**EDGEWOOD INDEPENDENT SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED AUGUST 31, 2025**

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

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CERTIFICATE OF BOARD

| Edgewood Independent School District | Van Zandt | 234-903 |
|---|---|---|
| Name of School District | County | Co.-Dist. Number |

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) ____X____ approved _____ disapproved for the year ended August 31, 2025 at a meeting of the Board of Trustees of such school district on the ___19th___ day of ___January___, 2026.

*/s/ Judy Steadham*

_____
Signature of Board **Secretary**

*/s/ Eric James*

_____
Signature of Board **President**

If the Board of Trustees disapproved of the auditors' report, the reason(s) for disapproving it is(are):
(attach list as necessary)

*Morgan, Davis, & Company, P.C.*
**Post Office Box 8158**
**Greenville, Texas 75404**

**Unmodified Opinions on Basic Financial Statements Accompanied by Required Supplementary Information and Supplementary Information including Supplementary Schedule of Expenditures of Federal Awards**

## Independent Auditor's Report

Edgewood Independent School District
804 East Pine
Edgewood, Texas 75117

**Report on the Financial Statements**

***Opinions***

We have audited the financial statements of the governmental activities, proprietary funds, each major fund, and the aggregate remaining fund information of Edgewood Independent School 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, proprietary funds, each major fund, and the aggregate remaining fund information of Edgewood Independent School District as of August 31, 2025 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Change in Accounting Principle***

As discussed in Note Q to the financial statements, during the current year the District adopted new accounting guidance, GASBS Number 101, *Compensated Absences.* As a result, beginning net position was restated to recognize compensated absences in accordance with the new standard. Our opinions are not modified with respect to this matter.

***Basis for Opinions***

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

***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 to be 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedules contained in Exhibits G-1 through G-5 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 Combining Statements for Nonmajor Governmental Funds contained in Exhibits H-1 & H-2, the Texas Education Agency required schedules contained in Exhibits J-1 through J-4 and L-1, and the Schedule of Expenditures of Federal Awards on Exhibit K-1, 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 Statements for Nonmajor Governmental Funds, the Texas Education Agency required schedules, and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2026 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 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.

*/s/ Morgan, Davis & Company, P.C.*

_____

Morgan, Davis, & Company, P.C.
Greenville, Texas
January 8, 2026

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

In this section of the Annual Financial and Compliance Report, we, the administrators of Edgewood Independent School District, discuss and analyze the District's financial performance for the fiscal year ended August 31, 2025. Please read it in conjunction with the District's Basic Financial Statements which follow this section.

## FINANCIAL HIGHLIGHTS

- The District's total combined net position increased by $3,398,028 as a result of this year's operations.

- The District's assets exceeded its liabilities at the close of the most recent fiscal year by $20,111,916, which represents the District's total combined net position.

- As of August 31, 2025, the District's governmental funds reported a combined fund balance of $38,033,657 compared to $37,647,339 for the last fiscal year. Included in this ending combined fund balance are unspent bond proceeds of $30,165,980. The General Fund reported a fund balance of $6,266,344 this fiscal year compared to $6,765,476 for the last fiscal year.

- The District's total tax rate for the 2024-2025 school year was $ 1.2384 with $ 0.7552 for maintenance & operation and $ 0.4832 for debt service.

## USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 12 and 13). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 14) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to external customers and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district.

The notes to the financial statements (starting on page 27) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for nonmajor funds contain even more information about the District's individual funds. These are not required by T.E.A. The section labeled Required Texas Education Agency Schedules contains data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

## Reporting the District as a Whole

### *The Statement of Net Position and the Statement of Activities*

The analysis of the District's overall financial condition and operations begins on page 12. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

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

These two statements report the District's net position and changes in them. The District's net position (the difference between assets and liabilities) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider non-financial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, the District has one kind of activity:

- Governmental activities–All of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.

## Reporting the District's Most Significant Funds

### *Fund Financial Statements*

The fund financial statements begin on page 14 and provide detailed information about the most significant funds–not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the Every Student Succeeds Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes. The District's two kinds of funds–governmental and proprietary–use different accounting approaches.

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

- Proprietary funds–The District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. The internal service funds (a category of proprietary funds) report activities that provide services for the District's other programs and activities–such as the District's self-insurance programs.

**The District as Trustee**

***Reporting the District's Fiduciary Responsibilities***

The District is the trustee, or fiduciary, for money raised by student activities. All of the District's fiduciary activities are reported in separate Statement of Fiduciary Net Position on page 25 and Statement of Changes in Fiduciary Fund Net Position on page 26. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The District is presenting government-wide financial analysis in the form of current year data and prior year data and the changes in these accounts. Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental activities.

Net position of the District's governmental activities increased from $16,716,572 last year to $20,111,916 at August 31, 2025. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased from $1,214,471 last year to $862,622 at August 31, 2025.

Changes in net position of the District's governmental activities were a $4,575,031 increase last year compared to a $3,398,028 increase at August 31, 2025.

**Table I**
**Edgewood Independent School District**
**NET POSITION**

| | Governmental Activities 8/31/2025 | Governmental Activities 8/31/2024 | Net Change |
|---|---|---|---|
| Current and other assets | $40,026,822 | $39,008,115 | $1,018,707 |
| Capital assets | 29,186,879 | 18,007,656 | 11,179,223 |
| Total assets | $69,213,701 | $57,015,771 | $12,197,930 |
| Deferred Outflows | $2,773,864 | $2,664,562 | $109,302 |
| | | | |
| Current and other liabilities | $1,598,538 | $994,590 | $603,948 |
| Long-term liabilities | 41,785,310 | 33,452,433 | 8,332,877 |
| Net Pension Liability (District's Share) | 3,223,720 | 3,500,648 | (276,928) |
| Net OPEB Liability (District's Share) | 2,684,548 | 1,818,405 | 866,143 |
| Total liabilities | $49,292,116 | $39,766,076 | $9,526,040 |
| Deferred Inflows | $2,583,533 | $3,197,685 | ($614,152) |
| | | | |
| Net Position: | | | |
| Net Investment in Capital Assets | ($12,595,829) | ($15,444,777) | $2,848,948 |
| Restricted | 31,845,123 | 30,946,878 | 898,245 |
| Unrestricted | 862,622 | 1,214,471 | (351,849) |
| Total Net Position | $20,111,916 | $16,716,572 | $3,395,344 |

**Table II**
**Edgewood Independent School District**
**CHANGES IN NET POSITION**

| | Governmental Activities Yr Ended 8/31/2025 | Governmental Activities Yr Ended 8/31/2024 | Net Change |
|---|---|---|---|
| Revenues: | | | |
| Program Revenues: | | | |
| Charges for Services | $631,686 | $542,214 | $89,472 |
| Operating grants and contributions | 1,379,800 | 1,877,860 | (498,060) |
| General Revenues: | | | |
| Maintenance and operations taxes | 3,329,536 | 3,061,905 | 267,631 |
| Debt service taxes | 2,130,510 | 1,952,500 | 178,010 |
| State aid - formula grants | 10,557,037 | 11,375,584 | (818,547) |
| Grants & Contributions not restricted to specific functions | 385,539 | 357,494 | 28,045 |
| Investment Earnings | 1,914,284 | 1,967,916 | (53,632) |
| Miscellaneous | 70,740 | 73,248 | (2,508) |
| Total Revenue | $20,399,132 | $21,208,721 | ($809,589) |
| | | | |
| Expenses: | | | |
| Instruction, curriculum and media services | $8,278,486 | $8,577,725 | ($299,239) |
| Instructional and school leadership | 991,674 | 1,022,019 | (30,345) |
| Student support services | 1,198,541 | 1,185,517 | 13,024 |
| Child nutrition | 698,071 | 688,860 | 9,211 |
| Co curricular activities | 988,441 | 1,007,654 | (19,213) |
| General administration | 678,184 | 674,963 | 3,221 |
| Plant maintenance, security & data processing | 2,170,827 | 1,991,625 | 179,202 |
| Debt services | 1,878,192 | 1,388,933 | 489,259 |
| Payments to fiscal agents | 1,000 | 200 | 800 |
| Other intergovernmental charges | 117,688 | 105,286 | 12,402 |
| Total Expenses | $17,001,104 | $16,642,782 | $358,322 |
| | | | |
| **Increase in net position before transfers and special items** | **$3,398,028** | **$4,565,939** | **($1,167,911)** |
| | | | |
| Transfers | 0 | 0 | 0 |
| Special Items - Gain on Sale of Assets | 0 | 9,092 | (9,092) |
| Net Position at Beginning of Fiscal Year | 16,716,572 | 12,141,541 | 4,575,031 |
| Prior Period Adjustment | (2,684) | 0 | (2,684) |
| Net Position at End of Fiscal Year | $20,111,916 | $16,716,572 | $3,395,344 |

## THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in Exhibit C-3 on page 18) reported a combined fund balance of $38,033,657 compared to $37,647,339 for the last fiscal year. The District's General Fund reported a fund balance decrease of $499,132, ending the year with $6,266,344. The District's Special Revenue Funds reported a combined fund balance decrease of $15,287, ending the year with $324,651. The District's Debt Service Fund reported a fund balance increase of $316,510, ending the year with $1,268,045. The District's Capital Projects Funds reported a combined fund balance increase of $584,227, ending the year with $30,174,617.

Over the course of the year, the Board of Trustees revised the District's budget several times. These budget amendments included amendments and supplemental appropriations that were approved shortly after the beginning of the year and reflect the actual beginning balances (versus the amounts we estimated in August 2024) and amendments moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets:

During the year ended August 31, 2025, the District invested $12,476,598 in capital assets, consisting of construction in progress, facility improvements, miscellaneous equipment, a school bus, a Ford transit and truck.

