JOAQUIN INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT FOR THE

YEAR ENDED AUGUST 31, 2025

JOAQUIN INDEPENDENT SCHOOL DISTRICT
Annual Financial Report for the
Year Ended August 31, 2025

Table of Contents

Exhibit		Page
	CERTIFICATE OF BOARD	1
	FINANCIAL SECTION	
	Independent Auditor's Report	2-5
	Management's Discussion and Analysis	6-12
	Basic Financial Statements	
	Government-wide Financial Statements	
A-1	Statement of Net Position	13
B-1	Statement of Activities	14
	Governmental Fund Financial Statements	
C-1	Balance Sheet	15
C-2	Reconciliation for C-1	16
C-3	Statement of Revenues, Expenditures, and Changes in Fund Balance	17
C-4	Reconciliation for C-3	18
	Fiduciary Fund Financial Statements	
E-1	Statement of Fiduciary Net Position	19
E-2	Statement of Changes in Fiduciary Net Position	20
	Notes to the Financial Statements	21-48
	Required Supplementary Information	
G-1	Budgetary Comparison Schedule - General Fund	49
G-2	Schedule of the District's Proportionate Share of the Net Pension Liability - Teachers Retirement System of Texas	50-51
G-3	Schedule of District Contributions for Pensions - Teachers Retirement System of Texas	52-53
G-4	Schedule of the District's Proportionate Share of the Net OPEB Liability - Teachers Retirement System of Texas	54-55
G-5	Schedule of District Contributions for Other Post Employment Benefits (OPEB) - Teachers Retirement System of Texas	56-57
	Notes to Required Supplementary Information	58
	Other Supplementary Information	
	Combining Schedules	
H-1	Combining Balance Sheet - Nonmajor Governmental Funds	59-60
H-2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	61-62

JOAQUIN INDEPENDENT SCHOOL DISTRICT
Annual Financial Report for the
Year Ended August 31, 2025

Table of Contents

Exhibit		Page
	Required TEA Schedules	
J-1	Schedule of Delinquent Taxes Receivable	63-64
J-2	Budgetary Comparison Schedule - Child Nutrition Fund	65
J-3	Budgetary Comparison Schedule - Debt Service Fund	66
J-4	Use of Funds Report - State Allotment Programs	67
	FEDERAL AWARDS SECTION	
	Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	68-69
	Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Uniform Guidance	70-72
	Schedule of Findings and Questioned Costs	73
	Schedule of Status of Prior Findings	74
	Corrective Action Plan	75
K-1	Schedule of Expenditure of Federal Awards	76
	Notes to the Schedule of Expenditure of Federal Awards	77

JOAQUIN INDEPENDENT SCHOOL DISTRICT
CERTIFICATE OF BOARD

Joaquin Independent School District	Shelby	210-902
Name of School District	County	County-District Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) ___✓___ approved _____ disapproved for the year ended August 31, 2025, at a meeting of the Board of Trustees of such school district on the 15th day of December, 2025.

Signature of Board Secretary

Signature of Board President

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

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FINANCIAL SECTION

Goff&Herrington,P.C.
Certified Public Accountants

A.J. Goff, CPA
Ronnie Herrington, CPA
Daniel Raney, CPA
Laurie Durbin, CPA

P. O. Box 153320 ● Lufkin, TX. 75915-3320 ● (936) 634-2345 ● Fax:(936) 622-6823

Independent Auditor's Report

Members of the Board of Trustees
Joaquin Independent School District
Joaquin, Texas

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 12, budgetary comparison information on page 49, and the Teacher's Retirement System pension and OPEB schedules on pages 50 through 58, 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 the District's basic financial statements. The accompanying combining schedules, other schedules, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 the District's internal control over financial reporting and compliance.

Goff & Herrington, P.C.

GOFF & HERRINGTON, P.C.
Certified Public Accountants

November 30, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Joaquin Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the year ended August 31, 2025. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The District's total combined net position was $4,512,374 as of August 31, 2025.
- During the year ended August 31, 2025, the District's net position increased by $12,592.
- The District generated $13,350,414 in taxes and other revenues from governmental activities. The total cost of the District's programs was $13,337,822.
- The general fund reported a total fund balance this year of $4,859,561, of which $4,519,534 is unassigned.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of three parts - **management's discussion and analysis** (this section), the **basic financial statements**, and **required supplementary information**. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The required supplementary information further explains and supports the information in the financial statements.

Government-wide Financial Statements

The District's annual financial report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District's finances. Financial reporting at this level uses a perspective similar to that found in the private sector.

The first of these government-wide financial statements is the **Statement of Net Position.** This is the District wide statement of financial position presenting information that includes all of the District's assets, liabilities, and deferred outflows and inflows, with the difference reported as **net position**. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non financial factors such as changes to the District's tax base.

The second government-wide financial statement is the **Statement of Activities**, which reports how the District's net position changed during the current year. All current revenues and expenses are included regardless of when the cash is received or paid.

The government-wide financial statements of the District include the governmental activities of the District. These are the basic services such as instruction, extracurricular activities, curriculum and staff development, health services, and administration. Property taxes, state aid, and federal grants finance most of these activities.

Effective September 1, 2024, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. As a result, compensated absences liabilities now include additional types of leave such as parental, military, and jury duty leave, when the leave has commenced. The liability is measured based on the leave balances as of August 31, 2025, adjusted for expected usage and applicable compensation rates. Prior year comparative data has been restated to include the liability at August 31, 2024.

Fund Financial Statements

The fund financial statements focus on individual parts of the government, reporting the District's operations in more detail than the government-wide statements.

- The governmental funds statements tell how general government services were financed in the short term as well as what remains for future spending.
- The fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The fund financial statements provide more detailed information about the District's most significant funds - not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has two kinds of funds:

Governmental funds - Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long term focus of the government-wide statements, we provide additional information at the bottom of the governmental fund statement, or on the subsequent page, that explains the relationship (or differences) between them.

Fiduciary funds - The District is the trustee, or fiduciary, for money raised by student activities and scholarship programs. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

The accompanying notes to the financial statements provide essential information to a full understanding of the government-wide and fund financial statements.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined net position was $4,512,374 as of August 31, 2025. The following table provides a summary of the District's net position.

The District's Net Position

	Governmental Activities		
	2025	2024	% Change
Current and Other Assets	6,367,315	7,362,201	(13.5)%
Capital and Non-Current Assets	13,173,056	12,641,110	4.2%
Total Assets	19,540,371	20,003,311	(2.3)%
Deferred Outflows	2,652,029	3,006,676	(11.8)%
Total Deferred Outflows of Resources	2,652,029	3,006,676	(11.8)%
Other Liabilities	496,781	475,926	4.4%
Long Term Liabilities	15,142,964	15,379,901	(1.5)%
Total Liabilities	15,639,745	15,855,827	(1.4)%
Deferred Inflows	2,040,281	2,654,378	(23.1)%
Total Deferred Inflows of Resources	2,040,281	2,654,378	(23.1)%
Net Position:			
Net Investment in Capital Assets	4,234,872	3,069,853	38.0%
Restricted	796,875	820,404	(2.9)%
Unrestricted	(519,373)	609,525	(185.2)%
Total Net Position	4,512,374	4,499,782	0.3%

The District's restricted net position of $796,875 consists of $72,269 restricted for food service, $679,101 restricted for debt service, and $45,505 restricted for campus activities.

Changes in net position. The District's total revenues were $13,350,414. A significant portion, 62.00 percent, of the District's revenue comes from state aid-formula grants. Property taxes represent 21.68 percent of the District's revenue. The rest of the District's revenue comes from federal operating grants, charges for services, investment earnings, and other local sources.

The total cost of all programs and services was $13,337,822; 57.89 percent of these costs are for instructional and student services.

Governmental Activities

The following table provides a summary of the District's changes in net position.

Changes in the District's Net Position

	Governmental Activities		
Revenues:	2025	2024	% Change
Program Revenues:			
Charges for services	128,488	243,365	(47.2)%
Operating grants	1,241,159	1,684,971	(26.3)%
General Revenues:			
Property taxes	2,894,978	3,253,676	(11.0)%
State aid - formula	8,277,841	7,706,580	7.4%
Investment earnings	349,397	373,514	(6.5)%
Other general revenues	458,551	599,565	(23.5)%
Total revenues	13,350,414	13,861,671	(3.7)%
Expenses:			
Instructional and instructional related	6,608,776	6,414,660	3.0%
Instructional and school leadership	1,020,774	1,003,948	1.7%
Counseling and health services	520,853	519,677	0.2%
Student transportation	481,127	481,635	(0.1)%
Food services	575,097	575,130	0.0%
Cocurricular/extracurricular activities	1,350,816	1,348,475	0.2%
General administration	604,259	648,177	(6.8)%
Plant maintenance and security	1,571,691	1,551,559	1.3%
Data processing services	195,703	198,260	(1.3)%
Debt services	291,142	315,639	(7.8)%
Payments to fiscal agent/member districts	16,000	9,300	72.0%
Other intergovernmental charges	101,584	94,471	7.5%
Total expenses	13,337,822	13,160,931	1.3%
Increase (Decrease) in Net Position	12,592	700,740	(98.2)%
Beginning Net Position	4,499,782	4,275,880	5.2%
Prior period adjustment (GASB 101)	-	(476,838)	(100.0)%
Ending Net Position	4,512,374	4,499,782	0.3%

The District's 2025 maintenance and operations property tax rate of $0.7575 did not change from last year's rate. The District's 2025 interest and sinking property tax rate of $0.2975, increased 2.13 percent from last year's rate of $0.2913. Total property tax revenue decreased 11.02 percent due to a 10.84 percent decrease in property valuations compared to last year.

The cost of governmental activities may be summarized as follows:

- The cost of all governmental activities this year was $13,337,822.
- The amount that our taxpayers paid for these activities through property taxes was $2,894,978.
- Some of the cost was paid by those who directly benefitted from the programs ($128,488), or
- By operating grants ($1,241,159).

