311)
Current year issuances of refunding bonds (\$8,700,000) and right-to-use leases (\$104,388) are shown as other financing sources in the fund financial statements, but are shown as increases in long-term debt in the government-wide financial statements. Likewise, the payment to the bond refunding escrow agent is shown as an other financing use in the fund financial statements, but the principal portion (\$7,770,000) is shown as a decrease in long-term debt in the government-wide financial statements.	(363,611)
The premiums on the current year issuances of bonds (\$71,426) are recorded as other financing sources in the fund financial statements, but are shown as an increase in long-term debt in the government-wide financial statements.	
The deferred loss on refunding for the new bond issuance (\$1,328,938), deferred outflow related to bond insurance (\$229,903), and the write-off of the unamortized gain on refunding for the refunded bonds (\$816,638) are expensed in the fund financial statements, but are shown as decreases in deferred outflows of resources in the government-wide financial statements.	
Revenues from property taxes are shown as unavailable in the fund financial statements until they are considered available to finance current expenditures, but such revenues are recognized when assessed, net of an allowance for uncollectible accounts, in the government-wide financial statements.	23,308
The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. TRS contributions made after the measurement date of 8/31/2024 caused the change in the ending net position to increase \$8,986. These contributions were replaced with the District's pension expense for the year of \$60,240, which caused a decrease in the change in net position.	(51,254)

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

TIOGA INDEPENDENT SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

EXHIBIT C-4

The implementation of GASB 75 required that certain expenditures be de-expended and recorded as deferred resource outflows. TRS OPEB contributions made after the measurement date of 8/31/2024 but during the current fiscal year caused the ending change in net position to increase in the amount of \$2,329. These contributions were replaced with the District's negative OPEB expense for the year, which was \$125,443 and caused an increase in the change in net position.	127,772
Change in Net Position of Governmental Activities	<u><u>\$ 1,643,221</u></u>

TIOGA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Tioga Independent School District (the "District") is a public educational agency operating under the applicable rules and regulations of the State of Texas. The District's financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units in conjunction with the Texas Education Agency's *Financial Accountability System Resource Guide* (FAR). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

A. REPORTING ENTITY

The Board of Trustees, a seven-member group elected by registered voters of the District, has fiscal accountability over all activities related to public elementary and secondary education within the jurisdiction of the District. The board of trustees are elected by the public. The trustees as a body corporate have 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 (Agency) or to the State Board of Education are reserved to the trustees, and the Agency may not substitute its judgment for the lawful exercise of those powers and duties by the trustees. The District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards.

The District's basis financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the District

The Tioga Independent School District Public Facility Corporation (the "PFC") was incorporated on December 5, 2015, for the purpose of issuing bonds to finance the construction of a school for the District and then leasing the school to the District until such time the bonds are repaid. For financial reporting purposes, the PFC is included as a blended component unit of the District.

B. BASIS OF PRESENTATION

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity within the governmental activities columns has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District had no business-type activities during the year ended June 30, 2025.

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

TIOGA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Fund Financial Statements

The District segregates transactions related to certain functions or activities into separate funds to facilitate financial management and demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The District has presented the following major governmental funds:

1. **General Fund** - This fund is established to account for resources financing the fundamental operations of the District, in partnership with the Tioga, in enabling and motivating students to reach their full potential. All revenues and expenditures not required to be accounted for in other funds are included here. This is a budgeted fund and any fund balances are considered resources available for current operations. Fund balances may be appropriated by the Board of Trustees to satisfy District responsibilities.
2. **Debt Service Fund** - This fund is established to account for payment of principal and interest on long-term general obligation debt and other long-term debts for which a tax has been dedicated. This is a budgeted fund. Any unused sinking fund balances are transferred to the General Fund after the related debt obligations have been met.

Additionally, the District reports the following fund type:

1. **Special Revenue Funds** - These funds are established to account for federally financed or expenditures legally restricted for specified purposes. In many special revenue funds, any unused balances are returned to the grantor at the close of specified project periods. For funds in this fund type, project accounting is employed to maintain integrity for the various sources of funds. In the State of Texas, funds committed for campus activities are also included in special revenue funds.

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position, and the operating statements present increases (revenues) and decreases (expenses) in net total position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they are collected. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

TIOGA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

The District records its proportionate share of the net pension liability of the Teacher Retirement System of Texas (TRS). The fiduciary net position 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 disclosed about TRS assets, liabilities and additions to/deductions from TRS's fiduciary net position. TRS benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. TRS investments are reported at fair value.

The District records its proportionate share of the net OPEB liability of the Teacher Retirement System of Texas (TRS) TRS-Care Plan. The fiduciary net position 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 disclosed about assets, liabilities and additions to/deductions from TRS-Care's fiduciary net position. TRS benefit payments are recognized when due and payable in accordance with the benefit terms. There are no TRS investments as this is a pay-as-you-go plan and all cash is held in a cash account.

The revenue susceptible to accrual in the government-wide financial statements are property taxes, charges for services, interest income and intergovernmental revenues. Governmental Fund Type revenues are recognized when received.

Revenues from state and federal grants are recognized as earned when the related program expenditures are incurred. Funds received but unearned are reflected as deferred revenues, and funds expended but not yet received are shown as receivables.

Revenue from investments, including governmental external investment pool, is based upon fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Most investments are reported at amortized cost when the investments have remaining maturities of one year or less at time of purchase. External investment pools are permitted to report short-term debt investments at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer, or other factors. For that purpose, a pool's short-term investments are those with remaining maturities of up to ninety days.

In accordance with the Texas Education Agency's Financial Accountability System Resource Guide (FASRG), the District has adopted and installed an accounting system which exceeds the minimum requirement prescribed by the State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure presented in the Accounting Code Section of the Resource Guide.

D. BUDGETARY CONTROL

Formal budgetary accounting was employed for all required Governmental Fund Types, as outlined in TEA's FASRG module, and is presented on the modified accrual basis of accounting consistent with generally accepted accounting principles. The budget is prepared and controlled at the function level within each organization to which responsibility for controlling operations is assigned.

TIOGA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

The official school budget was prepared for adoption for required Governmental Fund Types prior to June 20 of the preceding fiscal year for the subsequent fiscal year beginning July 1. The budget is formally adopted by the Board of Trustees at a public meeting held at least ten days after public notice has been given. The budget is prepared by fund, function, object, and organization. The budget is controlled at the organizational level by the appropriate department head or campus principal within Board allocations. Therefore, organizations may transfer appropriations as necessary without the approval of the board unless the intent is to cross fund, function or increase the overall budget allocations. Control of appropriations by the Board of Trustees is maintained within Fund Groups at the function code level and revenue object code level.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, the Debt Service Fund, and the Child Nutrition Fund. The other special revenue funds adopt project-length budgets which do not correspond to the District's fiscal period. Each annual budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles. The budget is amended throughout the period by the Board of Trustees. Such amendments are reflected in the official minutes of the Board.