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

| | Beginning Balance | Additions | Retirements | Ending Balance |
|---|---|---|---|---|
| Land | $441,470 | $0 | $0 | $441,470 |
| Buildings & Improvements | 20,709,667 | 5,577,885 | 0 | 26,287,552 |
| Equipment | 5,153,554 | 364,062 | 0 | 5,517,616 |
| Vehicles | 2,518,048 | 262,508 | 0 | 2,780,556 |
| Right-to-use Lease Assets-Equipment | 55,028 | 70,536 | (55,028) | 70,536 |
| Construction in Progress | 5,455,580 | 6,201,607 | 0 | 11,657,187 |
| Totals at Historical Cost | 34,333,347 | 12,476,598 | (55,028) | 46,754,917 |
| Less accumulated depreciation for: | | | | |
| Buildings & Improvements | (11,309,287) | (661,408) | 0 | (11,970,695) |
| Equipment | (3,324,768) | (445,679) | 0 | (3,770,447) |
| Vehicles | (1,638,095) | (175,129) | 0 | (1,813,224) |
| Right-to-use Lease Assets-Equipment | (53,541) | (15,159) | 55,028 | (13,672) |
| Total accumulated depreciation | (16,325,691) | (1,297,375) | 55,028 | (17,568,038) |
| Capital Assets & Right-to-use Lease Assets, Net | $18,007,656 | $11,179,223 | $0 | $29,186,879 |

### Debt:

At year-end August 31, 2025, the District had $39,423,674 outstanding in bonds compared to $30,974,661 last year. Also, the District had $2,302,928 outstanding in loans compared to $2,476,217 last year, and $56,106 outstanding in right-to-use lease liability compared to $1,555 last year. During the current fiscal year, the District issued Series 2024 bonds totaling $8,880,000 and entered into a right-to-use lease with a present value of $70,536 for copier equipment. The bonds are payable over 30 years at 4.00-5.00% interest and the lease is payable over 48 months at 3.18% interest.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the fiscal-year 2026 budget, and tax rates. Several of those factors were the economy, the District’s population growth, and unemployment. These factors were taken into account when adopting the General Fund budget for 2026. Amounts available for appropriation in the General Fund budget are $4,566,344. The District has added no major new programs or initiatives to the 2026 budget.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at Edgewood Independent School District, 804 East Pine, Edgewood, Texas.

BASIC FINANCIAL STATEMENTS

EXHIBIT A-1

# EDGEWOOD INDEPENDENT SCHOOL DISTRICT
## STATEMENT OF NET POSITION
## AUGUST 31, 2025

| Data Control Codes | | Primary Government: Governmental Activities |
|---|---|---|
| **ASSETS** | | |
| 1110 | Cash and Cash Equivalents | $ 28,045,296 |
| 1120 | Current Investments | 10,398,618 |
| 1220 | Property Taxes - Delinquent | 513,165 |
| 1230 | Allowance for Uncollectible Taxes | (20,283) |
| 1240 | Due from Other Governments | 1,089,831 |
| 1300 | Inventories | 195 |
| | Capital Assets: | |
| 1510 | Land | 441,470 |
| 1520 | Buildings, Net | 14,316,857 |
| 1530 | Furniture and Equipment, Net | 1,747,169 |
| 1540 | Vehicles, Net | 967,332 |
| 1550 | Right-to-Use Leased Assets, Net | 56,864 |
| 1580 | Construction in Progress | 11,657,187 |
| 1000 | Total Assets | 69,213,701 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | |
| 1705 | Deferred Outflow Related to TRS Pension | 1,030,189 |
| 1706 | Deferred Outflow Related to TRS OPEB | 1,743,675 |
| 1700 | Total Deferred Outflows of Resources | 2,773,864 |
| **LIABILITIES** | | |
| 2110 | Accounts Payable | 821,665 |
| 2140 | Interest Payable | 74,188 |
| 2160 | Accrued Wages Payable | 645,853 |
| 2200 | Accrued Expenses | 17,579 |
| 2300 | Unearned Revenue | 39,253 |
| | Noncurrent Liabilities: | |
| 2501 | Due Within One Year: Loans, Note, Leases, etc. | 850,059 |
| | Due in More than One Year: | |
| 2502 | Bonds, Notes, Loans, Leases, etc. | 40,935,251 |
| 2540 | Net Pension Liability (District's Share) | 3,223,720 |
| 2545 | Net OPEB Liability (District's Share) | 2,684,548 |
| 2000 | Total Liabilities | 49,292,116 |
| **DEFERRED INFLOWS OF RESOURCES** | | |
| 2605 | Deferred Inflow Related to TRS Pension | 166,601 |
| 2606 | Deferred Inflow Related to TRS OPEB | 2,416,932 |
| 2600 | Total Deferred Inflows of Resources | 2,583,533 |
| **NET POSITION** | | |
| 3200 | Net Investment in Capital Assets and Right-to-Use Lease Assets | (12,595,829) |
| | Restricted: | |
| 3820 | Restricted for Federal and State Programs | 222,790 |
| 3850 | Restricted for Debt Service | 1,345,855 |
| 3860 | Restricted for Capital Projects | 30,174,617 |
| 3870 | Restricted for Campus Activities | 99,761 |
| 3880 | Restricted for Scholarships | 2,100 |
| 3900 | Unrestricted | 862,622 |
| 3000 | Total Net Position | $ 20,111,916 |

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

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

| Data Control Codes | | 1 Expenses | Program Revenues 3 Charges for Services | Program Revenues 4 Operating Grants and Contributions | Net (Expense) Revenue and Changes in Net Position 6 Primary Gov. Governmental Activities |
|---|---|---|---|---|---|
| **Primary Government:** | | | | | |
| | GOVERNMENTAL ACTIVITIES: | | | | |
| 11 | Instruction | $ 7,886,553 | $ 118,968 | $ 521,929 | $ (7,245,656) |
| 12 | Instructional Resources and Media Services | 1,761 | - | - | (1,761) |
| 13 | Curriculum and Instructional Staff Development | 390,172 | - | 56,973 | (333,199) |
| 21 | Instructional Leadership | 149,376 | - | 3,540 | (145,836) |
| 23 | School Leadership | 842,298 | - | 18,815 | (823,483) |
| 31 | Guidance, Counseling, and Evaluation Services | 483,022 | - | 196,028 | (286,994) |
| 33 | Health Services | 175,009 | - | 3,958 | (171,051) |
| 34 | Student (Pupil) Transportation | 540,510 | - | 6,404 | (534,106) |
| 35 | Food Services | 698,071 | 204,271 | 419,105 | (74,695) |
| 36 | Extracurricular Activities | 988,441 | 297,840 | 9,965 | (680,636) |
| 41 | General Administration | 678,184 | 10,281 | 8,610 | (659,293) |
| 51 | Facilities Maintenance and Operations | 1,329,821 | 326 | 13,341 | (1,316,154) |
| 52 | Security and Monitoring Services | 361,356 | - | 115,059 | (246,297) |
| 53 | Data Processing Services | 479,650 | - | 6,073 | (473,577) |
| 72 | Debt Service - Interest on Long-Term Debt | 1,756,312 | - | - | (1,756,312) |
| 73 | Debt Service - Bond Issuance Cost and Fees | 121,880 | - | - | (121,880) |
| 93 | Payments Related to Shared Services Arrangements | 1,000 | - | - | (1,000) |
| 99 | Other Intergovernmental Charges | 117,688 | - | - | (117,688) |
| | [TP] TOTAL PRIMARY GOVERNMENT: | $ 17,001,104 | $ 631,686 | $ 1,379,800 | (14,989,618) |

| Data Control Codes | | |
|---|---|---|
| | General Revenues: | |
| | Taxes: | |
| MT | Property Taxes, Levied for General Purposes | 3,329,536 |
| DT | Property Taxes, Levied for Debt Service | 2,130,510 |
| SF | State Aid - Formula Grants | 10,557,037 |
| GC | Grants and Contributions not Restricted | 385,539 |
| IE | Investment Earnings | 1,914,284 |
| MI | Miscellaneous Local and Intermediate Revenue | 70,740 |
| TR | Total General Revenues | 18,387,646 |
| CN | Change in Net Position | 3,398,028 |
| NB | Net Position - Beginning | 16,716,572 |
| PA | Prior Period Adjustment | (2,684) |
| NE | Net Position - Ending | $ 20,111,916 |