The following table presents the cost of each of the District's largest functions as well as each functions net cost (total cost less fees generated by activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

Net Cost of Selected District Functions

	Total cost of services			Net cost of services		
	2025	2024	% Change	2025	2024	% Change
Instruction	6,432,521	6,237,903	3.1%	5,796,092	5,423,150	6.9%
General Administration	604,259	648,177	(6.8)%	592,524	637,294	(7.0)%
School Leadership	794,514	760,950	4.4%	794,514	760,950	4.4%
Maintenance & Operations	1,345,911	1,326,598	1.5%	1,345,911	1,194,944	12.6%
Extracurricular Activities	1,350,816	1,348,475	0.2%	1,306,087	1,182,515	10.5%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled $13,674,075, a decrease of 2.25 percent from the preceding year. The decrease was primarily due to decreases in local and intermediate sources and federal program revenues.

The District's governmental funds ended the year with a reported combined fund balance of $5,656,436, a decrease of $1,019,089 from last year's ending balance of $6,675,525.

General Fund Budgetary Highlights

Over the course of the year the District revised the operating budget as actual results were analyzed. Actual expenditures were $154,635 below final budget amounts. The most significant positive variance results were in the instruction, student transportation, and plant maintenance and operations functions, as the final expenditures were less than expected.

Additionally, reported total revenues were $84,731 above the final budgeted amounts as local and intermediate sources and state program revenues were more that anticipated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2025, the District had invested $31,222,290, less depreciation of $18,049,234, in a broad range of capital assets, including land, school buildings, athletic facilities, instructional equipment, and school buses. The following table provides a summary of the District's capital assets.

District's Capital Assets

(Net of depreciation)

	Governmental Activities		
	2025	2024	% Change
Land	319,597	319,597	0.0%
Buildings & improvements	9,870,990	10,796,414	(8.6)%
Equipment & vehicles	1,263,927	1,341,764	(5.8)%
Right-to-use leased assets	235,633	183,335	28.5%
Construction in progress	1,482,909	-	100.0%
Net capital assets	13,173,056	12,641,110	4.2%

Significant capital asset expenditures in 2025 included renovation projects at the softball field and home economics building and purchasing a new school bus and truck. The District's 2026 capital budget includes completion of the renovation projects at the softball field and home economics building.

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

Long-term Debt

The following table provides a summary of the District's long-term debt.

District's Long-term Debt

	Governmental Activities		
	2025	2024	0.00049
Lease Obligations	250,291	204,456	22.4%
Refunding Bonds	8,115,000	8,770,000	(7.5)%
Total long term debt	8,365,291	8,974,456	(6.8)%

At year end, the District had $8,115,000 in school building bonds outstanding as shown above. The District's bonds presently carry favorable ratings of "AA" and "AAA" with Standard and Poors.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised property values used for the 2025 budget preparation were $289,926,147, a 3.77 percent increase from 2025 actuals.
- The District's average daily attendance is expected to be 630, a 3.08 percent decrease from 2025.

These indicators were taken into account when adopting the general fund budget for 2026. Amounts available for expenditure in the general fund budget are $11,955,000, an increase of 7.22 percent from the final 2025 budget of $11,150,000. The increase is primarily due to increased expected state program revenues in 2026. The District will use these revenues to finance programs we currently offer.

Expenditures are budgeted to increase 1.67 percent to $12,695,000. If the budgeted estimates are realized, the District's budgetary general fund balance is expected to decrease in 2026.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate accountability for the money it receives. If you have any questions about this report or need additional financial information contact the District's Director of Finance, 11109 U.S. Hwy 84 East, Joaquin, Texas 75954.

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Government-Wide Financial Statements

JOAQUIN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2025

Data Control Codes		Primary Government Governmental Activities
	ASSETS	
1110	Cash and cash equivalents	704,715
1120	Investments - current	4,866,864
1220	Property taxes receivable - delinquent	890,478
1230	Allowance for uncollectible taxes (credit)	(667,858)
1240	Due from other governments	525,513
1290	Other receivables	19,472
1300	Inventories	14,546
1410	Prepayments	13,585
	Capital Assets:	
1510	Land	319,597
1520	Buildings, net	9,870,990
1530	Furniture and equipment, net	1,263,927
1550	Right-to-use leased assets, net	235,633
1580	Construction in progress	1,482,909
1000	Total assets	19,540,371
	DEFERRED OUTFLOWS OF RESOURCES	
1702	Deferred charge on refunding	245,537
1705	Deferred outflow related to TRS Pension	1,072,956
1706	Deferred outflow related to TRS OPEB	1,333,536
1700	Total deferred outflows of resources	2,652,029
	LIABILITIES	
2110	Accounts payable	71,437
2140	Interest payable	8,521
2150	Payroll deductions and withholdings payable	484
2160	Accrued wages payable	395,839
2300	Unearned revenues	20,500
	Long Term Liabilities:	
2501	Due within one year	731,533
2502	Due after one year	8,996,861
2540	Net pension liability	3,247,171
2545	Net OPEB liability	2,167,399
2000	Total liabilities	15,639,745
	DEFERRED INFLOWS OF RESOURCES	
2605	Deferred inflow related to TRS Pension	77,770
2606	Deferred inflow related to TRS OPEB	1,962,511
2600	Total deferred inflows of resources	2,040,281
	NET POSITION	
3200	Net investment in capital assets	4,234,872
3820	Restricted for Federal and State programs	72,269
3850	Restricted for debt service	679,101
3870	Restricted for campus activities	45,505
3900	Unrestricted net position	(519,373)
3000	Total net position	4,512,374

The accompanying notes are an integral part of this statement

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

Data Control Codes		1	Program Revenues 3	Program Revenues 4	Program Revenues 5	Net (Expense) Revenue and Changes in Net Position
		Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
	Governmental activities:					
11	Instruction	6,432,521	36,861	599,568	-	(5,796,092)
12	Instructional resources and media	10,538	-	-	-	(10,538)
13	Curriculum and staff development	165,717	-	16,727	-	(148,990)
21	Instructional leadership	226,260	-	-	-	(226,260)
23	School leadership	794,514	-	-	-	(794,514)
31	Guidance, counseling, and evaluation	398,968	-	2,454	-	(396,514)
32	Social work services	33,508	-	500	-	(33,008)
33	Health services	88,377	-	-	-	(88,377)
34	Student transportation	481,127	-	-	-	(481,127)
35	Food service	575,097	46,898	444,175	-	(84,024)
36	Cocurricular/extracurricular activities	1,350,816	44,729	-	-	(1,306,087)
41	General administration	604,259	-	11,735	-	(592,524)
51	Plant maintenance and operations	1,345,911	-	-	-	(1,345,911)
52	Security and monitoring services	225,780	-	150,000	-	(75,780)
53	Data processing services	195,703	-	-	-	(195,703)
72	Interest on long-term debt	288,092	-	-	-	(288,092)
73	Bond issuance costs	3,050	-	-	-	(3,050)
93	Payments related to SSA	16,000	-	16,000	-	-
99	Other intergovernmental charges	101,584	-	-	-	(101,584)
TP	Total primary government	13,337,822	128,488	1,241,159	-	(11,968,175)

Data Control Codes		
	General revenues:	
	Taxes:	
MT	Property taxes, levied for general purposes	2,070,760
DT	Property taxes, levied for debt service	824,218
SF	State aid formula grants	8,277,841
GC	Grants and contributions, not restricted to specific programs	277,106
IE	Investment earnings	349,397
MI	Miscellaneous	181,445
TR	Total general revenues	11,980,767
CN	Change in net position	12,592
NB	Net position, beginning	4,976,620
PA	Prior period adjustment required by GASB 101	(476,838)
NE	Net position, ending	4,512,374

The accompanying notes are an integral part of this statement

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Governmental Fund Financial Statements

JOAQUIN INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2025

Data Control Codes		10 General Fund	50 Debt Service Fund	Other Gov Funds	98 Total Governmental Funds
	ASSETS				
1110	Cash and cash equivalents	594,554	12,896	97,265	704,715
1120	Investments - current	4,206,207	660,657	-	4,866,864
1220	Property taxes receivable - delinquent	609,858	280,620	-	890,478
1230	Allowance for uncollectible taxes (credit)	(457,393)	(210,465)	-	(667,858)
1240	Due from other governments	438,265	-	87,248	525,513
1260	Due from other funds	47,752	-	-	47,752
1290	Other receivables	13,924	5,548	-	19,472
1300	Inventories	-	-	14,546	14,546
1410	Prepayments	13,585	-	-	13,585
1000	Total Assets	5,466,752	749,256	199,059	6,415,067
	LIABILITIES				
2110	Accounts payable	37,904	-	33,533	71,437
2150	Payroll deductions and withholdings payable	484	-	-	484
2160	Accrued wages payable	395,839	-	-	395,839
2170	Due to other funds	-	-	47,752	47,752
2300	Unearned revenues	20,500	-	-	20,500
2000	Total Liabilities	454,727	-	81,285	536,012
	DEFERRED INFLOWS OF RESOURCES				
2601	Unavailable revenue - property taxes	152,464	70,155	-	222,619
2600	Total Inflows of Resources	152,464	70,155	-	222,619
	FUND BALANCES				
	Nonspendable Fund Balance:				
3410	Inventories	-	-	14,546	14,546
3430	Prepaid items	13,585	-	-	13,585
	Restricted Fund Balance:				
3450	Federal or State grants	-	-	57,723	57,723
3480	Retirement of long-term debt	-	679,101	-	679,101
	Committed fund balance:				
3540	Self insurance	26,442	-	-	26,442
3545	Other committed	300,000	-	-	300,000
	Assigned fund balance:				
3590	Other assigned	-	-	45,505	45,505
3600	Unassigned fund balance	4,519,534	-	-	4,519,534
3000	Total Fund Balances	4,859,561	679,101	117,774	5,656,436
4000	Total Liabilities, Deferred Inflows and Fund Balances	5,466,752	749,256	199,059	6,415,067