A reconciliation of fund balances for both appropriated budget and nonappropriated budget special revenue funds is as follows:

	June 30, 2025
	<u>Fund Balance</u>
Appropriated Budget Funds	\$ -
Nonappropriated Budget Funds	<u>99,726</u>
All Special Revenue Funds	<u>\$ 99,726</u>

E. ENCUMBRANCE ACCOUNTING

The District employs encumbrance accounting, whereby encumbrances for goods or purchased services are documented by purchase orders and contracts. An encumbrance represents a commitment of Board appropriation related to unperformed contracts for goods and services. The issuance of a purchase order or the signing of a contract creates an encumbrance but does not represent an expenditure for the period, only a commitment to expend resources. Appropriations lapse at June 30 and encumbrances outstanding at that time are either canceled or appropriately provided for in the subsequent year's budget. The District had no material encumbrances outstanding at June 30, 2025.

F. INTERFUND RECEIVABLES AND PAYABLES

Short-term amounts owed between funds are classified as "Due to/from other funds". Interfund loans are classified as "Advances to/from other funds" and are offset by a fund balance reserve account. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances" and "internal advances."

G. PREPAYMENTS

Prepaid balances are for payments made by the District in the current fiscal year to provide services occurring in the subsequent fiscal year, and the amount of prepayments has been recognized as nonspendable fund balance to signify that a portion of fund balance is not available for other subsequent expenditures.

TIOGA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

H. CAPITAL ASSETS

Capital assets, which includes property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

Assets capitalized have an original cost of \$5,000 or more and over one-year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings and Improvements	20-40 Years
Furniture and Equipment	3-10 Years

I. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

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

Deferred outflows of resources for refunding - Reported in the government-wide statement of net position, the deferred charge on bond refundings results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The amount of deferred outflows reported in the governmental activities for the deferred charge on bond refundings at June 30, 2025 was \$3,645,845.

Deferred outflows of resources for bond insurance - Reported in the government-wide statement of net position, deferred bond insurance represents the policy premium paid during bond issuance to guarantee the timely payment of principal and interest on the bonds. This amount is deferred and amortized over the life of bond. The amount of deferred outflows reported in the governmental activities for deferred bond insurance at June 30, 2025 was \$221,137.

Deferred outflows of resources for pension - Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of differences between expected and actual actuarial experiences. The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The other pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan which is currently approximately 5.6451 years. A deferred outflow for pension expense results from payments made to the TRS pension plan by the District after the plan's measurement date. The amount of deferred outflows reported in the statement of net position for deferred pension expenses at June 30, 2025 was \$458,150.

TIOGA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Deferred outflows of resources for OPEB- Reported in the government-wide financial statement of net position, this deferred outflow results from OPEB plan contributions made after the measurement date of the net OPEB liability and the results of differences between expected and actual investment earnings and changes in proportionate share. The deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year. The other OPEB related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEB through the OPEB plan which is currently approximately 9.4212 years. The amount of deferred outflows reported in the statement of net position for deferred OPEB expense at June 30, 2025 was \$941,944.

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

Deferred inflows of resources for unavailable revenues - Reported only in the governmental funds balance sheet, unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District reported property taxes that are unavailable as deferred inflows of resources in the fund financial statements. The amount of deferred inflows of resources reported in the governmental funds at June 30, 2025 was \$151,800.

Deferred inflows of resources for pension - Reported in the government-wide financial statement of net position, these deferred inflows result primarily from differences between projected and actual earnings on pension plan investments. These amounts will be amortized over a closed five-year period. In fiscal year 2025, the District reported deferred inflows of resources for pensions in the statement of net position in the amount of \$421,897.

Deferred inflows of resources for OPEB - Reported in the government-wide financial statement of net position, these deferred inflows result primarily from differences between expected and actual experience and from changes in assumptions. These amounts will be amortized over the average expected remaining service life (AERSL) of all members (9.4212 years for the 2024 measurement year). In fiscal year 2025, the District reported deferred inflows of resources for OPEB in the statement of net position in the amount of \$1,739,111.

J. COMPENSATED ABSENCES

A liability for compensated absences that employees have earned and carry-forward to future fiscal years has been accrued in the government-wide financial statements in accordance with GASB Statement No. 101, "Compensated Absences," which was effective for fiscal years beginning after December 15, 2023. The measurement of the liability includes salary-related payments that are directly and incrementally associated with the leave (e.g., employer Social Security and Medicare payroll taxes).

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

TIOGA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

K. NET POSITION

Net position represents the difference between assets and deferred outflows of resources; and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciations, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

When both restricted and unrestricted net position is available, restricted net position is expended before unrestricted net position if such use is consistent with the restricted purpose.

L. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expenses when incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. RISK MANAGEMENT

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

N. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

O. DATA CONTROL CODES

Data Control Codes refer to the account code structure prescribed by the Texas Education Agency (TEA) in the *Financial Accountability System Resources Guide*. TEA requires school districts to display these codes in the financial statements filed with the agency to ensure accuracy in building a statewide data base for policy development and funding plans.

NOTE 2. FUND BALANCE AND NET POSITION

Net position on the government-wide *Statement of Net Position* includes the following:

Net Investment in Capital Assets reports the difference between capital assets, net of accumulated depreciation, and the outstanding balance of debt, excluding unspent bond proceeds that is directly attributable to the acquisition, construction or improvement of those capital assets.

TIOGA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Restricted for Federal and State Grant Programs is the component of net position restricted to be spent for specific purposes prescribed by federal and state granting agencies.

Restricted for Debt Service is the component of net position that is restricted for payment of debt service by constraints established by the bond covenants.

Unrestricted Net Position is the residual difference between assets, deferred outflows, liabilities and deferred inflows that is not invested in capital assets or restricted for specific purposes.

It is the District's policy to spend funds available from restricted sources prior to unrestricted sources.

Fund Balance Classification: The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the District's bonded debt and are restricted through debt covenants. Food Service fund balance and Scholarship fund balance are restricted because the use is restricted pursuant to the mandates of the respective grants and donors.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District's Board of Trustees. The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This can also be done through adoption and amendment of the budget. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Board of Trustees have committed resources as of June 30, 2025 for campus activities.
- Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Trustees or through the Board of Trustees delegating this responsibility to other individuals in the District. Under the District's adopted policy, only the Board of Trustees may assign amounts for specific purposes. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The Board of Trustees has not assigned any fund balances as of June 30, 2025.
- Unassigned: This classification includes all amounts not included in other spendable classifications, including the residual fund balance/deficit for the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Trustees has provided otherwise in its commitment or assignment actions.

NOTE 3. 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.