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

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

| Data Control Codes | | 10 General Fund | 50 Debt Service Fund | 60 Bond Construction |
|---|---|---|---|---|
| | ASSETS | | | |
| 1110 | Cash and Cash Equivalents | $ 5,924,184 | $ 1,258,228 | $ 20,535,113 |
| 1120 | Investments - Current | - | - | 10,398,618 |
| 1220 | Property Taxes - Delinquent | 348,911 | 164,254 | - |
| 1230 | Allowance for Uncollectible Taxes | (13,791) | (6,492) | - |
| 1240 | Due from Other Governments | 976,377 | 9,817 | - |
| 1300 | Inventories | 195 | - | - |
| 1000 | Total Assets | $ 7,235,876 | $ 1,425,807 | $ 30,933,731 |
| | LIABILITIES | | | |
| 2110 | Accounts Payable | $ 382 | $ - | $ 767,751 |
| 2160 | Accrued Wages Payable | 604,259 | - | - |
| 2170 | Due to Other Funds | 17,037 | - | - |
| 2200 | Accrued Expenditures | 12,734 | - | - |
| 2300 | Unearned Revenue | 14,676 | 9,391 | - |
| 2000 | Total Liabilities | 649,088 | 9,391 | 767,751 |
| | DEFERRED INFLOWS OF RESOURCES | | | |
| 2601 | Unavailable Revenue - Property Taxes | 320,444 | 148,371 | - |
| 2600 | Total Deferred Inflows of Resources | 320,444 | 148,371 | - |
| | FUND BALANCES | | | |
| | Restricted Fund Balance: | | | |
| 3450 | Federal or State Funds Grant Restriction | - | - | - |
| 3470 | Capital Acquisition and Contractual Obligation | - | - | 30,165,980 |
| 3480 | Retirement of Long-Term Debt | - | 1,268,045 | - |
| 3490 | Other Restricted Fund Balance | - | - | - |
| | Committed Fund Balance: | | | |
| 3510 | Construction | 700,000 | - | - |
| 3525 | Retirement of Loans or Notes Payable | 1,000,000 | - | - |
| 3600 | Unassigned Fund Balance | 4,566,344 | - | - |
| 3000 | Total Fund Balances | 6,266,344 | 1,268,045 | 30,165,980 |
| 4000 | Total Liabilities, Deferred Inflows & Fund Balances | $ 7,235,876 | $ 1,425,807 | $ 30,933,731 |

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

| Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|
| $ 291,276 | $ 28,008,801 |
| - | 10,398,618 |
| - | 513,165 |
| - | (20,283) |
| 103,637 | 1,089,831 |
| - | 195 |
| $ 394,913 | $ 39,990,327 |
| | |
| $ - | $ 768,133 |
| 41,594 | 645,853 |
| - | 17,037 |
| 4,845 | 17,579 |
| 15,186 | 39,253 |
| 61,625 | 1,487,855 |
| | |
| - | 468,815 |
| - | 468,815 |
| | |
| 222,790 | 222,790 |
| 8,637 | 30,174,617 |
| - | 1,268,045 |
| 101,861 | 101,861 |
| | |
| - | 700,000 |
| - | 1,000,000 |
| - | 4,566,344 |
| 333,288 | 38,033,657 |
| $ 394,913 | $ 39,990,327 |

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

EXHIBIT C-2

| | | |
|---|---|---|
| **Total Fund Balances - Governmental Funds** | | $ 38,033,657 |
| 1 | The District uses internal service funds to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase(decrease) net position. | - |
| 2 | 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 $34,333,347, and the accumulated depreciation was $16,325,691. In addition, long-term liabilities, including bonds payable of $30,974,661, loans payable of $2,476,217, right-to-use lease liability of $1,555 and compensated absences liability of $2,684, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. Accrued interest payable on long term debt of $59,129 is not reflected in the fund financial statements, but is shown in the government-wide financial statements. The net effect of including the beginning balances for capital assets (net of depreciation), and long-term debt in the governmental activities, is to increase (decrease) net position. | (15,506,590) |
| 3 | Current year capital outlays of $12,476,598, and long-term debt principal payments of $840,503 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. Amortation of bond & loan premiums of $20,688 and interest payable of $15,059 is recorded in the government-wide financial statements. The net effect of including the current year capital outlays and debt principal payments is to increase (decrease) net position. | 13,322,730 |
| 4 | Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes of $468,815 as revenue, eliminating interfund transactions, reclassifying bond proceeds of $9,120,930, reclassifying right-to-use lease proceeds of $70,536, recording the net change in compensated absences liability of $82, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position. | (8,722,569) |
| 5 | The current year depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position. | (1,297,375) |
| 6 | The District is required to recognize its proportionate share of the net pension liability required by GASB 68 in the amount of $3,223,720, a deferred resource inflow in the amount of $166,601, and a deferred resource outflow in the amount of $1,030,189. The net effect of including the net pension liability, deferred resource inflows, and deferred resource outflows, is to increase (decrease) net position. | (2,360,132) |
| 7 | The District is required to recognize its proportionate share of the OPEB liability required by GASB 75 in the amount of $2,684,548, a deferred resource inflow in the amount of $2,416,932, a deferred resource outflow in the amount of of $1,743,675. The net effect of including the net OPEB liability, deferred resource inflows, and deferred resource flows, is to increase (decrease) net position. | (3,357,805) |
| 29 | | $ 20,111,916 |

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

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

| Data Control Codes | | 10 General Fund | 50 Debt Service Fund | 60 Bond Construction |
|---|---|---|---|---|
| | REVENUES: | | | |
| 5700 | Total Local and Intermediate Sources | $ 3,873,113 | $ 2,221,190 | $ 1,556,380 |
| 5800 | State Program Revenues | 10,899,131 | 425,791 | - |
| 5900 | Federal Program Revenues | 31,441 | - | - |
| 5020 | Total Revenues | 14,803,685 | 2,646,981 | 1,556,380 |
| | EXPENDITURES: | | | |
| | Current: | | | |
| 0011 | Instruction | 7,466,186 | - | - |
| 0012 | Instructional Resources and Media Services | 1,761 | - | - |
| 0013 | Curriculum and Instructional Staff Development | 315,416 | - | - |
| 0021 | Instructional Leadership | 141,014 | - | - |
| 0023 | School Leadership | 794,982 | - | - |
| 0031 | Guidance, Counseling, and Evaluation Services | 270,297 | - | - |
| 0033 | Health Services | 169,506 | - | - |
| 0034 | Student (Pupil) Transportation | 444,862 | - | - |
| 0035 | Food Services | - | - | - |
| 0036 | Extracurricular Activities | 768,317 | - | - |
| 0041 | General Administration | 631,996 | - | - |
| 0051 | Facilities Maintenance and Operations | 1,398,590 | - | - |
| 0052 | Security and Monitoring Services | 321,215 | - | - |
| 0053 | Data Processing Services | 450,359 | - | - |
| | Debt Service: | | | |
| 0071 | Principal on Long-Term Liabilities | 185,503 | 655,000 | - |
| 0072 | Interest on Long-Term Liabilities | 86,970 | 1,674,971 | - |
| 0073 | Bond Issuance Cost and Fees | 450 | 121,430 | - |
| | Capital Outlay: | | | |
| 0081 | Facilities Acquisition and Construction | 307,241 | - | 9,962,377 |
| | Intergovernmental: | | | |
| 0093 | Payments to Fiscal Agent/Member Districts of SSA | 1,000 | - | - |
| 0099 | Other Intergovernmental Charges | 117,688 | - | - |
| 6030 | Total Expenditures | 13,873,353 | 2,451,401 | 9,962,377 |
| 1100 | Excess (Deficiency) of Revenues Over (Under) Expenditures | 930,332 | 195,580 | (8,405,997) |
| | OTHER FINANCING SOURCES (USES): | | | |
| 7911 | Capital Related Debt Issued | - | - | 8,880,000 |
| 7913 | Right-to-Use Lease and SBITA Proceeds | 70,536 | - | - |
| 7915 | Transfers In | - | - | - |
| 7916 | Premium or Discount on Issuance of Bonds | - | 120,930 | 120,000 |
| 8911 | Transfers Out (Use) | (1,500,000) | - | - |
| 7080 | Total Other Financing Sources (Uses) | (1,429,464) | 120,930 | 9,000,000 |
| 1200 | Net Change in Fund Balances | (499,132) | 316,510 | 594,003 |
| 0100 | Fund Balance - September 1 (Beginning) | 6,765,476 | 951,535 | 29,571,977 |
| 1300 | Change from Major to Nonmajor | - | - | - |
| 3000 | Fund Balance - August 31 (Ending) | $ 6,266,344 | $ 1,268,045 | $ 30,165,980 |

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

| Prior Year Major Fund Capital Proj. | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|
| $ - | $ 382,327 | $ 8,033,010 |
| - | 238,190 | 11,563,112 |
| - | 879,601 | 911,042 |
| - | 1,500,118 | 20,507,164 |
| - | 350,580 | 7,816,766 |
| - | - | 1,761 |
| - | 49,671 | 365,087 |
| - | - | 141,014 |
| - | - | 794,982 |
| - | 190,147 | 460,444 |
| - | - | 169,506 |
| - | - | 444,862 |
| - | 651,354 | 651,354 |
| - | 165,267 | 933,584 |
| - | - | 631,996 |
| - | - | 1,398,590 |
| - | 108,288 | 429,503 |
| - | - | 450,359 |
| - | - | 840,503 |
| - | - | 1,761,941 |
| - | - | 121,880 |
| - | 1,509,874 | 11,779,492 |
| - | - | 1,000 |
| - | - | 117,688 |
| - | 3,025,181 | 29,312,312 |
| - | (1,525,063) | (8,805,148) |
| - | - | 8,880,000 |
| - | - | 70,536 |
| - | 1,500,000 | 1,500,000 |
| - | - | 240,930 |
| - | - | (1,500,000) |
| - | 1,500,000 | 9,191,466 |
| - | (25,063) | 386,318 |
| 18,413 | 339,938 | 37,647,339 |
| (18,413) | 18,413 | - |
| $ - | $ 333,288 | $ 38,033,657 |