The accompanying notes are an integral part of this statement

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

	Total fund balances - governmental funds	5,656,436
1	Capital assets used in governmental activities are not financial resources and, therefore; are not reported in governmental funds. At the beginning of the year, the cost of these assets was $29,323,404 and the accumulated depreciation was $16,682,294. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore: are not reported as liabilities in the governmental funds. The net effect of including beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net position.	3,069,853
2	Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the current year capital outlays and debt principal payments is to increase net position.	2,609,950
3	Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of $3,247,171, a deferred resource inflow related to TRS in the amount of $77,770, and a deferred resource outflow related to TRS in the amount of $1,072,956. This amounted to a decrease in net position in the amount of $2,251,985.	(2,251,985)
4	Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75 in the amount of $2,167,399, a deferred resource inflow related to TRS in the amount of $1,962,511, and a deferred resource outflow related to TRS in the amount of $1,333,536. This amounted to a decrease in net position in the amount of $2,796,374.	(2,796,374)
5	The current depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(1,366,940)
6	Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying debt proceeds, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications is to increase (decrease) net position.	(408,566)
19	Net Position of governmental activities	4,512,374

The accompanying notes are an integral part of this statement

JOAQUIN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes		10 **General Fund**	50 **Debt Service Fund**	**Other Gov Funds**	98 **Total Governmental Funds**
	REVENUES				
5700	Total local and intermediate sources	2,497,209	855,392	199,184	3,551,785
5800	State program revenues	8,676,421	143,609	212,366	9,032,396
5900	Federal program revenues	61,101	-	1,028,793	1,089,894
5020	Total revenues	11,234,731	999,001	1,440,343	13,674,075
	EXPENDITURES				
0011	Instruction	5,600,793	-	622,868	6,223,661
0012	Instructional resources and media services	4,760	-	-	4,760
0013	Curriculum and staff development	151,563	-	16,727	168,290
0021	Instructional leadership	231,407	-	-	231,407
0023	School leadership	753,634	-	-	753,634
0031	Guidance, counseling, and evaluation services	393,597	-	2,454	396,051
0032	Social work services	30,917	-	500	31,417
0033	Health services	88,355	-	-	88,355
0034	Student transportation	506,386	-	-	506,386
0035	Food service	-	-	525,034	525,034
0036	Cocurricular/extracurricular activities	805,618	-	129,684	935,302
0041	General administration	597,980	-	11,735	609,715
0051	Plant maintenance and operations	1,252,049	-	22,621	1,274,670
0052	Security and monitoring services	85,900	-	150,000	235,900
0053	Data processing services	183,049	-	-	183,049
0071	Principal on long-term debt	55,239	655,000	-	710,239
0072	Interest on long-term debt	5,625	307,200	-	312,825
0073	Bond issuance cost and fees	-	3,050	-	3,050
0081	Facilities acquisition and construction	1,482,909	-	-	1,482,909
0093	Payments to fiscal agent	-	-	16,000	16,000
0099	Other intergovernmental charges	101,584	-	-	101,584
6030	Total expenditures	12,331,365	965,250	1,497,623	14,794,238
1100	Excess (deficiency) of revenues over expenditures	(1,096,634)	33,751	(57,280)	(1,120,163)
	OTHER FINANCING SOURCES (USES)				-
7913	Proceeds from right-to-use lease	101,074	-	-	101,074
7915	Transfers in (sources)	-	-	-	-
8911	Transfers out (uses)	-	-	-	-
7080	Total other financing sources and uses	101,074	-	-	101,074
1200	Net change in fund balances	(995,560)	33,751	(57,280)	(1,019,089)
0100	Fund balance - September 1 (beginning)	5,855,121	-	820,404	6,675,525
1300	Increase (decrease) in fund balance (Note O)	-	645,350	(645,350)	-
3000	Fund balance - August 31 (ending)	4,859,561	679,101	117,774	5,656,436

The accompanying notes are an integral part of this statement

JOAQUIN 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 AUGUST 31, 2025

Net change in fund balances - governmental funds	(1,019,089)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the current year capital outlays and debt principal payments is to increase net position.	2,609,950
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 net position.	(1,366,940)
Current year changes in amounts related to GASB 68 increased revenues in the amount of $108,085, and increased expenditures in the amount of $375,413. The net effect on the change in the ending net position was a decrease in the amount of $267,328.	(267,328)
Current year changes in amounts related to GASB 75 decreased revenues in the amount of $434,269, and decreased expenditures in the amount of $632,746. The net effect on the change in the ending net position was an increase in the amount of $198,477.	198,477
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying debt proceeds, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications is to increase (decrease) net position.	(142,478)
Change in net position of governmental activities	12,592

The accompanying notes are an integral part of this statement

Fiduciary Fund Financial Statements

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

	Private Purpose Trust Fund	Custodial Fund
ASSETS		
Cash and cash equivalents	12,376	75,011
Total Assets	12,376	75,011
NET POSITION		
Restricted for scholarships	12,376	-
Restricted for other purposes	-	75,011
Total Net Position	12,376	75,011

The accompanying notes are an integral part of this statement

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

	Private Purpose Trust Fund	Custodial Fund
ADDITIONS:		
Miscellaneous revenue - student activity	-	104,365
Earnings from temporary deposits	-	559
Contributions, gifts, and donations	37,010	-
Total Additions	37,010	104,924
DEDUCTIONS:		
Supplies and materials	-	99,992
Scholarships awarded	47,349	-
Total Deductions	47,349	99,992
Change in Net Position	(10,339)	4,932
Total Net Position - September 1 (Beginning)	22,715	70,079
Total Net Position - August 31 (Ending)	12,376	75,011

The accompanying notes are an integral part of this statement

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FINANCIAL REPORTING ENTITY

Joaquin Independent School District (District) is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (Board) elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting and financial reporting principles promulgated by the Governmental Accounting Standards Board; and it complies with the requirements of the appropriate version of Texas Education Agency's Financial Accountability System Resource Guide (Resource Guide) and the requirements of contracts and grants of agencies from which it receives funds.

The Board is elected by the public and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. The Board has the primary accountability for all fiscal matters. Because of this, the District is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board (GASB) in its statement No. 14, "The Financial Reporting Entity," including subsequent revisions. There are no component units included within the reporting entity.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the District as a whole excluding fiduciary activities. Individual funds are not displayed but the statements present Governmental Activities which include programs supported by ad valorem taxes, state aid formula grants, and federal grants.

The statement of activities reports the expenses of the District's functions offset by program revenues directly connected with the function. A function is a general operational area in the District that groups together similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with the function. Program revenues include: (1) charges for services which report charges to users of the District's services such as tuition paid by students not residing in the District, athletic gate receipts and school lunch charges, and (2) operating grants and contributions which finance annual operating activities of the District. Taxes, state aid formula grants, and other revenue sources not properly included with program revenues are reported as general revenues.

All interfund transactions between governmental funds are eliminated on the government-wide financial statements. Interfund activities between governmental funds and fiduciary funds remain as due to/from on the government-wide statement of net position.

Fund Financial Statements

Fund financial statements provide reports on the financial condition and results of operations for governmental and fiduciary funds. Major individual governmental funds are reported in separate columns with composite columns for non-major funds. Interfund activity between governmental funds appear as due to/from on the governmental fund balance sheet and as other resources and other uses on the governmental fund statement of revenues, expenditures and changes in fund balance.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The financial statements of the District are prepared in accordance with generally accepted accounting principles (GAAP). The District applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The government-wide financial statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Fiduciary fund financial statements also report using this same focus and basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grant revenues are recognized when allowable expenditures are made under the provisions of the grant.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for unmatured bond principal and interest on long-term debt, which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: property taxes, state aid formula grants, and investment income. In general, other revenues are recognized when cash is received.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as needed.

The District does not allocate general administration or support services expenses to other functions. Depreciation expense for buildings that house District staff serving different functions is included in the direct expenses of the appropriate functions.

D. FUND TYPES AND MAJOR FUNDS

The District's accounts are organized on the basis of funds, each of which is considered a separate accounting entity. The District has established several individual funds that are organized within a separate set of self-balancing accounts comprised of assets, liabilities, fund balance, revenues, and

expenditures or expenses as appropriate. Governmental resources allocated to individual funds are recorded for the purpose of carrying on specific activities in accordance with laws, regulations, or other appropriate requirements. District accounts are organized into funds as described below:

Major Governmental Funds:

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

Debt Service Fund - The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt.

Non Major Governmental Funds:

Special Revenue Funds - The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most federal and some state financial assistance is accounted for in a special revenue fund. Sometimes any unused balances must be returned to the grantor at the close of the specified project periods.

Other Fund Types:

Private Purpose Trust Fund - The District accounts for donations for which the donor has stipulated that both the principal and income may be used for purposes that benefit parties outside the District. The District's private purpose trust fund is a scholarship fund.

Custodial Fund - The District accounts for resources held for others in a custodial capacity in the custodial fund. The District's custodial fund is used to account for the activities of student groups and other organizational activities.

E. OTHER ACCOUNTING POLICIES

Cash and Cash Equivalents - The District considers deposits and highly liquid investments with a maturity date of three months or less and all local government pools to be cash equivalents.

Inventories and Prepayments - The District reports inventories of supplies at cost, which approximates lower of cost or market. Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepayments.

Capital Assets and Depreciation - The District's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Donated assets are stated at fair value on the date donated. The District generally capitalizes assets with a cost of $5,000 or more as purchases or construction occurs. The cost of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight line method. The District has elected not to report major general infrastructure assets retroactively. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded.

Estimated useful lives, in years, for capital assets are as follows:

Buildings	15-30
Improvements	15-30
Transportation equipment	5-10
Furniture, fixtures, and equipment	5-10

The governmental fund financial statements recognize capital outlay as an expense of the current period. Proceeds from the sale of capital assets are reported as miscellaneous revenues when received.