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1. Cash Deposits:

At June 30, 2025, the carrying amount of the District's deposit checking accounts and interest-bearing demand accounts was \$2,949,582 and the bank balance was \$3,008,546. The District's cash deposits at June 30, 2025 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name. District cash deposits were fully covered by FDIC insurance or by pledged collateral throughout the fiscal year.

2. Investments:

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy. That policy addresses the following risks:

- a. Custodial Credit Risk – Deposits: In the case of deposits, this is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2025, the District's cash deposits totaled \$3,008,546. This entire amount was either collateralized with securities held by the District's agent, letters of credit or covered by FDIC insurance. Thus, the District's deposits are not exposed to custodial credit risk.
- b. Custodial Credit Risk - Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2025, the District had no investments in public funds investment pools. Investments in external investment pools are considered unclassified as to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.
- c. Credit Risk: This is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligations. The rating of securities by nationally recognized rating agencies is designed to give an indication 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. The District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase.
- e. Foreign Currency Risk: This is the risk that exchange rates will adversely affect the fair value of an investment. At June 30, 2025, the District was not exposed to foreign currency risk.

TIOGA INDEPENDENT SCHOOL DISTRICT
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- f. **Concentration of Credit Risk:** This is the risk of loss attributed to the magnitude of the District's investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. Investment pools are excluded from the 5 percent disclosure requirement.

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

NOTE 4. DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation, Per Capita, and Existing Debt Allotment Programs. Amounts due from federal and state governments as of June 30, 2025, are summarized below. All federal grants shown below are reported on the combined financial statements as Due from Other Governments.

<u>Fund</u>	<u>State Entitlements</u>	<u>Federal Grants</u>	<u>Local Governments</u>	<u>Total</u>
General	\$ 717,704	\$ -	\$ -	\$ 717,704
Special Revenue	16,610	48,669	-	65,279
Debt Service	-	-	-	-
Total	<u>\$ 734,314</u>	<u>\$ 48,669</u>	<u>\$ -</u>	<u>\$ 782,983</u>

NOTE 5. CAPITAL ASSETS

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

	<u>Balance July 1</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30</u>
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$ 1,618,575	\$ -	\$ -	\$ 1,618,575
Construction in Progress	-	13,120	-	13,120
Total Capital Assets, not being depreciated:	<u>1,618,575</u>	<u>13,120</u>	<u>-</u>	<u>1,631,695</u>
Capital Assets being depreciated:				
Buildings & Improvements	33,119,051	118,538	-	33,237,589
Furniture & Equipment	434,991	26,439	-	461,430
Vehicles	669,098	17,500	-	686,598
Right-to-Use Asset	-	104,388	-	104,388
Total Capital Assets being depreciated:	<u>34,223,140</u>	<u>266,865</u>	<u>-</u>	<u>34,490,005</u>
Less Accumulated Depreciation for:				
Buildings & Improvements	(6,801,362)	(731,536)	-	(7,532,898)
Furniture & Equipment	(287,119)	(29,568)	-	(316,687)
Vehicles	(547,380)	(31,208)	-	(578,588)
Right-to-Use Asset	-	(17,398)	-	(17,398)
Total Accumulated Depreciation	<u>(7,635,861)</u>	<u>(809,710)</u>	<u>-</u>	<u>(8,445,571)</u>
Total Capital Assets being depreciated, net	<u>26,587,279</u>	<u>(542,845)</u>	<u>-</u>	<u>26,044,434</u>
Governmental Activities Capital Assets, net	<u>\$ 28,205,854</u>	<u>\$ (529,725)</u>	<u>\$ -</u>	<u>\$ 27,676,129</u>

TIOGA INDEPENDENT SCHOOL DISTRICT
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Depreciation expense was charged as a direct expense to programs of the District as follows:

Governmental Activities:	
Instruction	\$ 463,369
Instructional Resources & Media Services	3,804
Curriculum Development & Instructional Staff Development	219
School Leadership	43,526
Guidance, Counseling & Evaluation Services	11,705
Health Services	12,070
Student Transportation	31,208
Food Service	39,593
Co-curricular/Extracurricular Activities	63,819
General Administration	47,184
Plant Maintenance & Operations	87,726
Security & Monitoring Services	3,658
Data Processing	1,829
Total Depreciation Expense	<u>\$ 809,710</u>

NOTE 6. LONG-TERM DEBT

Long-term debt includes bonds and notes payable. All long-term debt represents transactions in the District's governmental activities.

The following is a summary of changes in the District's long-term debt for the year ended June 30, 2025:

		Balance July 1	Additions	(Retirement)	Balance June 30	Due within One Year
Bonded Indebtedness	Rate					
Series 2015 Refunding	2.0 - 5.0%	\$ 1,700,000	\$ -	\$ (180,000)	\$ 1,520,000	\$ 190,000
Series 2019 PFC	3.0 - 4.5%	26,305,000	-	(7,770,000)	18,535,000	-
Series 2021 Refunding	3.0 - 5.0%	3,485,000	-	(85,000)	3,400,000	90,000
Series 2024 Refunding	5.00%	-	8,700,000	-	8,700,000	165,000
Total Bonded Indebtedness		31,490,000	8,700,000	(8,035,000)	32,155,000	445,000
Bond Premiums		862,610	71,427	(107,662)	826,375	65,453
Accreted Interest		90,135	(55,052)	(15,885)	19,198	11,677
Bonded Indebtedness, Net		32,442,745	8,716,375	(8,158,547)	33,000,573	522,130
Other Obligations						
Note Payable	3.89%	194,244	-	(95,892)	98,352	98,352
Note Payable	4.97%	83,714	-	(40,842)	42,872	42,872
Lease Liability	4.97%	-	104,388	(15,727)	88,661	20,150
Total Other Obligations		277,958	104,388	(152,461)	229,885	161,374
Total Debt, Net		<u>\$ 32,720,703</u>	<u>\$ 8,820,763</u>	<u>\$ (8,311,008)</u>	<u>\$ 33,230,458</u>	<u>\$ 683,504</u>

Bonded Indebtedness. The bonds mature variously through 2049. Interest accrues on these bonds each February 15 and August 15.

The Series 2015 and Series 2021 refunding bonds are general obligation bonds, which are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the District. General obligation bonds require the District to compute, at the time taxes are levied, the rate of tax required to provide (in each year bonds are outstanding) a fund to pay interest and principal at maturity. There are a number of limitations and restrictions contained in the general obligation bonds indentures. The District has violated the Texas Tax Code and bond covenants by using debt service fund property tax revenues for general fund obligations. The Texas Education Agency is requiring the District to repay all funds transferred from the debt service fund to the general fund. As of June 30, 2025, the amount to be repaid is \$2,367,078.