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EDGEWOOD INDEPENDENT SCHOOL DISTRICT EXHIBIT C-4

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2025

| | | |
|---|---|---|
| **Total Net Change in Fund Balances - Governmental Funds** | $ | 386,318 |
| The District uses internal service funds to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase (decrease) net position. | | (246) |
| Current year capital outlays of $12,476,598, and long-term debt principal payments of $840,503 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. Amortization of bond & loan premiums of $20,688 and interest payable of $15,059 is recorded in the government-wide financial statements. The net effect of including the current year capital outlays and debt principal payments is to increase (decrease) net position. | | 13,322,730 |
| Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue by $43,746 to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying bond proceeds of $9,120,930, reclassifying right-to-use lease proceeds of $70,536, recording the net change in compensated absences liability of $82, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position. | | (9,147,638) |
| 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. | | (1,297,375) |
| Current year changes due to GASB 68 increased revenues in the amount of $310,264, but also increased expenses in the amount of $505,651. The impact of these items is to increase (decrease) the change in net position. | | (195,387) |
| Current year changes due to GASB 75 increased revenues in the amount of $462,042, but also increased expenses in the amount of $791,668. The impact of these items is to increase (decrease) the change in net position. | | 329,626 |
| **Change in Net Position of Governmental Activities** | $ | 3,398,028 |

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

EXHIBIT D-1

EDGEWOOD INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AUGUST 31, 2025

| | Governmental Activities - Internal Service Fund |
|---|---|
| ASSETS | |
| Current Assets: | |
| Cash and Cash Equivalents | $ 36,495 |
| Due from Other Funds | 17,037 |
| Total Assets | 53,532 |
| LIABILITIES | |
| Current Liabilities: | |
| Accounts Payable | 53,532 |
| Total Liabilities | 53,532 |

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

EXHIBIT D-2

EDGEWOOD INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2025

| | Governmental Activities - Internal Service Fund |
|---|---|
| OPERATING REVENUES: | |
| Local and Intermediate Sources | $ 27,085 |
| Total Operating Revenues | 27,085 |
| OPERATING EXPENSES: | |
| Other Operating Costs | 27,331 |
| Total Operating Expenses | 27,331 |
| Operating Income (Loss) | (246) |
| Total Net Position September 1 (Beginning) | 246 |
| Total Net Position August 31 (Ending) | $ - |

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

EXHIBIT D-3

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

| | Governmental Activities - Internal Service Fund |
|---|---|
| Cash Flows from Operating Activities: | |
| Cash Received from User Charges | $ 10,048 |
| Cash Payments for Insurance Claims | (9,881) |
| Net Cash Provided by Operating Activities | 167 |
| Net Increase in Cash and Cash Equivalents | 167 |
| Cash and Cash Equivalents at Beginning of Year | 36,328 |
| Cash and Cash Equivalents at End of Year | $ 36,495 |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities: | |
| Operating Income (Loss): | $ (246) |
| Effect of Increases and Decreases in Current Assets and Liabilities: | |
| Decrease (increase) in Receivables | (17,037) |
| Increase (decrease) in Accounts Payable | 17,450 |
| Net Cash Provided by Operating Activities | $ 167 |

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

EXHIBIT E-1

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

| | Custodial Fund |
|---|---|
| ASSETS | |
| Cash and Cash Equivalents | $ 23,547 |
| Total Assets | 23,547 |
| NET POSITION | |
| Restricted for Other Purposes | 23,547 |
| Total Net Position | $ 23,547 |

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

EXHIBIT E-2

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

| | Custodial Fund |
|---|---|
| **ADDITIONS:** | |
| Cocurricular Services or Activities | $ 35,852 |
| Total Additions | 35,852 |
| **DEDUCTIONS:** | |
| Professional and Contracted Services | 3,650 |
| Supplies and Materials | 11,883 |
| Other Deductions | 31,758 |
| Total Deductions | 47,291 |
| Change in Fiduciary Net Position | (11,439) |
| Total Net Position September 1 (Beginning) | 34,986 |
| Total Net Position August 31 (Ending) | $ 23,547 |

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

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Edgewood Independent School District (the "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 (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in GASB Statement No. 76, and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

**Change in Accounting Principle** – The District implemented a new accounting pronouncement, GASB Statement 101, *Compensated Absences*, this year. As a result of this change, a prior period adjustment for the beginning liability of $2,684 was made to beginning net position on Exhibit B-1 and the ending liability of $2,602 was included on Exhibit A-1.

### A. Reporting Entity

The Board of Trustees is elected by the public and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, *"The Financial Reporting Entity,"* There are no component units included within the reporting entity.

### B. Government-Wide and Fund Financial Statements

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

**Government-wide Financial Statements** - The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Edgewood Independent School District nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues.

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

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those clearly identifiable within a function. Depreciation expense is specifically identified by function and is included in the direct expense to each function.

Interfund activities between governmental funds appear as due to/due 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. All interfund transactions between governmental funds and internal service funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Activities. Since Internal Service Funds support the operations of governmental funds, they are consolidated with the governmental funds in the government-wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid "grossing up" the revenues and expenses of the District as a whole.

**Fund Financial Statements** - The fund financial statements provide reports on the financial condition and results of operations for two fund categories - governmental, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental funds major and reports their financial condition and results of operations in a separate column.

Proprietary funds distinguish operating revenues and expenditures from nonoperating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are nonoperating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor or direct overhead. Other expenses are nonoperating.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. All assets, liabilities, and deferred inflows of resources associated with the operation of the District are included on the Statement of Net Position. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

All governmental fund financial statements are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balance report the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with a brief explanation to better identify the relationship between government-wide statements and the governmental fund statements. The modified accrual basis of accounting recognizes revenues in the accounting period in which they become measurable and available. For this purpose, the District considers revenues available of they are collected within 60 days of the end of the current fiscal period. It recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgements are recognized when the obligations are expected to be liquidated with expendable available financial resources.

**Revenues – Exchange Transactions** – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current year and are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Fir the District, the phrase "available for exchange transactions" means expected to be received within 60 days of the year-end.

**Revenues – Non-exchange Transactions** – Non-exchange transactions in which the District receives value without directly giving equal value in return, include property taxes, grants, and donations. On the government-wide financial statements, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized in the governmental funds.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the "susceptible-to-accrual" concept, that is, when they are both measurable and available. The District considers revenues available if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

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

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The net position is segregated into invested in capital assets net of related debt, restricted net assets, and unrestricted net assets.

**Expenditures/Expenses** – On the accrual basis of accounting (government-wide financial statements), expenses are recognized at the time there are incurred. On the modified accrual basis (fund financial statements), expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

**D. Fund Accounting**

The District reports the following major governmental funds:

**The General Fund** – The general 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 of governmental funds in a debt service fund.

**Bond Construction Fund** – The District accounts for bond financial resources used for the acquisition, renovation, and construction of major capital projects in this fund.

Additionally, the District reports the following fund types:

**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, and sometimes unused balances must be returned to the grantor at the close of specified project periods.

**Capital Projects Fund (Local)** – The District accounts for local financial resources used for the acquisition, renovation, and construction of major capital projects in this fund.

**Proprietary Funds:**

**Internal Service Funds –** Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The District's Internal Service Fund is the Workers Comp Self Insurance Fund. This fund is aggregated in the government-wide Statement of Net Position and Statement of Changes in Net Position.

**Fiduciary Funds:**

**Custodial Funds –** The District accounts for resources held for others in a custodial capacity in custodial funds. The District's Custodial Fund is the Student Activity Fund.

**E. Encumbrance Accounting**

The District employs encumbrance accounting, whereby encumbrances for goods or purchased services are documented by purchase orders and contracts. An encumbrance represents a commitment of Board appropriation related to unperformed contracts for goods and services. The issuance of a purchase order or the signing of a contract creates an encumbrance but does not represent an expenditure for the period, only a commitment to expend resources. Appropriations lapse at August 31 and encumbrances outstanding at that time are either canceled or appropriately provided for in the subsequent year's budget. There were no outstanding encumbrances at August 31, 2025 that were subsequently provided for in the next year's budget for the General Fund.

**F. Other Accounting Policies**

1. **Cash Equivalents** - For purposes of the statement of cash flows for proprietary funds, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

2. **Inventories** – Inventories of supplies on the balance sheet are stated at FIFO cost and they include consumable maintenance, instructional, and office items. Supplies are recorded as expenditures when they are consumed. Inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and initially recorded as an expense. Inventory and expenditures are adjusted periodically subsequent to inventory counts.

3. **Receivables and Payables** – All trade and property tax receivables are shown at face value. The property tax receivable allowance is shown at various rates based upon historical trends of outstanding property taxes receivable as of August 31, 2025.

4. **Long-term Debt** - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Amounts recorded as long-term debt represent obligations that will be met by future revenue resources that are not available as of the current balance sheet date.

5. **Compensated Absences** – It is the District's policy to permit employees to accumulate earned but unused state leave days. The liability for unpaid accumulated leave is the amount that is more likely than not to be used and is reported as specified in GASB Statement Number 101.

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

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

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

| Asset Classification | Useful Life |
|---|---|
| Buildings | 15-50 years |
| Building Improvements | 15-50 years |
| Vehicles & Buses | 5-10 years |
| Equipment | 5-7 years |

   The District has no restriction on any capital assets.

   Depreciation is allocated to each function based upon operating expenditures minus capital items.

7. **Due From/Due To Other** Funds – Interfund receivables and payables arise from interfund transactions and are recorded in all affected funds in the period in which transactions are executed in the normal course of operations. See Note III-E for detailed discussion of interfund receivables and payables.

8. **Net Position/Fund Balance:**

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

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

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

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

   Restricted for Scholarships is the component of net position that is restricted for scholarships.

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

Net position represents the difference between assets plus deferred outflow of resources, and liabilities and deferred inflow of resources. Net investment is capital assets consists of cost of capital assets, net of accumulated depreciation, reduced by outstanding balances of any borrowing used for the acquisition, construction, or improvements of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislature adopted by the district or through external restrictions imposed by creditor, grantors, or laws or regulations of other governments. All other net positions are reported as unrestricted.

**Fund balances on the governmental funds' *Balance Sheet* include the following:**

Non-spendable fund balance is the portion of the gross fund balance that is not expendable because it is either not in spendable form or is legally or contractually required to be maintained intact.