Long-Term Debt - In the government-wide financial statements, outstanding debt is reported as liabilities. Bond premiums are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of applicable bond premiums. The governmental fund financial statements recognize the proceeds of debt and premiums received as other financing sources of the current period and principal and interest payments as expense.

Leases - The District is the lessee for noncancelable leases of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

Compensated Absences - In the government-wide financial statements, a liability is recognized for leave that satisfies the following requirements; 1) the leave is attributable to services already rendered, 2) the leave accumulates and carries forward to future periods, 3) the leave is more likely than not to be used or settled through cash or other means, and 4) the leave does not expire. The total compensated absences liability was $544,673 at August 31, 2025, and is included in the long-term liabilities due after one year on the government-wide statement of net position.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

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

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

Net Position and Fund Balance - Net position in the statement of net position include components that are restricted for use in local programs, to pay debt service on capital related debt, for use in food service operations, construction, or future operating deficits.

Unassigned fund balance in the governmental funds financial statements represents that portion of fund balance that is available for budgeting in future operations. The assigned fund balance represents fund balance that has been implicitly assigned as it is accounted for in particular funds, other than the general fund. Committed fund balance represents amounts approved by the Board of Trustees. Restricted fund balance is that portion of fund balance which is not available for appropriation or which has been legally separated for specific purposes. The General Fund commits $26,442 for self insurance and $300,000 for other purposes. The General fund also has a nonspendable fund balance of $13,585 in the form of prepayments. The Special Revenue Fund assigns $45,505 for campus activity programs and restricts $72,269 for the food service operations, including nonspendable fund balance of $14,546 in the form of inventories. The Debt Service Fund restricts $679,101 for debt service.

Fund Balance Policy - The District reports fund balances for governmental funds in classifications based primarily on the extent to which the entity is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The nonspendable classification represents assets that will be consumed or maintained intact; and, therefore will never convert to cash, such as inventories of supplies and endowments. Provisions of laws, contracts, and grants specify how fund resources can be used in the restricted classification. The nature of these two classifications precludes a need for a policy from the Board. However, the Board has adopted fund balance policies for the three unrestricted classifications: committed, assigned, and unassigned.

The District's restricted fund balances represent amounts for retirement of long term debt, and for operation of the food service program.

When the District incurs expenditures that can be made from either restricted or unrestricted balances, the expenditures are charged to restricted balances. When the District incurs expenditures that can be made from either committed, assigned, or unassigned balances, the expenditures are charged to committed, assigned and then unassigned.

Use of 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.

Data Control Codes - These codes refer to the account code structure prescribed by the Texas Education Agency (TEA) in the Resource Guide. TEA requires school districts to display these codes in the financial statements filed with the Agency in order to ensure accuracy in building a Statewide data base for policy development and funding plans.

Subsequent Events - Management has evaluated subsequent events through November 30, 2025, the date the financial statements were available to be issued.

F. BUDGETARY DATA

The Board of Trustees adopts an annual budget consistent with generally accepted accounting principles for the General Fund, Debt Service Fund, and the Food Service Fund (which is included in the Special Revenue Funds.) The District is required to present the adopted and final budgeted revenues and expenditures for each of these funds.

The following procedures are followed in establishing the budgetary data reflected in the budgetary comparison schedules.

1. Prior to August 20, the District prepares a budget for the next fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meeting. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after the fiscal year end. During the fiscal year ended August 31, 2025, the District made significant amendments to the instruction, student transportation, and facilities acquisitions and construction functions, increasing the overall appropriations over the original budget.
4. Each budget is monitored by the business manager at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

Legal and Contractual Provisions Governing Deposits and Investments. The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy

must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on 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, and (10) 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.

Policies Governing Deposits and Investments. In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy. The policy addresses the following risks:

Deposits

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. The District's policy regarding types of deposits allowed and collateral requirements is that the funds of the District must be deposited under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance. The District's cash deposits at August 31, 2025 and during the year ended August 31, 2025 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name. The District was not exposed to custodial credit risk during the year as all deposits were covered by depository insurance or by pledged collateral as follows:

1. Depository: BOM Bank, Joaquin, Texas
2. The market value of securities pledged as of the date of the highest combined balance on deposit was $4,840,000.
3. The highest combined balances of cash, savings, and time deposit accounts amounted to $4,957,055 and occurred during the month of April, 2025.
4. Total amount of FDIC coverage at the time of the highest combined balance was $500,000.

Investments

Credit Risk - This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. The District was not exposed to credit risk at August 31, 2025.

Custodial Credit Risk - Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the name of the District. The District was not exposed to custodial credit risk at August 31, 2025.

Interest Rate Risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. The District was not exposed to interest rate risk at August 31, 2025.

Concentration of Credit Risk - This is the risk of loss attributed to the magnitude of the government's investment in a single issuer. The District was not exposed to concentration of credit risk at August 31, 2025.

Foreign Currency Risk - This is the risk that exchange rates will adversely affect the fair value of an investment. The District was not exposed to foreign currency risk at August 31, 2025.

The District's investment in certificates of deposit are included in current investments and are held by the local depository bank in the amount of $3,108,499.

The District's deposits with investment pools (Pools) are included in current investments. This amounted to $1,727,871 with Lone Star (First Public) Investment Pool and $30,494 with LOGIC as of August 31, 2025.

The investment pools used by the District are organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. The investment pools are public funds investment pools created to provide a safe environment for the placement of the District's funds in authorized short-term investments.

The investment in the Pools are based on contractual agreements and not the individual security itself, therefore; the District's investment in the Pools are not categorized as to credit risk. The market value of the Pools are based on quoted market values of underlying investments of the Pools. Authorized investments include obligations of the United States, or its agencies and instrumentalities; other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the United States or its agencies and instrumentalities; and other investments authorized by statutes governing public funds investment pools.

The Pools use amortized cost rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in the Pool is the same as the value of the shares in the pool. The purpose of the Pools is to allow for the pooling of public funds to provide a higher yield on the pooled investments than would be possible with the investment of the individual public entity's funds. The investments in the Pools and any accrued interest may be redeemed at the District's discretion.

Financial reports issued by Lone Star Investment Pool may be obtained by contacting First Public, LLC, a subsidiary of the Texas Association of School Boards (TASB), 7620 Guadalupe, Austin, Texas 78752. Financial reports issued by LOGIC may be obtained by contacting LOGIC Participant Services, 717 Harwood Street, Suite 3400, Dallas, Texas 75201.

B. RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, AND UNEARNED REVENUE

Property Tax Calender, Property Tax Receivables, and Unearned Revenue

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

Delinquent taxes receivable not paid within 60 days of year end, are recorded as deferred inflows of resources, net of an estimated allowance for uncollectible taxes. Allowances for uncollectible tax receivables are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

In the government-wide financial statements, property taxes receivable, net of an allowance for uncollectible taxes, and related revenue include all amounts due the District regardless of when the cash is received.

Due From/To Other Governments and Unavailable Revenue

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 and Per Capita Programs. Amounts due from and to federal and state governments as of August 31, 2025 are summarized below. Due from other governments at year-end consisted of the following:

Fund	State Programs	Federal Programs	Total
General Fund	438,265	-	438,265
Special Revenue Fund	26,400	60,848	87,248
Total	464,665	60,848	525,513

Amounts due to other governments and unearned revenues at year-end consisted of the following:

Fund	Tuition	State & Federal Programs	Total
General Fund	20,500	-	20,500

Deferred inflows of resources at year end consisted of the following:

	General Fund	Debt Service Fund	Total
Unavailable Revenue - Property Taxes	152,464	70,155	222,619

C. INTERFUND BALANCES AND TRANSFERS

Interfund due to/from balances at August 31, 2025 consisted of the following amounts:

Due from Other Governmental Funds to General Fund:	
From Special Revenue Funds	47,752

Transfers are periodically used to move revenues from the fund that the budget requires to collect them to the fund that the budget requires to expend them or to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. There were no interfund transfers during the year ended August 31, 2025.

D. DISAGGREGATION OF RECEIVABLES

The District disaggregates significant components of receivables in the financial statements. The only receivables not expected to be collected within one year is $667,858 of delinquent property taxes.

E. CAPITAL ASSETS

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

	Beginning Balance	Additions	Retirements/ Adjustments	Ending Balance
Governmental Activities:				
Land	319,597	-	-	319,597
Buildings and improvements	25,531,110	89,300	-	25,620,410
Vehicles and equipment	3,147,978	225,605	-	3,373,583
Right-to-use leased assets	324,719	101,074	-	425,793
Construction in progress	-	1,482,909	-	1,482,909
Totals at cost	29,323,404	1,898,888	-	31,222,292
Less accumulated depreciation:				
Buildings and improvements	14,734,696	1,014,724	-	15,749,420
Vehicles and equipment	1,806,214	303,442	-	2,109,656
Right-to-use leased assets	141,384	48,776	-	190,160
Total accumulated depreciation	16,682,294	1,366,942	-	18,049,236
Governmental activities capital assets, net	12,641,110	531,946	-	13,173,056

Depreciation was charged to governmental functions as follows:

Instruction	446,383
Instructional Resources	5,778
School Leadership	56,828
Counseling	13,899
Social Work Services	2,091
Health Services	2,594
Student Transportation	144,349
Food Services	45,932
Cocurricular/Extracurricular	451,997
General Administration	8,100
Plant Maintenance	119,009
Data Processing	54,753
Community Services	15,229
Total depreciation expense	1,366,942

F. LONG-TERM DEBT

In prior years, the District as authorized by Texas Education Code Section 45.003, authorized the issuance of Unlimited Tax School Building Bonds for construction of school facilities and purchase of equipment and vehicles.