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The Series 2019 PFC refunding bonds are lease revenue bonds that were issued by the PFC to finance the construction of a new school for the District. The PFC refunding bonds are obligations of the general fund.

In August 2024, the District issued \$8,700,000 in Unlimited Tax Refunding Bonds to advance refund \$7,770,000 (par value) of outstanding bonds. The net proceeds of \$8,324,757 (\$8,700,000 par amount of bonds plus \$71,427 of premium paid on the bonds less \$446,667 of underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability for those bonds was removed from the long-term debt of the District. The refunded bonds were repaid in August 2024, the call date of the bonds. The reacquisition price was more than the net carrying amount of the old debt by \$1,328,938. This amount is being amortized over the life of the old refunded debt issued, which is less than the life of the new refunding debt. In addition, the refunding resulted in an economic gain of \$277,610 (the present value of debt service savings).

In connection with the issuance of the District's Series 2024 Unlimited Tax Refunding Bonds, the District purchased bond insurance from Build America Mutual to guarantee the timely payment of principal and interest on the bonds. The bond insurance premium totaled \$229,903, which was paid at the date of issuance. The premium was funded from bond proceeds and did not require the use of current District resources. Pursuant to the provisions of GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, the insurance premium is reported as a deferred outflow of resources in the government-wide financial statements. The deferred outflow is being amortized on a straight-line basis over the life of the bonds, which mature on August 15, 2048. Amortization expense for the fiscal year ended June 30, 2025 was \$8,766, and the unamortized balance at year-end was \$221,137.

Presented below is a summary of long-term debt requirements to maturity for bonded indebtedness:

Year Ended June 30	Bonded Indebtedness		
	Principal	Interest	Total
06/30/26	\$ 445,000	\$ 1,332,482	\$ 1,777,482
06/30/27	470,000	1,314,231	1,784,231
06/30/28	490,000	1,294,557	1,784,557
06/30/29	510,000	1,274,518	1,784,518
06/30/30	530,000	1,254,451	1,784,451
2031-2035	9,770,000	5,212,690	14,982,690
2036-2040	9,830,000	3,256,563	13,086,563
2041-2045	7,140,000	1,177,032	8,317,032
2046-2049	2,970,000	274,725	3,244,725
	<u>\$ 32,155,000</u>	<u>\$ 16,391,249</u>	<u>\$ 48,546,249</u>

The District's deferred charges on bond refundings are as follows:

Balance - June 30, 2024	\$ 3,394,090
Current year deferred loss on refunding	1,328,938
Write off - deferred loss on refunded bonds	(816,638)
Current year amortization	<u>(260,545)</u>
Balance - June 30, 2025	<u>\$ 3,645,845</u>

Other Obligations.

In fiscal year 2019, the District executed an 84-month lease agreement with Government Capital Corporation in the amount of \$700,000 for the acquisition of furniture, kitchen, custodial and sound equipment and other items for the new high school. The lease calls for annual payments of \$103,498 and bears an interest rate of 3.89%. The outstanding balance as of June 30, 2025, was \$98,352.

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In fiscal year 2021, the District executed a 60-month lease agreement with Government Capital Corporation in the amount of \$195,000 for the acquisition of two new buses. The lease calls for annual payments of \$ 45,003 and bears an interest rate of 4.97%. The outstanding balance as of June 30, 2025 was \$42,872.

On September 9, 2024, the District executed a 60-month lease agreement with Ricoh USA, for the right-to-use copy machines. The District measured the lease liability at \$104,388, the present value of the original unpaid lease payments, discounted using the District's incremental borrowing rate of 3.49%. The lease calls for monthly payments of \$1,937. The outstanding balance as of June 30, 2025 was \$88,661.

Presented below is a summary of long-term debt requirements to maturity for other obligations:

Year Ended June 30	Other Obligations		
	Principal	Interest	Total
06/30/26	\$ 161,374	\$ 10,371	\$ 171,745
06/30/27	20,853	2,391	23,244
06/30/28	21,581	1,663	23,244
06/30/29	22,334	910	23,244
06/30/30	3,743	131	3,874
	<u>\$ 229,885</u>	<u>\$ 15,466</u>	<u>\$ 245,351</u>

NOTE 7. DEFEASED BONDS

The District has issued refunding bonds to defease certain outstanding bonds for the purpose of consolidation and to achieve debt service savings. The District has placed the proceeds from the refunding issues in irrevocable escrow accounts with a trust agent to ensure payment of debt service on the refunded bonds. Accordingly, the trust account assets and liabilities are not included in the District's financial statements. As of June 30, 2025, the District has \$7,155,000 of bonds considered defeased but still outstanding.

NOTE 8. PROPERTY TAXES

Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The District levies its taxes on October 1 on the assessed (appraised) value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. The assessed value of the property tax roll upon which the levy for the 2024-25 fiscal year was \$224,104,180. Taxes are delinquent if not paid by June 30. Delinquent taxes are subject to both penalty and interest charges plus 15 % delinquent collection fees for attorney costs.

The tax rates assessed for the year ended June 30, 2025, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$0.7269 and \$0.50 per \$100 valuation, respectively, for a total of \$1.2269 per \$ 100 valuation.

Current tax collections for the year ended June 30, 2025 were 95.6% of the year-end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting 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. As of June 30, 2025, property taxes receivable, net of estimated uncollectible taxes, totaled \$95,401 and \$56,399 for the General and Debt Service Funds, respectively.

Property taxes are recorded as receivables and unavailable revenue at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with Generally Accepted Accounting Principles have been recognized as revenue.

TIOGA INDEPENDENT SCHOOL DISTRICT
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NOTE 9. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

During the year ended June 30, 2025, revenues from local and intermediate sources in the fund financial statements consisted of the following:

	General Fund	Debt Service Fund	Special Revenue Funds	Total
Property Taxes	\$ 1,594,069	\$ 1,085,160	\$ -	\$ 2,679,229
Penalties, interest and other tax related income	27,078	13,616	-	40,694
Food Sales	-	-	194,250	194,250
Investment Income	133	58	1	192
ECDC and Pre-K Tuition	382,329	-	-	382,329
Co-Curricular Student Activities	26,718	-	206,337	233,055
Other	39,833	-	13,793	53,626
	<u>\$ 2,070,160</u>	<u>\$ 1,098,834</u>	<u>\$ 414,381</u>	<u>\$ 3,583,375</u>

NOTE 10. DEFINED BENEFIT PENSION PLAN

Plan Description. Tioga Independent School District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). 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 work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

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

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

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

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

TIOGA INDEPENDENT SCHOOL DISTRICT
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- 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.