Restricted fund balance includes amounts restricted for a specific purpose by the provider (such as grantors, bondholders, and high levels of government), through constitutional provisions, or by enabling legislation. Debt service resources are to be used for future servicing of the District's bonded debt and are restricted through debt covenants. Capital projects bond funds are restricted by the bondholders for the specific purpose of capital projects and capital outlays. Federal & State grant resources are restricted pursuant to the mandates of the granting agency.

Committed fund balance is that portion of fund balance that is committed to a specific purpose by the District's Board of Trustees. The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by Board action. These amounts cannot be used for any other purpose unless the Board removes or changes the constraint by exercising the same type of action originally used to commit the funds.

Unassigned fund balance is the difference between the total fund balance and the total of the non-spendable, restrict, and committed fund balances and can be utilized for any legal purpose. This portion of the total fund balance in the General Fund is available to finance operating expenditures.

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

**10. Total Columns on Combined Financial Statements** – These total columns do not purport to present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles.

**11. District's Policy as to Defining Operating & Non-operating Revenues of Proprietary Funds** – Operating revenues are generally defined as those which originate through the ongoing activities of the fund. In contrast, non-operating revenues include, but are not limited to; capital expenditures, transfers, investing and financing activities.

**12. Application of Restricted or Unrestricted Resources -** When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When expenditures are incurred for which committed, or unassigned fund balances are available, the District considers amounts to have been spent first from committed funds, then unassigned funds, as need, unless the Board of Trustees has provided otherwise it its commitment actions.

**13. Grant Fund Accounting** – The Special Revenue Fund includes programs that are financed on a project grant basis. These projects have grant periods that can range from less than twelve months to in excess of three years. Grants are recorded as revenues when earned, which the District considers to be earned to the extent expenditures have been incurred, the District has met all eligibility requirements, and funds are available.

**14. Estimates and Assumptions** – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

**15. Deferred Outflows of Resources -** In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. Certain deferred charges related to TRS pension and other post-employment benefits are reported as deferred outflows of resources on the government-wide statement of net position.

**16. Deferred Inflows of Resources** - In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has one type of item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Uncollected property taxes which are assumed collectible are reported in this category on the balance sheet for governmental funds. They are not reported in this category on the government wide statement of net position. Certain deferred charges related to TRS pension and other post-employment benefits are reported as deferred inflows on the government-wide statement of net position.

## II. STEWARDSHIP, COMPLIANCE & ACCOUNTABILITY

### A. Budgetary Data

The Board of Trustees adopts an "appropriated budget" 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 amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1 in RSI and the other two reports are in Exhibit J-2 and J-3.

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

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

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

3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year.

4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end. A reconciliation of fund balances for both appropriated budget and non-appropriated budget special revenue funds is as follows:

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

| | |
|---|---|
| Appropriated Budget Funds - Food Service | $222,790 |
| Nonappropriated Budget Funds-Campus Activity | 99,761 |
| Nonappropriated Budget Funds-Scholarship Funds | 2,100 |
| All Special Revenue Funds | $324,651 |

## III. DETAILED NOTES ON ALL FUNDS & ACCOUNT GROUPS

### Note A. DEPOSITORY CONTRACT LAW

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 dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

At August 31, 2025, the carrying amount of the District's cash & cash equivalents was $28,045,296 (including $3,562,641 in Texpool accounts and $23,524,288 in Texstar accounts) and $10,398,618 in non-depository certificates of deposit investments. At August 31, 2025 and during the year then ended, the District's combined deposits were fully insured by FDIC insurance or collateralized with securities held by the District's agent bank in the District's name, or by letters of credit.

Depository information required to be reported to the Texas Education Agency is as follows:

a. Depository: First State Bank of Ben Wheeler, Ben Wheeler, Texas

b. The highest combined balance of cash, savings, and time deposits accounts amounted to $3,314,341, and occurred during the month of January 2025.

c. The market value of securities pledged as of the date of the highest combined balance on deposit was $5,194,558.

d. Total amount of FDIC coverage at the time of the highest combined balance was $750,000.

Texpool accounts totaling $3,562,641 are valued at amortized cost.
Texstar accounts totaling $23,524,288 are valued at amortized cost.
Investments in Certificates of Deposit totaling $10,398,618 are valued at amortized cost.

The **Public Funds Investment Act** (PFIA) (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, which must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, municipal securities, repurchase agreements, and certain other investments. The investments owned at fiscal year-end are held by the District or its agent in the District's name.

In compliance with the PFIA, the District has adopted a deposit and investment policy, which address the following risks:

Credit Risk is the risk that a security issuer may default on an interest or principal payment. The District controls and monitors this risk by purchasing quality rated instruments that have been evaluated by nationally recognized agencies such as Standards and Poor's (S&P) or Moody's Investor Service.

Custodial Credit Risk is the risk that, in the event of the failure of a depository financial institution or counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover its deposits, value of its investments, or collateral securities that are in the possession of an outside party. The PFIA, the District's investment policy, and Government Code Chapter 2257 "Collateral for Public Funds" contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments. The District's funds are deposited and invested under terms of a depository contract with amounts greater that the FDIC coverage protected by approved pledged securities held on behalf of the District.

Concentration of Credit Risk is the risk associated with holding investments that are not pools and full faith credit securities. These risks are controlled by limiting the percentages if these investments in the District's portfolio.

Interest Rate Risk is the risk that interest rates will rise and an investment in a fixed-income security will decrease in value. Interest rate risk is reduced by diversifying, investing in securities with different durations, and laddering maturity dates. The District manages its exposure to interest rate risk by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase.

## Note B. PROPERTY TAXES

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

The assessed value of the roll as of the end of the fiscal year was $440,895,151. The tax rates levied for the fiscal year ended August 31, 2025, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were $0.7552 and $0.4832 per $100 valuation, respectively, for a total of $1.2384 per $100 valuation. Current year tax collections for the period ended August 31, 2025, were 96.05% of the levy and 94.70% in the prior year.

**Note C. DELINQUENT TAXES RECEIVABLE**

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy Allowances for uncollectible tax receivables within the General and Debt Service Funds 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.

**Note D. DUE FROM OTHER GOVERNMENTS**

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Available School Fund.

Receivables due from other governments as of August 31, 2025 are as follows:

| Fund | State Grants | Federal Grants | Other Governments | Totals |
|---|---|---|---|---|
| General Fund | $945,764 | $0 | $30,613 | $976,377 |
| Debt Service Funds | 0 | 0 | 9,817 | 9,817 |
| Special Revenue Funds | 10,976 | 92,661 | 0 | 103,637 |
| Totals | $956,740 | $92,661 | $40,430 | $1,089,831 |

**Note E. INTERFUND TRANSACTIONS**

Interfund balances at August 31, 2025, consisted of the following individual receivables & payables:

| | |
|---|---|
| **Due to Internal Service Fund from:** | |
| General Fund | $17,037 |
| Total Due to Internal Service Fund from Other Funds | $17,037 |

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

| | |
|---|---|
| **Transfers to Local Capital Projects Fund from:** | |
| General Fund | $1,500,000 |
| Total Transfered to Local Capital Projects Fund from Other Funds | $1,500,000 |

The District transferred $1,500,000 from General Fund to Local Capital Projects Fund for a Turf Construction Project.

**Note F. CAPITAL ASSETS & RIGHT-TO-USE LEASE ASSETS**

A summary of changes in capital assets & right-to-use lease assets for the year ended August 31, 2025 is as follows:

| | Beginning Balance | Additions | Retirements | Ending Balance |
|---|---|---|---|---|
| Land | $441,470 | $0 | $0 | $441,470 |
| Buildings & Improvements | 20,709,667 | 5,577,885 | 0 | 26,287,552 |
| Equipment | 5,153,554 | 364,062 | 0 | 5,517,616 |
| Vehicles | 2,518,048 | 262,508 | 0 | 2,780,556 |
| Right-to-use Lease Assets-Equipment | 55,028 | 70,536 | (55,028) | 70,536 |
| Construction in Progress | 5,455,580 | 6,201,607 | 0 | 11,657,187 |
| Totals at Historical Cost | 34,333,347 | 12,476,598 | (55,028) | 46,754,917 |
| Less accumulated depreciation for: | | | | |
| Buildings & Improvements | (11,309,287) | (661,408) | 0 | (11,970,695) |
| Equipment | (3,324,768) | (445,679) | 0 | (3,770,447) |
| Vehicles | (1,638,095) | (175,129) | 0 | (1,813,224) |
| Right-to-use Lease Assets-Equipment | (53,541) | (15,159) | 55,028 | (13,672) |
| Total accumulated depreciation | (16,325,691) | (1,297,375) | 55,028 | (17,568,038) |
| Capital Assets & Right-to-use Lease Assets, Net | $18,007,656 | $11,179,223 | $0 | $29,186,879 |

Depreciation expense for the current year was charged to governmental functions as follows:

| | |
|---|---|
| 11 Instruction | $594,793 |
| 13 Curriculum & Instructional Staff | 33,667 |
| 21 Instructional Leadership | 11,222 |
| 23 School Leadership | 67,335 |
| 31 Guidance, Counseling, & Evaluation Services | 33,667 |
| 33 Health Services | 11,222 |
| 34 Student (Pupil) Transporation | 197,574 |
| 35 Food Services | 56,112 |
| 36 Cocurricular/Extracurricular Activities | 78,557 |
| 41 General Administration | 56,112 |
| 51 Plant Maintenance & Operations | 101,002 |
| 52 Security & Monitoring Services | 22,445 |
| 53 Data Processing Services | 33,667 |
| Total Depreciation Expense | $1,297,375 |

**Note G. LONG-TERM DEBT**

A summary of changes in long-term debt for the year ended August 31, 2025 is as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Amounts Due within One Year |
|---|---|---|---|---|---|
| Governmental Activities: | | | | | |
| General Obligation Bonds | $30,725,000 | $8,880,000 | ($655,000) | $38,950,000 | $660,000 |
| Unamortized Bond Premiums | 249,661 | 240,930 | (16,917) | 473,674 | |
| Loans | 2,427,194 | 0 | (169,518) | 2,257,676 | 172,379 |
| Unamortized Loan Premiums | 49,023 | 0 | (3,771) | 45,252 | |
| Right-to-use Lease Liability | 1,555 | 70,536 | (15,985) | 56,106 | 17,598 |
| Compensated Absences Liability | 2,684 | 0 | (82) | 2,602 | 82 |
| Net Pension Liability | 3,500,648 | 0 | (276,928) | 3,223,720 | |
| Net OPEB Liability | 1,818,405 | 866,143 | 0 | 2,684,548 | |
| Total Governmental Activities | $38,774,170 | $10,057,609 | ($1,138,201) | $47,693,578 | $850,059 |

**Bonds**

The District has entered into a continuing disclosure undertaking to provide annual reports and material event notices to the State Information Depository of Texas (SID), which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at August 31, 2025.