Unlimited tax bonds outstanding at August 31, 2025 are as follows:

- Series 2016, issued in the original amount of $8,750,000. Interest rates of 2.83%. The bonds final maturity is February 15, 2034.
- Series 2020 issued in the original amount of $3,550,000. Interest rates of 3.00%. The bonds final maturity is February 15, 2035.

The sales of the Series 2016 and 2020 bond issues resulted in premiums received, which are being amortized over the life of the bonds. In addition, deferred refunding costs are being amortized over 20 years, the life of the bond.

During prior years, the District entered into a lease agreement for several high-capacity copiers. During the year ended August 31, 2025, the District added six new copiers to this lease at a cost of $101,074. The leases have an interest rate of 3.00%, monthly payments of $2,768, and a final maturity date of June, 2030. The total net book value of the leased copiers at August 31, 2025 was $136,429, including accumulated depreciation of $115,755.

During prior years, the District entered into a lease agreement with Ideal Impact to optimize energy efficiency within the District. The original agreement totaled $195,920 with 32 quarterly minimum payments of $6,122.50, which may be reduced by guaranteed savings checks. The interest rate of this agreement is 3.00%. This agreement has a maturity date of February 7, 2031. The total net book value of the right-to-use assets associated with this agreement at August 31, 2025 was $99,204, including accumulated depreciation of $74,405.

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts due within one year
Governmental Activities:					
Copier Leases	48,174	101,074	31,914	117,334	30,197
IDEAL Impact Lease	156,282	-	23,325	132,957	21,336
Refunding Bonds 2016	5,850,000	-	170,000	5,680,000	175,000
Refunding Bonds 2020	2,920,000	-	485,000	2,435,000	505,000
Total long-term debt	8,974,456	101,074	710,239	8,365,291	731,533
Unamortized bond premium	905,928	-	87,498	818,430	-
Total long term debt	9,880,384	101,074	797,737	9,183,721	731,533

Long term liabilities due after one year reported on the government-wide statement of net position include compensated absences in the amount of $544,673.

Annual debt service requirements to maturity for the District's long term debt are as follows:

	School Building Bonds		Leases		
Year ending August 31,	Principal	Interest	Principal	Interest	Total
2026	680,000	282,225	51,533	6,175	1,019,933
2027	710,000	256,225	47,503	5,095	1,018,823
2028	735,000	229,175	45,875	3,693	1,013,743
2029	765,000	201,075	46,332	2,313	1,014,720
2030	790,000	171,925	37,176	969	1,000,070
2031-2035	4,435,000	392,600	21,872	136	4,849,608
Totals	8,115,000	1,533,225	250,291	18,381	9,916,897

G. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

For the year ended August 31, 2025, revenues from local and intermediate sources reported in the governmental funds consisted of the following:

	General Fund	Special Revenue Fund	Debt Service Fund	Total
Property Taxes	2,034,338	-	799,021	2,833,359
Food Sales	-	46,898	-	46,898
Investment Income	306,311	3,064	40,022	349,397
Penalties, interest, and other tax	42,747	-	16,349	59,096
Tuition	36,861	-	-	36,861
Cocurricular student activities	44,729	-	-	44,729
Campus activity receipts	-	149,222	-	149,222
Other	32,223	-	-	32,223
Total	2,497,209	199,184	855,392	3,551,785

H. PENSION PLAN AND RETIREE HEALTH PLAN

Defined Benefit Pension Plan

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

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

Pension Plan Fiduciary Net Position. Detail 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 *http://www.trs.texas.gov/learning-resources/publications*; by writing to TRS at attention Finance Division, P.O. Box 149676, Austin, TX, 78714-0185; or by calling (800) 223-8778.

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

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 age 75 years of age or older
- A one-time $2,400 stipend to eligible annuitants age 70 to 74

Cost-of-Living Adjustment (COLA) - A 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:

- A 2% COLA for eligible retirees who retired between 9/1/2013 and 8/31/2020
- A 4% COLA for eligible retirees who retired between 9/1/2001 and 8/31/2013
- A 6% COLA for eligible retirees who retired before 8/31/2001

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 the 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 percent of the member's annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent of the aggregate annual compensation paid to members of the system during the fiscal year.

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

	2025	2024
Member	8.25%	8.25%
Non-Employer Contribution Rate (State)	8.25%	8.25%
Employers	8.25%	8.25%
District's Employer Contributions	$ 304,190	$ 299,504
District's Member Contributions	$ 572,005	$ 543,126
District's NECE On-Behalf Contributions	$ 365,777	$ 333,777

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

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

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

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

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

Net Pension Liability. The components of the net pension liability of the plan as of August 31, 2024 are disclosed below:

Components of Liability	Amount
Total Pension Liability	271,627,434,294
Less: Plan Fiduciary Net Position	(210,543,258,495)
Net Pension Liability	61,084,175,799
Net Position as a % of Total Pension Liability	77.51%

Actuarial Assumptions. The total pension liability in the August 31, 2024 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	3.87%*
Inflation	2.30%
Salary Increases	2.95% to 8.95% including inflation
Last Year Ending 8/31 in Projection Period	2123
Ad hoc Post Employment Benefit Changes	None

* - *Source for the rate is the Bond Buyers 20 Index which estimates the yield of a portfolio of 20 general bond obligations maturing in 20 Years based on a survey of municipal bond traders.*

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

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

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 7.00 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimated ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the system's target asset allocation as of August 31, 2024 are summarized below:

Asset Class*	Target Allocation**	Long-Term Expected Geometric Real Rate of Return***	Expected Contribution to Long-term Portfolio Returns
Global Equity			
U.S.	18.0%	4.4%	1.0%
Non-U.S. Developed	13.0%	4.2%	0.8%
Emerging Markets	9.0%	5.2%	0.7%
Private Equity	14.0%	6.7%	1.2%
Stable Value			
Government Bonds	16.0%	1.9%	0.4%
Absolute Return	0.0%	4.0%	0.0%
Stable Value Hedge Funds	5.0%	3.0%	0.2%
Real Return			
Real Estate	15.0%	6.6%	1.2%
Energy, Natural Resources and Infrastructure	6.0%	5.6%	0.4%
Commodities	0.0%	2.5%	0.0%
Risk Parity	8.0%	4.0%	0.4%
Asset Allocation Leverage			
Cash	2.0%	1.0%	0.0%
Asset Allocation Leverage	(6.0)%	1.3%	(0.1)%
Inflation Expectation			2.4%
Volatility Drag****			(0.7)%
Total	**100%**		**7.9%**

* *Absolute Return includes Credit Sensitive Investments.*

***Target allocations are based on the FY2024 Policy model.*

*** *Capital Market Assumptions come from 2024 SAA Study CMA Survey (as of 12/31/2023)*

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

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

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the net pension liability:	$5,186,023	$3,247,171	$1,640,254

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2025, the District reported a liability of $3,247,171 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	$3,247,171
State's proportionate share that is associated with the District	3,964,822
Total	$7,211,993

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

At August 31, 2024 the employer's proportion of the collective net pension liability was 0.0053159%, compared to 0.0050265% as of August 31, 2023, which is an increase of 5.76%.

Changes 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) that provides a stipend payment to certain retirees and a variable ad hoc 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, the 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 (HJR2) of the 88th Regular Legislative Session appropriated payments of $1.645 billion for one-time stipends and $3.355 billion for COLAs. The appropriation is treated as a supplemental contribution and included in other additions. Since the Legislature appropriated the funds for this one-time stipend and COLA, there was no impact on the net pension liability of TRS.

For the year ended August 31, 2025, the District recognized pension expense of $473,862 and revenue of $365,777 for support provided by the State in the Government-wide Statement of Activities.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$178,980	$25,352
Changes in actuarial assumptions	167,658	22,477
Difference between projected and actual investment earnings	19,738	-
Changes in proportion and difference between the employer's contribution and the proportionate share of contributions	402,390	29,941
Contributions paid to TRS subsequent to the measurement date	304,190	-
Total	$1,072,956	$77,770

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

Fiscal year:	Pension Expense Amount
2026	$427,070
2027	472,429
2028	123,162
2029	(55,668)
2030	28,193
Thereafter	-

I. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

Other Post -Employment Benefit Plan (OPEB)

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

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

reasonably necessary to administer the program, including minimum benefits and financing standards.

OPEB Plan Fiduciary Net Position. Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report 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 attention Finance Division, P.O. Box 149676, Austin, TX, 78714-0185; or by calling (800) 223-8778.

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

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

TRS-Care Plan Premium Rates
Effective January 1, 2024 - December 31, 2024

	Medicare	Non-Medicare
Retiree (or surviving spouse)	$135	$200
Retiree and spouse	$529	$689
Retiree or surviving spouse and children	$468	$408
Retiree and family	$1,020	$999

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65 percent of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual contribution rate is prescribed by the Legislature in the General Appropriations Act, which is 0.75 percent of each active employee's pay for fiscal year 2024.

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

	2025	2024
Member	0.65%	0.65%
Non-Employer Contribution Rate (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
District's Employer Contributions	$ 64,032	$ 64,865
District's Member Contributions	$ 45,066	$ 42,792
District's NECE On-Behalf Contributions	$ 81,275	$ 74,230

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

In addition to the pension plan and TRS-Care state contributions on behalf of the District, the District is allocated a portion of the Medicare Part D retiree drug subsidy that TRS-Care receives. The amounts allocated on behalf of the District were $47,371, $33,656 and $32,108 for the years ended August 31, 2025, 2024 and 2023, respectively.

Actuarial Assumptions. The actuarial valuation was performed as of August 31, 2023. Updated procedures were used to roll forward the Total OPEB Liability to August 31, 2024. The actuarial valuation was determined using the following actuarial assumptions:

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

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

The active mortality rates were based on PUB(2010), amount-weighted, below-median income, teacher males and female tables (with a two-year set forward for males). The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioner Mortality Tables. The rates were projected on a fully generational basis using the ultimate improvement rates from mortality projection scale MP-2021.