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

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

	<u>Contribution Rates</u>	
	<u>2024</u>	<u>2025</u>
Member	8.25%	8.25%
Non-Employer Contributing Entity (State)	8.25%	8.25%
Employers	8.25%	8.25%
Tioga ISD FY2025 Employer Contributions		\$ 158,740
Tioga ISD FY2025 Member Contributions		\$ 394,613
2024 Measurement Year NECE On-Behalf Contributions		\$ 317,049

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 other entities, including the 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 schools, junior colleges, 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 percent of the state contribution rate for certain instructional or administrative employees and 100 percent of the state contribution rate for all other employees.

TIOGA INDEPENDENT SCHOOL DISTRICT
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In addition to the employer contributions listed above, there is a surcharge an employer is subject to.

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

Actuarial Assumptions. The total pension liability in the August 31, 2023 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 expected Investment Rate of Return	7.00%
Municipal Bond Rate as of August 2024	3.87%
Inflation	2.30%
Salary Increases Including Inflation	2.95% to 8.95%
Benefit Changes During the Year	None
Ad hoc Post Employment Benefit Changes	None

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

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

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

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

TIOGA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Asset Class	Target Allocation ¹	Long-Term Expected Geometric Real Rate of Return ²	Expected Contribution To Long-Term Portfolio Returns
Global Equity			
U.S.	18%	4.4%	1.00%
Non-U.S. Developed	13%	4.2%	0.80%
Emerging Markets	9%	5.2%	0.70%
Private Equity	14%	6.7%	1.20%
Stable Value			
Government Bonds	16%	1.9%	0.40%
Absolute Return ⁴	0%	4.0%	0.00%
Stable Value Hedge Funds	5%	3.0%	0.20%
Real Return			
Real Estate	15%	6.6%	1.20%
Energy, Natural Resources	6%	5.6%	0.40%
Commodities	0%	2.5%	0.00%
Risk Parity	8%	4.0%	0.40%
Leverage			
Cash	2%	1.0%	0.00%
Asset Allocation Leverage	-6%	1.3%	-0.10%
Inflation Expectation	-		2.40%
Volatility Drag ³	-		-0.70%
Total	<u>100%</u>		<u>7.90%</u>

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the net pension liability if the discount rate used was one percentage point lower than and one 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%)
Tioga ISD's proportionate share of the net pension liability:	\$2,592,726	\$1,623,240	\$819,952

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2025, the District reported a liability of \$1,623,240 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's Proportionate share of the collective net pension liability	\$1,623,240
State's proportionate share that is associated with the District	<u>3,206,401</u>
Total	<u>\$4,829,641</u>

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

¹ Target allocations are based on the FY24 policy model.

² Capital Market Assumptions (CMA) come from 2024 SAA Study CMA Survey (as of 12/31/23).

³ The volatility drag results from the conversion between arithmetic and geometric mean returns.

⁴ Absolute Return includes credit sensitive investments.

TIOGA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

At August 31, 2024 the employer's proportion of the collective net pension liability was 0.0026573820%, a decrease of 24.72% from its proportionate share of 0.0035299212%, % at August 31, 2023.

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 Texas 2023 Legislature passed Senate Bill 10 (SB10), which provided a stipend payment to certain retirees and variable ad hoc cost-of living adjustments (COLA) to certain retirees in early fiscal year 2024. Due to its timing, the legislation and payments were not reflected in the August 31, 2023 actuarial valuation. Under the roll forward method, an adjustment was made to reflect the legislation in the rolled forward liabilities for the current measurement year, August 31, 2024. SB10 and House Joint Resolution 2 (HJR 2) of the 88th Regular Legislative Session appropriated payments of \$1.645 billion for one-time stipends and \$3.55 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.

The amount of pension expense recognized by the District in the reporting period was \$209,993.

For the year ended June 30, 2025 the District recognized pension expense of \$383,219 and revenue of \$383,219 for support by the State.

At June 30, 2025, the District reported its proportionate share of the TRS deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (The amounts shown below will be the cumulative layers from the current and prior years combined.):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 89,471	\$ 12,673
Changes in actuarial assumptions	83,811	11,236
Difference between projected and actual investment earnings	9,867	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	139,688	397,988
Contributions paid to TRS subsequent to the measurement date	135,313	-
Total	\$ 458,150	\$ 421,897

The District recognized \$135,313 as deferred outflows of resources related to pensions resulting from the District's 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:

Year ended June 30:	Pension Expense Amount	Balance of Deferred Outflows (Deferred Inflows)
2025	\$ (19,071)	\$ (79,989)
2026	138,120	(218,109)
2027	(44,985)	(173,124)
2028	(126,570)	(46,554)
2029	(46,554)	-
Thereafter	-	-

TIOGA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 11. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

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 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.

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

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

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

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

TRS-Care Monthly for Retirees		
	<u>Medicare</u>	<u>Non-Medicare</u>
Retiree*	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree* and Children	468	408
Retiree and Family	1,020	999

* or surviving spouse

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.

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of salary. Section 1575.204 establishes a public school contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the 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.

TIOGA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Contribution Rates</u>	
	<u>2024</u>	<u>2025</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
Tioga ISD FY2025 Employer Contributions		\$ 37,957
Tioga ISD FY2025 Member Contributions		\$ 31,091
2025 Measurement Year NECE On-Behalf Contributions		\$ 89,119

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

Actuarial Assumptions. The actuarial valuation was performed as of August 31, 2023. Update procedures were used to roll forward the total OPEB liability to August 31, 2024. The actuarial valuation was determined using the following assumptions: *Actuarial Assumptions can be found in the 2024 TRS ACFR, Note 9.*

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

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

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 the mortality projection scale MP-2021.

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2023 rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	3.87%
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 claim costs
Projected Salary Increases	2.95% to 8.95%, including inflation
Election Rates	Normal Retirement: 62% participation prior to age 65 and 25% participation after age 65
Ad hoc post-employment benefit changes	None

TIOGA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

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

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

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

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

	1% Decrease in Discount Rate (2.87%)	Current Single Discount Rate (3.87%)	1% Increase in Discount Rate (4.87%)
District's proportionate share of the Net OPEB Liability:	\$1,448,876	\$1,219,544	\$1,034,241

Healthcare Trend Rates Sensitivity Analysis - The following schedule shows the impact of the net OPEB liability if a healthcare trend rate that is 1 percentage point less than and 1 percentage point greater than the health trend rates is assumed.

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
District's proportionate share of the Net OPEB Liability:	\$993,138	\$1,219,544	\$1,514,574

OPEB Liabilities, OPEB Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At June 30, 2025, the District reported a liability of \$1,190,240 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	\$ 1,219,544
State's proportionate share that is associated with the District	<u>\$ 1,528,072</u>
Total	<u>\$ 2,747,616</u>

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

At August 31, 2024 the employer's proportion of the collective Net OPEB Liability was 0.0040180648%, a decrease of 21.06% compared to the August 31, 2023 proportionate share of 0.0050898312%.

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

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

TIOGA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

- 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 \$(88,945).