A summary of changes in bonds for the year ended August 31, 2025 is as follows:

| Description | Interest Rates Payable | Amounts of Original Issue | Interest Current Year | Beginning Amounts Outstanding 9/01/24 | Issued | Retired | Ending Amounts Outstanding 8/31/25 |
|---|---|---|---|---|---|---|---|
| Unltd Tax Refunding Bonds- Series 2012 | 2.00-3.50% | $2,035,000 | $24,238 | $925,000 | $0 | ($465,000) | $460,000 |
| Unltd Tax Building Bonds- Series 2023 | 4.00-5.00% | $29,955,000 | 1,311,800 | 29,800,000 | 0 | (45,000) | 29,755,000 |
| Unltd Tax Building Bonds- Series 2024 | 4.00-5.00% | $8,880,000 | 338,933 | 0 | 8,880,000 | (145,000) | 8,735,000 |
| Total General Obligation Bonds | | | $1,674,971 | $30,725,000 | $8,880,000 | ($655,000) | $38,950,000 |
| Unamortized Bond Premiums | | | | 249,661 | 240,930 | (16,917) | 473,674 |
| Total Bonds Payable, Government-wide | | | | $30,974,661 | $9,120,930 | ($671,917) | $39,423,674 |

Debt service requirements for bonds are as follows:

| Year Ending August 31, | Bonds Principal | Interest | Total Requirements |
|---|---|---|---|
| 2026 | $660,000 | $1,680,750 | $2,340,750 |
| 2027 | 700,000 | 1,650,550 | 2,350,550 |
| 2028 | 745,000 | 1,614,425 | 2,359,425 |
| 2029 | 790,000 | 1,576,050 | 2,366,050 |
| 2030 | 840,000 | 1,535,300 | 2,375,300 |
| 2031-2035 | 4,895,000 | 6,985,150 | 11,880,150 |
| 2036-2040 | 6,235,000 | 5,645,375 | 11,880,375 |
| 2041-2045 | 7,810,000 | 4,066,975 | 11,876,975 |
| 2046-2050 | 9,555,000 | 2,329,900 | 11,884,900 |
| 2051-Maturity | 6,720,000 | 410,400 | 7,130,400 |
| Total Bonds | $38,950,000 | $27,494,875 | $66,444,875 |

**Loans**

A summary of changes in loans for the year ended August 31, 2025 is as follows:

| Date of Issue/Maturity | Purpose/Lawful Authority | Fund Payable From/Interest Rate | Current Year Interest | Beginning Balance | Amount Issued | Amount Retired | Ending Balance |
|---|---|---|---|---|---|---|---|
| 09/17-06/27 | Public Property Finance | General/2.00% | $8,756 | $442,194 | $0 | ($144,518) | $297,676 |
| 08/22-08/37 | Maintenance Tax Note | General/5.00% | 76,500 | 1,985,000 | 0 | (25,000) | 1,960,000 |
| Total Loans | | | $85,256 | $2,427,194 | $0 | ($169,518) | $2,257,676 |
| Unamortized Loan Premium | | | | 49,023 | 0 | (3,771) | 45,252 |
| Loans Payable, Government-wide | | | | $2,476,217 | $0 | ($173,289) | $2,302,928 |

Debt service requirements for loans are as follows:

| Year Ending August 31, | Loans Principal | Interest | Total Requirements |
|---|---|---|---|
| 2026 | $172,379 | $81,144 | $253,523 |
| 2027 | 175,297 | 76,976 | 252,273 |
| 2028 | 160,000 | 72,750 | 232,750 |
| 2029 | 170,000 | 64,750 | 234,750 |
| 2030 | 175,000 | 59,650 | 234,650 |
| 2031-2035 | 965,000 | 205,000 | 1,170,000 |
| 2036-Maturity | 440,000 | 26,600 | 466,600 |
| Totals | $2,257,676 | $586,870 | $2,844,546 |

**Right-to-Use Lease Arrangements**

On 11/20/20, the District entered into a 48-month lease for District copy machines. The lease is payable in 48 equal monthly payments of $1,470 per month. The present value of the lease at inception is $67,652. The effective rate of interest was 3.18%.

On 11/20/20, the District entered into a 48-month lease for District copy machines. The lease is payable in 48 equal monthly payments of $89 per month. The present value of the lease at inception is $4,095. The effective rate of interest was 3.18%.

On 11/20/24, the District entered into a 48-month lease for District copy machines. The lease is payable in 48 equal monthly payments of $1,594 per month. The present value of the lease at inception is $70,536. The effective rate of interest was 3.18%.

A summary of the Right-to-Use Lease Arrangements for the year ended August 31, 2025 is as follows:

| Description | Discount Rate | Original Lease Liability | Interest Current Year | Beginning Amounts Outstanding 9/01/24 | Issued | Retired | Ending Amounts Outstanding 8/31/25 |
|---|---|---|---|---|---|---|---|
| Lease for Copier Equipment | 3.18% | $67,652 | $4 | $1,466 | $0 | ($1,466) | $0 |
| Lease for Copier Equipment | 3.18% | 4,095 | 0 | 89 | 0 | (89) | 0 |
| Lease for Copier Equipment | 3.18% | 70,536 | 1,710 | 0 | 70,536 | (14,430) | 56,106 |
| Total Right-to-Use Lease Liability | | | $1,714 | $1,555 | $70,536 | ($15,985) | $56,106 |

Debt service requirements for right-to use lease liabilities are as follows:

| | Right-to-Use Lease Arrangements | | |
|---|---|---|---|
| Year Ending August 31, | Principal | Interest | Total Requirements |
| 2026 | $17,598 | $1,530 | $19,128 |
| 2027 | 18,166 | 962 | 19,128 |
| 2028 | 18,752 | 376 | 19,128 |
| 2029 | 1,590 | 4 | 1,594 |
| 2030 | 0 | 0 | 0 |
| 2031-Maturity | 0 | 0 | 0 |
| Totals | $56,106 | $2,872 | $58,978 |

**Compensated Absences Liability**

The beginning liability of $2,684 is recorded as a prior period adjustment this year (see note Q). The net change this year was a decrease of $82 with an ending liability of $2,602.

## Note H. DUE TO OTHER GOVERNMENTS

As of August 31, 2025, the District had no amounts due to other governments.

## Note I. UNEARNED REVENUE & UNAVAILABLE REVENUE

Unearned revenue is that portion of the net revenue receivable which is expected to be collected within the first 60 days following the fiscal year end. Unavailable revenue is that portion of the net revenue receivable which is not expected to be collected within the first 60 days following the fiscal year end.

Unearned revenue and Unavailable revenue at August 31, 2025 consisted of the following:

| | General Fund | Special Revenue Fund | Debt Service Fund | Totals |
|---|---|---|---|---|
| Unearned Revenue: | | | | |
| Property Tax Revenue | $14,676 | $0 | $9,391 | $24,067 |
| Local Food Service Revenue | 0 | 15,186 | 0 | 15,186 |
| Total Unearned Revenue | $14,676 | $15,186 | $9,391 | $39,253 |
| Unavailable Revenue: | | | | |
| Property Tax Revenue | $320,444 | $0 | $148,371 | $468,815 |
| Total Unavailable Revenue | $320,444 | $0 | $148,371 | $468,815 |

## Note J. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

| | General Fund | Special Revenue Funds | Debt Service Fund | Capital Projects Funds | Totals |
|---|---|---|---|---|---|
| Property Taxes | $3,292,245 | $0 | $2,090,330 | $0 | $5,382,575 |
| Penalties, Interest, & Other Tax Related Income | 68,030 | 0 | 34,933 | 0 | 102,963 |
| Investment Income | 261,604 | 275 | 95,927 | 1,556,478 | 1,914,284 |
| Gifts & Bequests | 0 | 1,500 | 0 | 0 | 1,500 |
| Food Service Sales | 0 | 207,403 | 0 | 0 | 207,403 |
| Athletics | 109,897 | 0 | 0 | 0 | 109,897 |
| Co-curricular | 14,893 | 173,051 | 0 | 0 | 187,944 |
| Other | 126,444 | 0 | 0 | 0 | 126,444 |
| Totals | $3,873,113 | $382,229 | $2,221,190 | $1,556,478 | $8,033,010 |

## Note K. 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 current fiscal year, the District purchased commercial insurance to cover general liabilities. There are 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.