Additional Actuarial Methods and Assumptions:

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

The initial medical trend rate was 6.75 percent for non-Medicare retirees. For the Medicare retirees, trend rates are higher in the first two years due to anticipated growth, but thereafter match those of non-Medicare retirees. The initial prescription drug trend rate was 7.25 percent for all retirees. The initial trend rates decreased due to an ultimate trend rate of 4.25 percent over a period of 11 years.

Discount Rate. A single discount rate of 3.87 percent was used to measure the total OPEB liability. There was a decrease of 0.26 percent in the discount rate since the previous year. Because the investments are held in cash and there is no intentional objective to advance fund the benefits, the single discount rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate is the Bond 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% less than and 1% greater than the discount rate that was used in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (2.87%)	Discount Rate (3.87%)	1% Increase in Discount Rate (4.87%)
District's proportionate share of the OPEB liability:	$2,574,972	$2,167,399	$1,838,075

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At August 31, 2025, the District reported a liability of $2,167,399 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 OPEB liability	$2,167,399
State's proportionate share that is associated with the District	2,715,722
Total	$4,883,121

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

At August 31, 2024 the employer's proportion of the collective Net OPEB Liability was 0.0071410%, compared to 0.0070915% as of August 31, 2023, which is an increase of 0.70%.

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

	1% Decrease in Health Care Cost Trend Rate	Current Health Care Cost Trend Rate	1% Increase in Health Care Cost Trend Rate
District's proportionate share of the OPEB liability:	$1,675,025	$2,167,399	$2,691,733

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

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

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

For the year ended August 31, 2025, the District recognized an OPEB benefit of $201,021 and revenue of $46,284 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$415,418	$1,081,650
Changes in actuarial assumptions	277,402	707,197
Difference between projected and actual investment earnings	-	6,069
Changes in proportion and difference between the employer's contribution and the proportionate share of contributions	576,684	167,595
Contributions paid to TRS subsequent to the measurement date	64,032	-
Total	$1,333,536	$1,962,511

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

Fiscal year:	OPEB Expense Amount
2026	($126,825)
2027	(92,693)
2028	(163,859)
2029	(149,359)
2030	(67,415)
Thereafter	(28,824)

J. HEALTH CARE COVERAGE

During the year ended August 31, 2025, employees of the District were covered by a state wide health care program known as TRS-Active Care. TRS-Active Care is administered by the Teacher Retirement System of Texas. The District contributed $425 per month per employee to TRS, and employees, at their option, authorized payroll withholdings to fund contributions for dependents.

K. SELF-FUNDED WORKERS' COMPENSATION

The District has joined together with other area district's to form a self-insurance workers' compensation risk pool (Pool.) Claims administration and processing for the Pool is provided by Claim Administrative Services, Inc. The agreement for the formation of the Pool provides that the Pool will be self sustaining through member premiums and will reinsure through commercial insurance companies for claims in excess of $500,000 for each insured event, with an unlimited aggregate. The Pool contracts with Midwest Employers Casualty Company for reinsurance.

The District's administrative expenses for the years ended August 31, 2025 and 2024 were $16,390 and $14,249, respectively. The claims administrator estimates the District's annual loss maximum at $38,949 for the year ended August 31, 2025. Estimated total claims liability for the years ended August 31, 2025 and 2024, included estimated claims incurred but not reported, in the amount of $26,442 and $30,997. The estimated total liability for workers' compensation claims including incurred but not reported claims amounts to $10,539 and $11,733 for 2025 and 2024, respectively.

	2025	2024
Claims liability, beginning of year	30,997	29,308
Incurred claims:		
Provision for insured events of current year	5,861	10,561
Increase (Decrease) in provision for insured events of prior years	(7,854)	(4,957)
Total incurred claims	(1,993)	5,604
Payments:		
Claims expenses attributable to insured events of current year	389	2,014
Claims expenses attributable to insured events of prior years	2,173	1,901
Total payments	2,562	3,915
Total unpaid claims at the end of the year	26,442	30,997

L. 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 ability to collect any related receivable at August 31, 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 financial statements for such contingencies.

M. JOINT VENTURE - SHARED SERVICE ARRANGEMENTS

The District is a fiscal agent of a shared services arrangement with area school districts for a career and technology consortium. The District is responsible for all financial activities of the shared services arrangement, including expenditure of funds in accordance with applicable laws and regulations. The District accounts for the revenues and expenditures in this program and reports them in the financial statements. Presented below are expenditures of the shared service arrangement attributable to the participating districts:

Joaquin ISD	14,463
Gary ISD	7,963
Shelbyville ISD	13,464
Tenaha ISD	1,768
Timpson ISD	15,380
Total	53,038

Alternative Education Program

The District participates with other school districts in an alterative education program for its students under disciplinarian action. Center ISD acts as the fiscal agent and each member pays a prorated share based on enrollment.

N. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended August 31, 2025, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

O. CHANGES WITHIN FINANCIAL REPORTING ENTITY

During the year ended August 31, 2025, the Debt Service Fund was changed from a nonmajor fund to a major fund. The following reporting units were affected by this change within the financial reporting entity.

Reporting Units Affected by Adjustments to Beginning Balances

	Debt Service Fund	Nonmajor Governmental Funds
8/31/2025, as previously reported	-	820,404
Change from nonmajor fund to major fund	645,350	(645,350)
8/31/2025, as restated	645,350	175,054

P. PRIOR PERIOD ADJUSTMENT

Effective September 1, 2024, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. As a result, compensated absences liabilities now include additional types of leave such as parental, military, and jury duty leave, when the leave has commenced. The liability at year-end is measured based on the leave balances as of August 31, 2025, adjusted for expected usage and applicable compensation rates. Adoption of GASB 101 required a prior period adjustment to report the effect retroactively. The amount of the prior period adjustment is ($476,838). The restated beginning net position at September 1, 2024 is $4,499,782. Prior year comparative data has been restated to include the liability as measured at August 31, 2024.

Required Supplementary Schedules

JOAQUIN INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP Basis)	Variance With Final Budget Positive (Negative)
		Original	Final		
	REVENUES:				
5700	Local and intermediate sources	2,340,000	2,473,000	2,497,209	24,209
5800	State program revenues	8,215,000	8,616,000	8,676,421	60,421
5900	Federal program revenues	-	61,000	61,101	101
5020	Total revenues	10,555,000	11,150,000	11,234,731	84,731
	EXPENDITURES:				
0011	Instruction	5,488,218	5,628,218	5,600,793	27,425
0012	Instructional resources and media services	8,027	8,027	4,760	3,267
0013	Curriculum and staff development	161,555	155,555	151,563	3,992
0021	Instructional leadership	220,174	233,874	231,407	2,467
0023	School leadership	745,736	761,936	753,634	8,302
0031	Guidance, counseling, and evaluation services	383,879	394,879	393,597	1,282
0032	Social work services	30,248	31,248	30,917	331
0033	Health services	91,870	91,870	88,355	3,515
0034	Student transportation	357,941	532,441	506,386	26,055
0036	Cocurricular/extracurricular activities	724,013	812,313	805,618	6,695
0041	General administration	643,113	607,413	597,980	9,433
0051	Plant maintenance and operations	1,208,298	1,278,298	1,252,049	26,249
0052	Security and monitoring services	74,235	88,235	85,900	2,335
0053	Data processing services	230,693	194,693	183,049	11,644
0071	Principal on long-term debt	69,000	59,000	55,239	3,761
0072	Interest on long-term debt	13,000	13,000	5,625	7,375
0081	Facilities acquisition and construction	-	1,490,000	1,482,909	7,091
0099	Other intergovernmental charges	105,000	105,000	101,584	3,416
6030	Total expenditures	10,555,000	12,486,000	12,331,365	154,635
1100	Excess (deficiency) of revenues over expenditures	-	(1,336,000)	(1,096,634)	239,366
	OTHER FINANCING SOURCES (USES):				
7913	Proceeds from right-to-use lease	-	101,000	101,074	74
7915	Transfers in (sources)	-	-	-	-
8911	Transfers out (uses)	-	-	-	-
7080	Total other financing sources (uses)	-	101,000	101,074	74
1200	Net change in fund balances	-	(1,235,000)	(995,560)	239,440
0100	Fund balance - September 1 (beginning)	5,855,121	5,855,121	5,855,121	-
3000	Fund balance - August 31 (ending)	5,855,121	4,620,121	4,859,561	239,440

The accompanying notes are an integral part of this statement

JOAQUIN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT SYSTEM
FOR THE YEAR ENDED AUGUST 31, 2025

	FY 2025 Plan Year 2024	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022
District's Proportion of the Net Pension Liability (Asset)	0.0053159%	0.0050265%	0.0050098%
District's Proportionate share of the Net Pension Liability (Asset)	$ 3,247,171	$ 3,452,740	$ 2,974,171
State's Proportionate share of the Net Pension Liability (Asset) associated with the District	3,964,822	4,460,347	3,699,233
TOTAL	$ 7,211,993	$ 7,913,087	$ 6,673,404
District's Covered Payroll	$ 6,583,347	$ 6,066,430	$ 5,422,335
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	49.32%	56.92%	54.85%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.51%	73.15%	75.62%

Note: GASB Codification, Vol. 2, P20.183 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2024 for fiscal year 2025, August 31, 2023 for fiscal year 2024, August 31, 2022 for fiscal year 2023, August 31, 2021 for fiscal year 2022, August 31, 2020 for fiscal year 2021, August 31, 2019 for fiscal year 2020, August 31, 2018 for fiscal year 2019, August 31, 2017 for fiscal year 2018, August 31, 2016 for fiscal year 2017, and August 31, 2015 for fiscal 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
0.0040611%	0.0036091%	0.0039051%	0.0040616%	0.0036933%	0.0037690%	0.0045352%
$ 1,034,227	$ 1,932,980	$ 2,030,005	$ 2,235,603	$ 1,180,920	$ 1,424,277	$ 1,603,133
1,863,362	3,981,539	3,668,770	4,054,231	2,381,357	2,894,605	3,050,883
$ 2,897,589	$ 5,914,519	$ 5,698,775	$ 6,289,834	$ 3,562,277	$ 4,318,882	$ 4,654,016
$ 5,282,272	$ 5,093,364	$ 4,767,395	$ 4,813,798	$ 4,444,025	$ 4,388,769	$ 4,688,907
19.58%	37.95%	42.58%	46.44%	26.57%	32.45%	34.19%
88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%