For the year ended June 30, 2025, the District recognized OPEB expense of \$198,621 and revenue of \$198,621 for support provided by the State.

At June 30, 2025, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (the amounts shown below will be the cumulative layers for the current and prior years combined.):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 233,746	\$ 608,619
Changes in actuarial assumptions	156,087	397,923
Difference between projected and actual investment earnings	-	3,415
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	520,159	729,154
Contributions paid to TRS subsequent to the measurement date	31,952	-
Total	\$941,944	\$1,739,111

The District recognized \$31,952 as deferred outflows of resources related to OPEB resulting from the District's 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 OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	OPEB Expense Amount	Balance of Deferred Outflows (Deferred Inflows)
2025	\$ (120,688)	\$ (708,431)
2026	(65,453)	(642,978)
2027	(150,750)	(492,228)
2028	(137,283)	(354,945)
2029	(99,364)	(255,581)
Thereafter	(255,581)	-

NOTE 12. HEALTH CARE

During the year ended June 30, 2025, employees of Tioga Independent School District were covered by the TRS-Active Care health insurance plan (the Plan). The District contributed \$400 per month per employee to the Plan and employees, at their option, authorized payroll withholdings to pay any additional contribution and contributions for dependents. All contributions were paid to a fully insured plan (TRS Active-Care).

NOTE 13. SCHOOL DISTRICT RETIREE HEALTH PLAN

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 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. These on-behalf payments are recognized as equal revenues and expenditures/expenses by the District. For the year ended June 30, 2025, the contribution made on behalf of the District was \$31,412.

TIOGA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 14. WORKERS' COMPENSATION

During the year ended June 30, 2025, the District 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 \$2.0 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 \$44,036,654 for future development on reported claims and claims that have been incurred but not yet reported. For the year-ended June 30, 2024, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions.

The Fund engages the services of independent auditors 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.

NOTE 15. INTERFUND BALANCES AND TRANSFERS

Interfund receivables and payables at June 30, 2025, represented short-term advances between funds because much activity of the District flows through a pooled bank account. These amounts are expected to be repaid in less than one year from June 30, 2025.

As discussed in Note 5 – Long-Term Debt, the District has violated the Texas Tax Code and bond covenants by using debt service fund property tax revenues for general fund obligations. The Texas Education Agency is requiring the District to repay all funds transferred from the debt service fund to the general fund. As of June 30, 2025, the amount to be repaid is \$2,367,078.

Due From	Due To	
	General Fund	Debt Service Fund
General Fund	\$ -	\$ 2,367,078
Special Revenue Funds	\$ 24,691	\$ -

Interfund transfers for the year ended June 30, 2025 consisted of the following individual amounts:

Transfers From	Transfers To	
	General Fund	Child Nutrition Program
General Fund	\$ -	\$ 54,066

NOTE 16. EXCESS OF EXPENDITURES OVER BUDGETED AMOUNTS

The Texas Education Agency requires the budgets for the Governmental fund types to be filed with the TEA. The budget should not be exceeded in any functional category under TEA requirements. Expenditures exceeded appropriations in two functional category in the General Fund for the year ended June 30, 2025. Additionally, expenditures exceeded appropriations in one functional category in the Debt Service Fund for the year ended June 30, 2025.

TIOGA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 17. SHARED SERVICE ARRANGEMENT

The District participates in a special education cooperative program with other school districts. Although a portion of the activity of the shared services arrangement is attributable to the District's participation, the District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District has neither a joint ownership interest in fixed assets purchased by the fiscal agent, 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 shared services arrangement.

NOTE 18. LITIGATION AND CONTINGENCIES

The District participates in numerous state and Federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at June 30, 2025 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

NOTE 19. SUBSEQUENT EVENT

Management has reviewed events subsequent to June 30, 2025 through November 16, 2025, which is the date the financial statements were available to be issued. No subsequent events were identified that were required to be recorded or disclosed in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

TIOGA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 1,836,084	\$ 2,670,300	\$ 2,070,160	\$ (600,140)
5800 State Program Revenues	7,773,886	8,343,506	7,501,043	(842,463)
5900 Federal Program Revenues	-	-	33,604	33,604
5020 Total Revenues	9,609,970	11,013,806	9,604,807	(1,408,999)
EXPENDITURES:				
Current:				
0011 Instruction	4,921,460	4,342,630	4,223,226	119,404
0012 Instructional Resources and Media Services	62,745	62,745	22,515	40,230
0013 Curriculum and Instructional Staff Development	1,500	1,500	1,398	102
0023 School Leadership	502,805	502,805	406,960	95,845
0031 Guidance, Counseling, and Evaluation Services	72,303	77,853	73,345	4,508
0032 Social Work Services	-	100	27	73
0033 Health Services	88,728	88,728	82,698	6,030
0034 Student (Pupil) Transportation	159,731	189,731	179,509	10,222
0036 Extracurricular Activities	848,320	545,723	463,819	81,904
0041 General Administration	610,093	608,093	562,129	45,964
0051 Facilities Maintenance and Operations	934,970	1,075,470	1,028,158	47,312
0052 Security and Monitoring Services	101,791	101,791	90,220	11,571
0053 Data Processing Services	31,500	31,500	25,066	6,434
Debt Service:				
0071 Principal on Long-Term Liabilities	141,000	141,000	152,461	(11,461)
0072 Interest on Long-Term Liabilities	-	400,500	408,197	(7,697)
0073 Bond Issuance Cost and Fees	3,100	10,000	9,000	1,000
Intergovernmental:				
0091 Contracted Instructional Services Between Schools	11,000	11,000	5,640	5,360
0093 Payments to Fiscal Agent/Member Districts of SSA	349,000	349,000	346,683	2,317
0099 Other Intergovernmental Charges	55,000	55,000	49,526	5,474
6030 Total Expenditures	8,895,046	8,595,169	8,130,577	464,592
1100 Excess of Revenues Over Expenditures	714,924	2,418,637	1,474,230	(944,407)
OTHER FINANCING SOURCES (USES):				
7913 Right-to-Use Lease Proceeds	-	-	104,338	104,338
8911 Transfers Out (Use)	-	(75,000)	(54,066)	20,934
7080 Total Other Financing Sources (Uses)	-	(75,000)	50,272	125,272
1200 Net Change in Fund Balances	714,924	2,343,637	1,524,502	(819,135)
0100 Fund Balance - July 1 (Beginning)	(3,385,873)	(3,385,873)	(3,385,873)	-
3000 Fund Balance - June 30 (Ending)	\$ (2,670,949)	\$ (1,042,236)	\$ (1,861,371)	\$ (819,135)