### Health Care Coverage

The District offers all employees health care coverage under the TRS Active Care insurance plan, which is a statewide health coverage program for public education employees established by the 77th Texas Legislature. The District contributed $275 per month per enrolled employee to the Plan, and employees, at their option, authorized payroll withholdings to pay the additional cost of premiums for themselves and dependents.

### CAS Workers Compensation Coverage

The District was self-funded for workers compensation insurance and has an interlocal agreement with Claims Administration Services, Inc. (CAS) to serve as the District's third-party administrator. Transactions related to the plan are accounted for in the Workers Compensation Self Insurance Fund, an internal service fund of the District. The District makes all contributions to the fund. Claims Administrative Services, Inc. obtained excess loss insurance, which limited annual claims paid from the entire fund for the year ended August 31, 2025, to $350,000 for any individual participant. At August 31, 2025, the District's unpaid claims totaled $53,532, which includes incurred but not reported claims. The liability is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information obtained prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing the claims liability does not necessarily result in an exact amount. Claims are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

Changes in the balances of claims liabilities during the past two years are as follows:

| | Year Ended August 31, 2024 | Year Ended August 31, 2025 |
|---|---|---|
| Unpaid claims, beginning of fiscal year | $33,960 | $36,082 |
| Incurred claims (including IBNR's) | 8,232 | 27,331 |
| Claim payments | (6,110) | (9,881) |
| Unpaid claims, end of fiscal year | $36,082 | $53,532 |

**TASB Workers Compensation Coverage**

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

The Fund and its members are protected against higher-than-expected claims cost through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of $2 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2024, the Fund carries a discounted reserve of $48,919,036 for future development on reported claims and claims that have been incurred but not reported. For the year-ended August 31, 2025, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions.

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

**TASB Auto, Liability, & Property Programs**

During the year ended August 31, 2025, Edgewood ISD participated in the following Risk Management Fund Programs:

Auto Liability, Auto Physical Damage, Privacy & Information Security, Property, and School Liability

The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.
The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for its Auto, Liability, and Property programs. The terms and limits of stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended August 31, 2025, the Fund anticipates that Edgewood ISD has no additional liability beyond the contractual obligations for payment of contributions.

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

**Litigation and Contingencies**

The District may be subjected to loss contingencies arising principally in the normal course of operations. In the opinion of the administration, the outcome of any lawsuits will not have a material adverse effect on the accompanying financial statements and accordingly no provision for losses has been recorded.

**State and Federal Programs**

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 adjustments by the grantor agencies.

Therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at August 31, 2025 may be impaired. In the opinion of the District, there are no significant contingent liabilities related to compliance with rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

**Construction Commitments**

The District was obligated at August 31, 2025, under a contract for elementary & middle school phase I & CTE building. The construction in progress for these projects totaled $11,657,187 as of August 31, 2025, including retainage payable for this project totaling $767,751. The outstanding construction commitments associated with this project including retainage payable totaled approximately $2,016,154 as of August 31, 2025.

**Note L. DEFINED BENEFIT PENSION PLAN**

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

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

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

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

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

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

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

Cost-of-Living Adjustment - A cost-of-living adjustment (COLA) was dependent on Texas voters approving a consitutional amendment (Proposition 9) to authorize the COLA. Voters approved the amendment in the November 22023 election and the following COLA was applied to eligible annuitants' payments beginning with their January 2024 payment.

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

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

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

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

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

**Contribution Rates**

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

| | | |
|---|---|---|
| District's Measurement Year 2024 Employer Contributions | $ | 295,505 |
| District's Measurement Year 2024 Member Contributions | $ | 259,748 |
| District's Measurement Year 2024 NECE (State) Contributions | $ | 539,737 |

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 colleges, universities and medical schools) are required to pay the employer contribution rate in the following instances:

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

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

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

***Net Pension Liability***

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

| Table 11.E.1: Net Pension Liability | | |
|---|---|---|
| **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 Percentage of Total Pension Liability** | | **77.51 %** |

***Actuarial Assumptions.***

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

| Table 11.F.1: Actuarial Methods and Assumptions | |
|---|---|
| **Component** | **Result** |
| Valuation Date | August 31, 2023 rolled forward to August 31, 2024 |
| Actuarial Cost Method | Individual Entry Age Normal |
| Asset Valuation Method | Fair Value |
| Single Discount Rate | 7.00% |
| Long-term Expected Rate | 7.00% |
| Municipal Bond Rate as of August 2024 | 3.87% - The source for the rate is the Bond Buyers 20 Index which represents the estimated yield of a portfolio of 20 general obligation bonds maturing in 20 years based on a survey of municipal bond traders. |
| Last year ending August 31 in Projection Period (100 years) | 2123 |
| Inflation | 2.30% |
| Salary Increases | 2.95% to 8.95% including inflation |
| Ad hoc post-employment benefit changes | None |

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

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

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

The long-term rate of return on pension plan investments is 7.00 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2024 (see page 56 of the 2024 TRS ACFR) are summarized below:

| Table 3.A.1: Asset Allocations | | | |
|---|---|---|---|
| Asset Class | Target Allocation %** | Long-Term Expected Geometric Real Rate of Return*** | Expected Contribution to Long-Term Portfolio Returns |
| **Global Equity** | | | |
| USA | 18.0 % | 4.4 % | 1.0 % |
| Non-US Developed | 13.0 | 4.2 | 0.8 |
| Emerging Markets | 9.0 | 5.2 | 0.7 |
| Private Equity | 14.0 | 6.7 | 1.2 |
| **Stable Value** | | | |
| Government Bonds | 16.0 | 1.9 | 0.4 |
| Stable Value Hedge Funds | 5.0 | 3.0 | 0.2 |
| Absolute Return* | 0.0 | 4.0 | 0.0 |
| **Real Return** | | | |
| Real Estate | 15.0 | 6.6 | 1.2 |
| Energy, Natural Resources & Infrastructure | 6.0 | 5.6 | 0.4 |
| Commodities | 0.0 | 2.5 | 0.0 |
| **Risk Parity** | 8.0 | 4.0 | 0.4 |
| **Asset Allocation Leverage** | | | |
| Cash | 2.0 | 1.0 | 0.0 |
| Asset Allocation Leverage | (6.0) | 1.3 | (0.1) |
| Inflation Expectation | | | 2.4 |
| Volatility Drag**** | | | (0.7) |
| **Expected Return** | **100.0 %** | | **7.9 %** |

*Absolute Return includes Credit Sensitive Investments.

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

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

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

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

| | 1% Decrease in Discount Rate (6.00%) | Current Single Discount Rate (7.00%) | 1% Increase in Discount Rate (8.00%) |
|---|---|---|---|
| District's proportionate share of the net pension liability: | $ 5,149,097 | $ 3,223,720 | $ 1,628,408 |

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.*** At August 31, 2025, Edgewood Independent School District reported a liability of $3,223,720 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to Edgewood Independent School District. The amount recognized by Edgewood Independent School District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with Edgewood Independent School District were as follows:

| | |
|---|---|
| District's Proportionate share of the collective net pension liability | $ 3,223,720 |
| State's proportionate share that is associated with the District | 5,850,459 |
| Total | $ 9,074,179 |

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

At August 31, 2024 the employer's proportion of the collective net pension liability was .000052775038% compared to .000050962726% as of August 31, 2023.

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

**Changes in Benefits -** The 2023 Texas Legislature passed Senate Bill 10 (SB10), which provided a stipend payment to certain retirees and variable ad hoc cost-of-living adjustments (COLA) to certain retirees in early fiscal year 2024. Due to its timing, the legislation and payments were not reflected in the August 31, 2023 actuarial valuation. Under the roll forward method, an adjustment was made to reflect the legislation in the rolled forward liabilities for the current measurement year, August 31, 2024. SB 10 and House Joint Resolution 2 (HJR 2) of the 88th Regular Legislative Session appropriated payments of $1,645 billion for on-time stipends and $3,355 billion for COLAs. This appropriation is treated as a supplemental contribution and included in other additions. Since the Legislature appropriated funds for this one-time stipend and COLA, there was no impact on the Net Pension Liability of TRS.

For the year ended August 31, 2025, Edgewood Independent School District recognized pension expense of $699,228 and revenue of $699,228 for support provided by the State in the Government Wide Statement of Activities.

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual actuarial experience | $ 177,687 | $ 25,169 |
| Changes in actuarial assumptions | 166,448 | 22,315 |
| Net Difference between projected and actual investment earnings | 19,595 | |
| Changes in proportion and difference between the employer's contributions and the proportionate share of contributions | 346,232 | 119,117 |
| Contributions paid to TRS subsequent to the measurement date [to be calculated by employer] | 320,227 | |
| Total | $ 1,030,189 | $ 166,601 |

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

| Year ended August 31: | Pension Expense Amount |
|---|---|
| 2026 | $ 85,455 |
| 2027 | 426,082 |
| 2028 | 93,374 |
| 2029 | (83,212) |
| 2030 | 21,663 |
| Thereafter | |

**Note M. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS**

***Summary of Significant Accounting Policies.*** 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.

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

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

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

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

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

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

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

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

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

**Contribution Rates**

| | 2024 | 2025 |
|---|---|---|
| Active Employee | 0.65% | 0.65% |
| Non-Employer Contributing Entity (State) | 1.25% | 1.25% |
| Employers | 0.75% | 0.75% |
| Federal/private Funding Remitted by Employers | 1.25% | 1.25% |

| | |
|---|---|
| District's Measurement Year 2024 Employer Contributions | $ 80,343 |
| District's Measurement Year 2024 Member Contributions | $ 25,668 |
| District's Measurement Year 2024 NECE (State) Contributions | $ 100,667 |

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

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

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

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

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

**Table 9.F.1: Actuarial Methods and Assumptions**

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

From 2024 TRS ACFR, Note 9, page 79.