JOAQUIN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS FOR PENSIONS
TEACHERS RETIREMENT SYSTEM
FOR FISCAL YEAR 2025

	2025	2024	2023
Contractually Required Contribution	$ 304,190	$ 299,504	$ 258,375
Contribution in Relation to Contractually Required Contribution	(304,190)	(299,504)	(258,375)
Contribution Deficiency (Excess)	$ -	$ -	$ -
District's Covered Payroll	$ 6,933,397	$ 6,583,347	$ 6,066,430
Contributions as a Percentage of Covered Payroll	4.39%	4.55%	4.26%

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
$ 233,725	$ 173,071	$ 148,444	$ 136,786	$ 136,795	$ 121,032	$ 116,903
(233,725)	(173,071)	(148,444)	(136,786)	(136,795)	(121,032)	(116,903)
$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 5,422,335	$ 5,282,272	$ 5,093,364	$ 4,767,395	$ 4,813,798	$ 4,444,025	$ 4,388,769
4.31%	3.28%	2.91%	2.87%	2.84%	2.72%	2.66%

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

	FY 2025 Plan Year 2024	FY 2024 Plan Year 2023
District's Proportion of the Net Liability (Asset) for OPEB	0.0071410%	0.0070915%
District's Proportionate share of the Net OPEB Liability (Asset)	$ 2,167,399	$ 1,569,939
State's Proportionate share of the Net OPEB Liability (Asset) associated with the District	2,715,722	1,894,372
TOTAL	$ 4,883,121	$ 3,464,311
District's Covered Payroll	$ 6,583,347	$ 6,066,430
District's Proportionate Share of the Net OPEB Liability (Asset) as a percentage of its Covered Payroll	32.92%	25.88%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	13.70%	14.94%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. The amounts reported for FY 2025 are for measurement date August 31, 2024. The amounts reported for FY 2024 are for measurement date August 31, 2023. The amounts reported for FY 2023 are for measurement date August 31, 2022. The amounts reported for FY 2022 are for measurement date August 31, 2021. The amounts reported for FY 2021 are for the measurement date of August 31, 2020. The amounts for FY 2020 are for the measurement date August 31, 2019. The amounts for FY 2019 are for the measurement date August 31, 2018. The amounts for FY 2018 are based on the August 31, 2017 measurement date.

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 2023 Plan Year 2022	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
0.0074772%	0.0072506%	0.0064601%	0.0064033%	0.0059854%	0.0053649%
$ 1,790,333	$ 2,796,898	$ 2,455,762	$ 3,028,220	$ 2,988,586	$ 2,332,979
2,183,924	3,747,219	3,299,956	4,023,825	4,026,450	3,410,017
$ 3,974,257	$ 6,544,117	$ 5,755,718	$ 7,052,045	$ 7,015,036	$ 5,742,996
$ 5,422,335	$ 5,282,272	$ 5,093,364	$ 4,767,395	$ 4,813,798	$ 4,444,025
33.02%	52.95%	48.21%	63.52%	62.08%	52.50%
11.52%	6.18%	4.99%	2.66%	1.57%	0.91%

JOAQUIN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS FOR OTHER POST EMPLOYMENT BENEFITS (OPEB)
TEACHERS RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2025

	2025	2024
Contractually Required Contribution	$ 64,032	$ 64,865
Contribution in Relation to Contractually Required Contribution	(64,032)	(64,865)
Contribution Deficiency (Excess)	$ -	$ -
District's Covered Payroll	$ 6,933,397	$ 6,583,347
Contributions as a Percentage of Covered Payroll	0.92%	0.99%

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 for the years where data is available.
Eventually, 10 years of data should be presented.

2023	2022	2021	2020	2019	2018
$ 61,517	$ 61,406	$ 56,651	$ 49,101	$ 45,446	$ 40,756
(61,517)	(61,406)	(56,651)	(49,101)	(45,446)	(40,756)
$ -	$ -	$ -	$ -	$ -	$ -
$ 6,066,430	$ 5,422,335	$ 5,282,272	$ 5,093,364	$ 4,767,395	$ 4,813,798
1.01%	1.13%	1.07%	0.96%	0.95%	0.85%

JOAQUIN INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED AUGUST 31, 2024

A. Notes to Schedules for the TRS Pension

Changes of Benefit terms.

The Texas 2023 Legislature passed Senate Bill 10 (SB10) that provides a stipend payment to certain retirees and a variable ad hoc 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, the 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 (HJR2) of the 88th Regular Legislative Session appropriated payments of $1.645 billion for one-time stipends and $3.355 billion for COLAs. The appropriation is treated as a supplemental contribution and included in other additions. Since the Legislature appropriated the funds for this one-time stipend and COLA, there was no impact on the net pension liability of TRS.

Changes of Assumptions.

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

B. Notes to Schedules for the TRS OPEB Plan

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 (TOL) 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, accompanied by revised demographic and economic assumptions based on the TRS experience study.
- The tables used to model the impact of aging on the underlying claims were revised.

Combining Schedules

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

Data Control Codes		Special Revenue Funds			
		211	**224**	**225**	**240**
		Title I Part A	**IDEA Part B Formula**	**IDEA Part B Preschool**	**School Lunch & Breakfast Program**
	ASSETS				
1110	Cash and cash equivalents	-	-	-	51,760
1240	Due from other governments	3,104	13,642	2,835	34,396
1300	Inventories	-	-	-	14,546
1000	Total Assets	3,104	13,642	2,835	100,702
	LIABILITIES				
2110	Accounts payable	-	-	-	28,433
2170	Due to other funds	3,104	13,642	2,835	-
2000	Total Liabilities	3,104	13,642	2,835	28,433
	FUND BALANCES				
	Nonspendable Fund Balance:				
3410	Inventories	-	-	-	14,546
	Restricted Fund Balance:				
3450	Federal or state grant programs	-	-	-	57,723
	Assigned Fund Balance:				
3590	Other assigned fund balance	-	-	-	-
3000	Total Fund Balances	-	-	-	72,269
4000	Total Liabilities, Deferred Inflows and Fund Balances	3,104	13,642	2,835	100,702

Special Revenue Funds							
255 Title II A, Training/ Recruiting	**270 Title V Rural & Low Income**	**289 Other Federal Programs**	**331 SSA - Career & Technical Basic Grant**	**410 State Textbook Fund**	**429 Other State Programs**	**461 Campus Activity Funds**	**Total Nonmajor Governmental Funds**
-	-	-	-	-	-	45,505	97,265
4,943	-	-	1,928	5,100	21,300	-	87,248
-	-	-	-	-	-	-	14,546
4,943	-	-	1,928	5,100	21,300	45,505	199,059
-	-	-	-	5,100	-	-	33,533
4,943	-	-	1,928		21,300	-	47,752
4,943	-	-	1,928	5,100	21,300	-	81,285
-	-	-	-	-	-	-	14,546
-	-	-	-	-	-	-	57,723
-	-	-	-	-	-	45,505	45,505
-	-	-	-	-	-	45,505	117,774
4,943	-	-	1,928	5,100	21,300	45,505	199,059

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

Data Control Codes		Special Revenue Funds			
		211	224	225	240
		Title I Part A	IDEA Part B Formula	IDEA Part B Preschool	School Lunch & Breakfast Program
	REVENUES				
5700	Total local and intermediate sources	-	-	-	49,961
5800	State program revenues	-	-	-	2,354
5900	Federal program revenues	270,044	171,575	9,150	441,821
5020	Total Revenues	270,044	171,575	9,150	494,136
	EXPENDITURES				
0011	Instruction	245,733	155,575	9,150	-
0013	Curriculum and staff development	13,256	-	-	-
0031	Guidance, counseling, and evaluation services	2,454	-	-	-
0032	Social work services	500	-	-	-
0035	Food service	-	-	-	525,034
0036	Extracurricular activities	-	-	-	-
0041	General administration	8,101	-	-	-
0051	Facilities maintenance & operations	-	-	-	22,621
0052	Security and monitoring services	-	-	-	-
0093	Payments to fiscal agent/member districts of SSA	-	16,000	-	-
6030	Total Expenditures	270,044	171,575	9,150	547,655
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	(53,519)
	OTHER FINANCING SOURCES (USES)				
7915	Transfers in	-	-	-	-
8911	Transfers out (uses)	-	-	-	-
7080	Total other financing sources and uses	-	-	-	-
1200	Net change in fund balances	-	-	-	(53,519)
0100	Fund balances, beginning	-	-	-	125,788
1300	Increase (decrease) in fund balance (Note O)	-	-	-	-
3000	Fund balances, ending	-	-	-	72,269

Special Revenue Funds								
255 Title II A, Training/ Recruiting	270 Title V Rural & Low Income	289 Other Federal Programs	331 SSA - Career & Technical Basic Grant	410 State Textbook Fund	429 Other State Programs	461 Campus Activity Funds	Prior Year Debt Service Fund	Total Nonmajor Governmental Funds
-	-	-	-	-	-	149,223		199,184
-	-	-	-	60,012	150,000	-		212,366
36,557	24,680	21,928	53,038	-	-	-		1,028,793
36,557	24,680	21,928	53,038	60,012	150,000	149,223		1,440,343
35,460	24,680	21,513	50,916	56,541	-	23,300		622,868
-	-	-	-	3,471	-	-		16,727
-	-	-	-	-	-	-		2,454
-	-	-	-	-	-	-		500
-	-	-	-	-	-	-		525,034
-	-	-	-	-	-	129,684		129,684
1,097	-	415	2,122	-	-	-		11,735
-	-	-	-	-	-	-		22,621
-	-	-	-	-	150,000	-		150,000
-	-	-	-	-	-	-		16,000
36,557	24,680	21,928	53,038	60,012	150,000	152,984		1,497,623
-	-	-	-	-	-	(3,761)		(57,280)
-	-	-	-	-	-	-		-
-	-	-	-	-	-	-		-
-	-	-	-	-	-	-		-
-	-	-	-	-	-	(3,761)		(57,280)
-	-	-	-	-	-	49,266	645,350	820,404
-	-	-	-	-	-	-	(645,350)	(645,350)
-	-	-	-	-	-	45,505	-	117,774