TIOGA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2025

	FY 2025 Plan Year 2024	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022
District's Proportion of the Net Pension Liability (Asset)	0.00265738%	0.00352992%	0.003609279%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 1,623,240	\$ 2,424,715	\$ 2,142,736
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	3,206,401	4,570,243	4,623,433
Total	<u>\$ 4,829,641</u>	<u>\$ 6,994,958</u>	<u>\$ 6,766,169</u>
District's Covered Payroll	\$ 5,581,162	\$ 5,633,357	\$ 6,080,058
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	29.10%	43.00%	35.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.50%	73.15%	75.62%

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

FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015
0.003314893%	0.002906403%	0.002899586%	0.00251319%	0.002703227%	0.002529103%	0.0017523%
\$ 844,186	\$ 1,556,610	\$ 1,507,295	\$ 1,383,321	\$ 864,346	\$ 955,710	\$ 619,415
2,054,112	3,970,824	3,480,117	3,167,915	1,812,676	1,916,262	1,685,546
\$ 2,898,298	\$ 5,527,434	\$ 4,987,412	\$ 4,551,236	\$ 2,677,022	\$ 2,871,972	\$ 2,304,961
\$ 5,444,512	\$ 5,333,966	\$ 4,713,811	\$ 3,518,076	\$ 3,141,888	\$ 2,636,080	\$ 2,346,091
15.51%	29.18%	31.98%	39.32%	27.51%	36.25%	26.40%
88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%

TIOGA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024	2023
Contractually Required Contribution	\$ 158,740	\$ 150,396	\$ 187,072
Contribution in Relation to the Contractually Required Contribution	(158,740)	(150,396)	(187,072)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 4,783,183	\$ 4,644,716	\$ 5,862,924
Contributions as a Percentage of Covered Payroll	3.32%	3.24%	3.19%

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

2022	2021	2020	2019	2018	2017	2016
\$ 177,822	\$ 125,257	\$ 133,401	\$ 84,663	\$ 89,872	\$ 85,272	\$ 80,685
(177,822)	(125,257)	(133,401)	(84,663)	(89,872)	(85,272)	(80,685)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 5,792,010	\$ 5,333,966	\$ 4,713,811	\$ 3,518,076	\$ 3,571,963	\$ 3,141,888	\$ 2,636,080
3.07%	2.35%	2.83%	2.41%	2.52%	2.71%	3.06%

TIOGA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2025

	FY 2025 Plan Year 2024	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.004018%	0.00509%	0.005659161%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 1,219,544	\$ 1,126,802	\$ 1,355,030
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	1,528,072	1,359,660	1,652,923
Total	<u>\$ 2,747,616</u>	<u>\$ 2,486,462</u>	<u>\$ 3,007,953</u>
District's Covered Payroll	\$ 5,581,162	\$ 5,633,357	\$ 6,080,058
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	21.90%	20.00%	22.29%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability		14.94%	11.52%

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

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

FY 2022 Plan Year 2021		FY 2021 Plan Year 2020		FY 2020 Plan Year 2019		FY 2019 Plan Year 2018		FY 2018 Plan Year 2017	
0.005448992%		0.004823636%		0.004654491%		0.004526445%		0.003487394%	
\$	2,101,920	\$	1,833,682	\$	2,201,164	\$	2,260,095	\$	1,516,537
2,816,104		2,464,029		2,924,857		3,000,239		2,542,846	
\$	4,918,024	\$	4,297,711	\$	5,126,021	\$	5,260,334	\$	4,059,383
\$	5,444,512	\$	5,333,966	\$	4,713,811	\$	3,571,963	\$	3,141,888
38.61%		34.38%		46.70%		63.27%		48.27%	
6.18%		4.99%		2.66%		1.57%		0.91%	

TIOGA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024	2023
Contractually Required Contribution	\$ 37,957	\$ 35,679	\$ 46,306
Contribution in Relation to the Contractually Required Contribution	(37,957)	(35,679)	(46,306)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 4,783,183	\$ 4,644,716	\$ 5,862,924
Contributions as a Percentage of Covered Payroll	0.79%	0.77%	0.79%

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

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

2022		2021		2020		2019		2018	
\$	48,459	\$	39,729	\$	35,354	\$	31,226	\$	23,217
	(48,459)		(39,729)		(35,354)		(31,226)		(23,217)
\$	-	\$	-	\$	-	\$	-	\$	-
\$	5,792,010	\$	5,333,966	\$	4,713,811	\$	3,518,076	\$	3,571,963
	0.84%		0.74%		0.75%		0.89%		0.65%

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

PENSION LIABILITY:

Changes of benefit terms:

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

Changes of assumptions:

There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

OPEB LIABILITY:

Changes of benefit terms:

There were no changes in benefit terms since the prior measurement date.

Changes of assumptions:

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

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

COMBINING SCHEDULES

TIOGA INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

Data Control Codes		211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	255 ESEA II, A Training and Recruiting	263 Title III, A English Lang. Acquisition
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1240	Due from Other Governments	11,699	33,064	-	3,906
1000	Total Assets	\$ 11,699	\$ 33,064	\$ -	\$ 3,906
LIABILITIES					
2160	Accrued Wages Payable	\$ -	\$ 23,978	\$ -	\$ -
2170	Due to Other Funds	11,699	9,086	-	3,906
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	11,699	33,064	-	3,906
FUND BALANCES					
Restricted Fund Balance:					
3490	Scholarships	-	-	-	-
Committed Fund Balance:					
3545	Campus Activity Funds	-	-	-	-
3000	Total Fund Balances	-	-	-	-
4000	Total Liabilities and Fund Balances	\$ 11,699	\$ 33,064	\$ -	\$ 3,906

282 ESSER III ARP Act	289 Other Federal Special Revenue Funds	410 State Instructional Materials	429 Other State Special Revenue Funds	461 Campus Activity Funds	498 Scholarship Funds	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 39,845	\$ 77,134	\$ 22,592	\$ -	\$ 139,571
-	-	-	16,610	-	-	-	65,279
\$ -	\$ -	\$ -	\$ 56,455	\$ 77,134	\$ 22,592	\$ -	\$ 204,850
\$ -	\$ -	\$ -	\$ 10,333	\$ -	\$ -	\$ -	\$ 34,311
-	-	-	-	-	-	-	24,691
-	-	-	46,122	-	-	-	46,122
-	-	-	56,455	-	-	-	105,124
-	-	-	-	-	22,592	-	22,592
-	-	-	-	77,134	-	-	77,134
-	-	-	-	77,134	22,592	-	99,726
\$ -	\$ -	\$ -	\$ 56,455	\$ 77,134	\$ 22,592	\$ -	\$ 204,850