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Required TEA Schedules

JOAQUIN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
AUGUST 31, 2025

	1	2	3
Last Ten Years	**Tax Rates**		**Assessed or Appraised Valuation for School**
Ended August 31,	**Maintenance**	**Debt Service**	**Tax Purposes**
2016 & Prior	Various	Various	-
2017	1.17000	0.42730	165,961,342
2018	1.17000	0.42730	173,883,303
2019	1.17000	0.45140	187,681,568
2020	1.06830	0.47340	228,121,034
2021	1.05470	0.47470	200,586,937
2022	1.05170	0.46680	211,082,318
2023	0.94290	0.37320	267,994,833
2024	0.75750	0.29130	313,376,716
2025 (School year under audit)	0.75750	0.29750	279,399,810
1000 Totals			
8000 Total Taxes Refunded Under Section 26.1115, Tax Code			

10	20	31	32	40	50	99
Beginning Balance September 1	Current Year's Total Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance August 31	Taxes Refunded Under Section 26.1115c
388,950		4,266	1,649	(16,528)	366,507	
36,109		1,962	741	(1,101)	32,305	
32,487		1,424	520	(1,370)	29,173	
42,161		2,837	1,117	(1,433)	36,774	
58,677		1,795	740	(14,146)	41,996	
56,182		1,151	512	(11,558)	42,961	
61,180		3,056	1,342	3,939	60,721	
80,862		7,620	3,016	(1,158)	69,068	
123,777		14,107	5,425	(11,951)	92,294	
-	2,947,668	2,031,238	797,751		118,679	
880,385	2,947,668	2,069,456	812,813	(55,306)	890,478	
						-

JOAQUIN INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
CHILD NUTRITION FUND
FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP Basis)	Variance With Final Budget Positive (Negative)
		Original	Final		
	REVENUES:				
5700	Local and intermediate sources	56,300	46,300	49,961	3,661
5800	State program revenues	2,000	2,000	2,354	354
5900	Federal program revenues	456,700	441,700	441,821	121
5020	Total revenues	515,000	490,000	494,136	4,136
	EXPENDITURES:				
0035	Food service	539,000	534,000	525,034	8,966
0051	Facilities maintenance and operations	26,000	26,000	22,621	3,379
6030	Total expenditures	565,000	560,000	547,655	12,345
1100	Excess (deficiency) of revenues over expenditures	(50,000)	(70,000)	(53,519)	16,481
	OTHER FINANCING SOURCES (USES):				
7915	Transfers in	-	-	-	-
8911	Transfers out	-	-	-	-
7080	Total other financing sources (uses)	-	-	-	-
1200	Net change in fund balances	(50,000)	(70,000)	(53,519)	16,481
0100	Fund balance - September 1 (beginning)	125,788	125,788	125,788	-
3000	Fund balance - August 31 (ending)	75,788	55,788	72,269	16,481

JOAQUIN INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP Basis)	Variance With Final Budget Positive (Negative)
		Original	Final		
	REVENUES:				
5700	Local and intermediate sources	841,200	853,200	855,392	2,192
5800	State program revenues	125,000	143,000	143,609	609
5020	Total revenues	966,200	996,200	999,001	2,801
	EXPENDITURES:				
0071	Debt service - principal on long-term debt	655,000	655,000	655,000	-
0072	Debt service - interest on long-term debt	307,200	307,200	307,200	-
0073	Debt service - bond issuance costs and fees	4,000	4,000	3,050	950
6030	Total expenditures	966,200	966,200	965,250	950
1100	Excess (deficiency) of revenues over expenditures	-	30,000	33,751	3,751
	OTHER FINANCING SOURCES (USES):				
7915	Transfers in	-	-	-	-
8911	Transfers out	-	-	-	-
7080	Total other financing sources (uses)	-	-	-	-
1200	Net change in fund balances	-	30,000	33,751	3,751
0100	Fund balance - September 1 (beginning)	645,350	645,350	645,350	-
3000	Fund balance - August 31 (ending)	645,350	675,350	679,101	3,751

JOAQUIN INDEPENDENT SCHOOL DISTRICT
USE OF FUNDS REPORT - STATE ALLOTMENT PROGRAMS
FOR THE YEAR ENDED AUGUST 31, 2025

Section A: Compensatory Education Programs

AP1	Did your district expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the district have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	$ 685,916
AP4	List the actual direct program expenditures for state compensatory education programs during the district's fiscal year.	$ 421,147

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	Yes
AP7	List the total state allotment funds received for bilingual education programs during the district's fiscal year.	$ 26,675
AP8	List the actual direct program expenditures for bilingual education programs during the district's fiscal year.	$ 14,302

FEDERAL AWARDS SECTION

Goff&Herrington, P.C.
A.J. Goff, CPA
Ronnie Herrington, CPA
Daniel Raney, CPA
Laurie Durbin, CPA
P.O. Box 153320 ● Lufkin, TX. 75915-3320 ● (936) 634-2345 ● Fax:(936) 622-6823
Certified Public Accountants

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

Members of the Board of Trustees of
Joaquin Independent School District
Joaquin, 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 Joaquin Independent School District (District), as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 30, 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

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

Goff & Herrington, P.C.

GOFF & HERRINGTON, P.C.
Certified Public Accountants

November 30, 2025

Goff&Herrington,P.C.
Certified Public Accountants

A.J. Goff, CPA
Ronnie Herrington, CPA
Daniel Raney, CPA
Laurie Durbin, CPA

P.O. Box 153320 ● Lufkin, TX. 75915-3320 ● (936) 634-235 ● Fax:(936) 622-6823

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

Members of the Board of Trustees of
Joaquin Independent School District
Joaquin, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Goff & Herrington, P.C.

GOFF & HERRINGTON, P.C.
Certified Public Accountants

November 30, 2025

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

Section I - Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	___yes __X__no
Significant Deficiencies identified that are not considered to be material weaknesses?	____yes __X__no
Noncompliance material to financial statements noted?	____yes __X__no

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	___yes __X__no
Significant Deficiencies identified that are not considered to be material weaknesses?	___yes __X__no
Type of auditor's report on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___yes __X__no

Identification of Major Programs

Fed. Asst. Listing No. 10.553 & 10.555	Child Nutrition Cluster (CNC)
Dollar threshold used to distinguish between Type A and Type B programs	$750,000
Auditee qualified as a low risk auditee?	__X__yes ___no

Section II - Financial Statement Findings

None identified.

Section III - Federal Award Findings and Questioned Costs

None identified.

JOAQUIN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF STATUS OF PRIOR FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2025

There were no findings reported for the prior year.

JOAQUIN INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2025

None required.

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

(1) Federal Grantor/ Pass-Through Grantor/ Program title	(2) Federal Assistance Listing Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. Department of Education			
Impact Aid - Federal Forest	84.041	2025FF210902	33,402
Total Direct			33,402
Passed through Texas Education Agency:			
Title 1, Part A	84.010A	25610101210902	270,044
IDEA Part B Formula	84.027A	256600012109026000	171,575
IDEA Part B Preschool	84.173A	256610012109026000	9,150
Total Special Education Cluster (IDEA)			180,725
Title II, Part A	84.367A	25694501210902	36,557
Title IV, Part A, Subpart 1	84.424A	25680101210902	21,928
Title V, Part B, Subpart 2	84.358B	25696001210902	24,680
Carl D. Perkins Basic Grant	84.048A	25420006210902	53,038
Total Passed through Texas Education Agency			586,972
Total Department of Education			620,374
U.S. Department of Agriculture			
Passed through Texas Education Agency:			
School Breakfast Program	10.553	71402501	66,252
School Lunch Program	10.555	71302501	345,708
Commodities	10.555	210002A	29,861
Total Child Nutrition Cluster			441,821
Total Department of Agriculture			441,821
Total Expenditures of Federal Awards			1,062,195

$33,402 of federal revenues are in the General Fund.

JOAQUIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2025

Basis of Presentation:

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

Summary of Significant Accounting Policies:

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental funds are accounted for using a current-financial-resources measurement focus. All federal grant funds are accounted for in the Special Revenue Fund, a component of the governmental funds. With this measurement focus, only current assets and current liabilities, generally, are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified-accrual basis of accounting is used for the governmental funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual (measurable and available) and expenditures in the accounting period in which the fund liability is incurred, except that principal and interest on general long-term debt are recognized when due. Federal grant funds are considered to be earned when all eligibility requirements have been met. Any excess of revenues or expenditures is recorded as unearned revenues or accounts receivable, respectively.

The disbursement of funds received under federal grant programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund. In the opinion of management, such disallowed claims, if any, will not have a material effect on any of the financial statements of the individual fund types or on the overall financial position of the District at August 31, 2025.

Indirect Cost Rate:

The District has elected not to use the 15-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Reconciliation to Exhibit C-3:

Federal revenues in the accompanying financial statements include federal source revenues which are not considered federal assistance for purposes of the Schedule of Expenditures of Federal Awards. A reconciliation follows:

Total Federal Expenditure, Exhibit K-1	$1,062,195
School Health and Related Services (SHARS)	27,699
Total Federal Revenues, Exhibit C-3	$1,089,894