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

Data Control Codes		211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	255 ESEA II, A Training and Recruiting	263 Title III, A English Lang. Acquisition
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ 194,250	\$ -	\$ -
5800	State Program Revenues	-	15,812	-	-
5900	Federal Program Revenues	76,712	223,606	33,134	3,906
5020	Total Revenues	76,712	433,668	33,134	3,906
EXPENDITURES:					
Current:					
0011	Instruction	76,712	-	33,134	3,906
0035	Food Services	-	487,734	-	-
0036	Extracurricular Activities	-	-	-	-
0052	Security and Monitoring Services	-	-	-	-
6030	Total Expenditures	76,712	487,734	33,134	3,906
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(54,066)	-	-
OTHER FINANCING SOURCES (USES):					
7915	Transfers In	-	54,066	-	-
1200	Net Change in Fund Balance	-	-	-	-
0100	Fund Balance - July 1 (Beginning)	-	-	-	-
3000	Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

282 ESSER III ARP Act	289 Other Federal Special Revenue Funds	410 State Instructional Materials	429 Other State Special Revenue Funds	461 Campus Activity Funds	498 Scholarship Funds	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 206,337	\$ 13,794	\$ -	\$ 414,381
-	-	37,207	179,896	-	-	-	232,915
4	7,782	-	-	-	-	-	345,144
4	7,782	37,207	179,896	206,337	13,794	-	992,440
4	7,782	37,207	1,344	-	9,250	-	169,339
-	-	-	-	-	-	-	487,734
-	-	-	-	197,866	-	-	197,866
-	-	-	178,552	-	-	-	178,552
4	7,782	37,207	179,896	197,866	9,250	-	1,033,491
-	-	-	-	8,471	4,544	-	(41,051)
-	-	-	-	-	-	-	54,066
-	-	-	-	8,471	4,544	-	13,015
-	-	-	-	68,663	18,048	-	86,711
\$ -	\$ -	\$ -	\$ -	\$ 77,134	\$ 22,592	\$ -	\$ 99,726

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REQUIRED T.E.A. SCHEDULES

TIOGA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2025

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2016 and prior years	Various	Various	\$ 85,058,370
2017	1.040000	0.490000	92,274,084
2018	1.040000	0.490000	101,002,387
2019	1.170000	0.360000	111,081,244
2020	1.060000	0.360000	126,000,499
2021	0.989800	0.360000	142,960,421
2022	0.937500	0.360000	164,543,426
2023	0.914600	0.360000	163,743,040
2024	0.729200	0.360000	213,106,563
2025 (School year under audit)	0.726900	0.500000	224,104,180
1000 TOTALS			
8000 Total Taxes Refunded Under Section 26.1115, Tax Code			

(10) Beginning Balance 7/1/2024	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2025	(99) Taxes Refunded Under Section 26.1115c
\$ 16,844	\$	\$	\$	\$	\$ 16,844	
2,412		107	51		2,254	
2,750		-	-		2,750	
2,138		205	63		1,870	
3,012		655	223		2,134	
7,057		2,322	845		3,890	
8,099		3,220	1,236		3,643	
17,371		6,377	2,510	(2,204)	6,280	
76,761		38,054	18,787	(9,489)	10,431	
-	2,749,534	1,543,129	1,061,445	(35,267)	109,693	
<u>\$ 136,444</u>	<u>\$ 2,749,534</u>	<u>\$ 1,594,069</u>	<u>\$ 1,085,160</u>	<u>\$ (46,960)</u>	<u>\$ 159,789</u>	

\$ -

TIOGA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 175,000	\$ 175,000	\$ 194,250	\$ 19,250
5800	State Program Revenues	15,859	15,859	15,812	(47)
5900	Federal Program Revenues	360,000	360,000	223,606	(136,394)
5020	Total Revenues	550,859	550,859	433,668	(117,191)
EXPENDITURES:					
Current:					
0035	Food Services	498,358	498,358	487,734	10,624
6030	Total Expenditures	498,358	498,358	487,734	10,624
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	52,501	52,501	(54,066)	(106,567)
OTHER FINANCING SOURCES (USES):					
7915	Transfers In	-	75,000	54,066	(20,934)
1200	Net Change in Fund Balances	52,501	127,501	-	(127,501)
0100	Fund Balance - July 1 (Beginning)	-	-	-	-
3000	Fund Balance - June 30 (Ending)	\$ 52,501	\$ 127,501	\$ -	\$ (127,501)

TIOGA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 1,088,900	\$ 1,088,900	\$ 1,098,834	\$ 9,934
5800	State Program Revenues	52,000	52,000	138,163	86,163
5020	Total Revenues	1,140,900	1,140,900	1,236,997	96,097
EXPENDITURES:					
Debt Service:					
0071	Principal on Long-Term Liabilities	536,000	536,000	265,000	271,000
0072	Interest on Long-Term Liabilities	368,000	368,000	367,476	524
0073	Bond Issuance Cost and Fees	295,000	295,000	446,545	(151,545)
6030	Total Expenditures	1,199,000	1,199,000	1,079,021	119,979
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(58,100)	(58,100)	157,976	216,076
OTHER FINANCING SOURCES (USES):					
7901	Refunding Bonds Issued	8,700,000	8,700,000	8,700,000	-
7916	Premium or Discount on Issuance of Bonds	72,000	72,000	71,426	(574)
8940	Payment to Bond Refunding Escrow Agent (Use)	(8,325,000)	(8,325,000)	(8,324,757)	243
7080	Total Other Financing Sources (Uses)	447,000	447,000	446,669	(331)
1200	Net Change in Fund Balances	388,900	388,900	604,645	215,745
0100	Fund Balance - July 1 (Beginning)	3,087,507	3,087,507	3,087,507	-
3000	Fund Balance - June 30 (Ending)	\$ 3,476,407	\$ 3,476,407	\$ 3,692,152	\$ 215,745

TIOGA INDEPENDENT SCHOOL DISTRICT
USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2025

Section A: Compensatory Education Programs

AP1	Did your district expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the district have written policies and procedures for its state compensatory education program?	Yes
AP3	Total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$299,684
AP4	Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24,26,28,29,30)	\$215,925

Section B: Bilingual Education Programs

AP5	Did your district expend any bilingual education program state allotment funds during the district's fiscal year?	Yes
AP6	Does the district have written policies and procedures for its bilingual education program?	Yes
AP7	Total state allotment funds received for bilingual education programs during the district's fiscal year.	\$26,238
AP8	Actual direct program expenditures for bilingual education programs during the district's fiscal year. (PIC 25)	\$30,133

COMPLIANCE SECTION

HankinsEastup

★
Deaton Tonn Seay & Scarborough / A Texas LLC

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

Board of Trustees
Tioga Independent School District
Tioga, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tioga Independent School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Tioga Independent School District's basic financial statements, and have issued our report dated November 16, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 District's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Hankins Eastup Deaton Tonn Seay & Scarborough, LLC

Denton, Texas
November 16, 2025

TIOGA INDEPENDENT SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025

None.

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