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

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

**Sensitivity of the Net OPEB Liability**:

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

| | 1% Decrease in Discount Rate (2.87%) | Current Single Discount Rate (3.87%) | 1% Increase in Discount Rate (4.87%) |
|---|---|---|---|
| District's proportionate share of the Net OPEB Liability: | $ 3,189,368 | $ 2,684,548 | $ 2,276,645 |

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

| | 1% Decrease | Current Healthcare Cost Trend Rate | 1% Increase |
|---|---|---|---|
| District's proportionate share of the Net OPEB Liability: | $ 2,186,166 | $ 2,684,548 | $ 3,333,989 |

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs.*** At August 31, 2025, Edgewood Independent School District reported a liability of $2,684,548 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 Edgewood Independent School District were as follows:

| | |
|---|---|
| District's Proportionate share of the collective net OPEB liability | $ 2,684,548 |
| State's proportionate share that is associated with the District | 3,363,702 |
| Total | $ 6,048,250 |

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 thru August 31, 2024.

At August 31, 2024 the employer's proportion of the collective net OPEB liability was .000088448508% compared to .000082138414% as of August 31, 2023.

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

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

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

For the year ended August 31, 2025, Edgewood Independent School District recognized OPEB expense of $(437,219) and revenue of $(437,219) for support provided by the State.

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual actuarial experience | $ 514,538 | $ 1,339,735 |
| Changes in actuarial assumptions | 343,590 | 875,937 |
| Net Difference between projected and actual investment earnings | 0 | 7,517 |
| Changes in proportion and difference between the employer's contributions and the proportionate share of contributions | 802,917 | 193,743 |
| Contributions paid to TRS subsequent to the measurement date [to be calculated by employer] | 82,630 | |
| Total | $ 1,743,675 | $ 2,416,932 |

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

| Year ended August 31: | OPEB Expense Amount |
|---|---|
| 2026 | $ (316,870) |
| 2027 | (195,283) |
| 2028 | (188,521) |
| 2029 | (157,658) |
| 2030 | (45,903) |
| Thereafter | 148,347 |

## Note N. MEDICARE PART D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. The allocation of these on-behalf payments is based on the ratio of a reporting entity's covered payroll to the entire payroll reported by all reporting entities. State Contributions for Medicare Part D made on behalf of Edgewood Independent School District's employees were $62,213, $45,354, and $44,519, respectively for fiscal years ended August 31, 2025, 2024, and 2023.

## Note O. JOINT VENTURES – SHARED SERVICE ARRANGEMENTS

The District participates in shared services arrangements for Special Education Services, with other school districts. The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, nor does the district have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to Edgewood Independent School District. The fiscal agent manager is responsible for all financial activities of the shared services arrangement.

## Note P. SUBSEQUENT EVENTS

In reviewing its financial statements, management has evaluated events subsequent to the balance sheet date through January 8, 2026, which is the date the financial statements were available to be issued.

## Note Q. PRIOR PERIOD ADJUSTMENTS

The District implemented GASB Statement Number 101 regarding Compensated Absences. As a result, on Exhibit B-1, a prior period adjustment of $2,684 was made to the Beginning Net Position of $16,716,572 to reflect the beginning Compensated Absences Liability.

## Note R. CHANGE FROM MAJOR TO NONMAJOR FUND

In the previous fiscal year ended August 31, 2024, the Local Capital Projects Fund was reported as a major fund. In the current fiscal year ended August 31, 2025, the Local Capital Projects Fund is reported as a nonmajor fund. As a result of this change the the Local Capital Projects Fund beginning fund balance of $18,413 on Exhibit C-3, as a major row 0100 beginning fund balance and a negative change on row 1300 that nets to zero, and on Exhibit H-2 it is shown on row 1300 as a change from a major to a nonmajor fund.

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REQUIRED SUPPLEMENTAL INFORMATION

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EXHIBIT G-1

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

| Data Control Codes | | Budgeted Amounts Original | Budgeted Amounts Final | Actual Amounts (GAAP BASIS) | Variance With Final Budget Positive or (Negative) |
|---|---|---|---|---|---|
| | REVENUES: | | | | |
| 5700 | Total Local and Intermediate Sources | $ 3,385,890 | $ 3,835,422 | $ 3,873,113 | $ 37,691 |
| 5800 | State Program Revenues | 108,940,455 | 10,935,455 | 10,899,131 | (36,324) |
| 5900 | Federal Program Revenues | 101,000 | 41,000 | 31,441 | (9,559) |
| 5020 | Total Revenues | 112,427,345 | 14,811,877 | 14,803,685 | (8,192) |
| | EXPENDITURES: | | | | |
| | Current: | | | | |
| 0011 | Instruction | 7,541,547 | 7,606,404 | 7,466,186 | 140,218 |
| 0012 | Instructional Resources and Media Services | 4,250 | 4,250 | 1,761 | 2,489 |
| 0013 | Curriculum and Instructional Staff Development | 329,729 | 338,261 | 315,416 | 22,845 |
| 0021 | Instructional Leadership | 110,823 | 147,894 | 141,014 | 6,880 |
| 0023 | School Leadership | 837,342 | 809,492 | 794,982 | 14,510 |
| 0031 | Guidance, Counseling, and Evaluation Services | 291,520 | 295,020 | 270,297 | 24,723 |
| 0033 | Health Services | 219,545 | 222,605 | 169,506 | 53,099 |
| 0034 | Student (Pupil) Transportation | 499,321 | 496,261 | 444,862 | 51,399 |
| 0036 | Extracurricular Activities | 857,308 | 868,552 | 768,317 | 100,235 |
| 0041 | General Administration | 705,934 | 727,157 | 631,996 | 95,161 |
| 0051 | Facilities Maintenance and Operations | 1,539,808 | 1,543,886 | 1,398,590 | 145,296 |
| 0052 | Security and Monitoring Services | 331,226 | 331,226 | 321,215 | 10,011 |
| 0053 | Data Processing Services | (455,561) | 459,981 | 450,359 | 9,622 |
| | Debt Service: | | | | |
| 0071 | Principal on Long-Term Liabilities | 189,600 | 189,600 | 185,503 | 4,097 |
| 0072 | Interest on Long-Term Liabilities | 87,700 | 87,700 | 86,970 | 730 |
| 0073 | Bond Issuance Cost and Fees | 500 | 500 | 450 | 50 |
| | Capital Outlay: | | | | |
| 0081 | Facilities Acquisition and Construction | 336,396 | 325,946 | 307,241 | 18,705 |
| | Intergovernmental: | | | | |
| 0093 | Payments to Fiscal Agent/Member Districts of SSA | 500 | 1,000 | 1,000 | - |
| 0099 | Other Intergovernmental Charges | 118,750 | 118,750 | 117,688 | 1,062 |
| 6030 | Total Expenditures | 13,546,238 | 14,574,485 | 13,873,353 | 701,132 |
| 1100 | Excess of Revenues Over Expenditures | 98,881,107 | 237,392 | 930,332 | 692,940 |
| | OTHER FINANCING SOURCES (USES): | | | | |
| 7913 | Right-to-Use Lease and SBITA Proceeds | - | 70,536 | 70,536 | - |
| 8911 | Transfers Out (Use) | - | (1,500,000) | (1,500,000) | - |
| 7080 | Total Other Financing Sources (Uses) | - | (1,429,464) | (1,429,464) | - |
| 1200 | Net Change in Fund Balances | 98,881,107 | (1,192,072) | (499,132) | 692,940 |
| 0100 | Fund Balance - September 1 (Beginning) | 6,765,476 | 6,765,476 | 6,765,476 | - |
| 3000 | Fund Balance - August 31 (Ending) | $ 105,646,583 | $ 5,573,404 | $ 6,266,344 | $ 692,940 |

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

| | FY 2025<br>Plan Year 2024 | FY 2024<br>Plan Year 2023 | FY 2023<br>Plan Year 2022 |
|---|---|---|---|
| District's Proportion of the Net Pension Liability (Asset) | 0.000052775% | 0.000050963% | 0.00005416% |
| District's Proportionate Share of Net Pension Liability (Asset) | $ 3,223,720 | $ 3,500,648 | $ 3,215,317 |
| State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District | 5,850,459 | 6,787,524 | 5,943,416 |
| Total | $ 9,074,179 | $ 10,288,172 | $ 9,158,733 |
| District's Covered Payroll | $ 8,461,419 | $ 8,171,507 | $ 7,777,435 |
| District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | 38.10% | 42.84% | 41.34% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 77.51% | 73.15% | 75.62% |

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

| FY 2022 Plan Year 2021 | FY 2021 Plan Year 2020 | FY 2020 Plan Year 2019 | FY 2019 Plan Year 2018 | FY 2018 Plan Year 2017 | FY 2017 Plan Year 2016 | FY 2016 Plan Year 2015 |
|---|---|---|---|---|---|---|
| 0.000041453% | 0.000041222% | 0.000043976% | 0.00004298% | 0.000046032% | 0.000047352% | 0.000057452% |
| $ 1,055,657 | $ 2,207,752 | $ 2,286,020 | $ 2,365,728 | $ 1,471,865 | $ 1,789,370 | $ 2,030,852 |
| 2,768,909 | 5,890,324 | 5,166,546 | 5,480,596 | 3,214,070 | 4,069,941 | 3,851,784 |
| $ 3,824,566 | $ 8,098,076 | $ 7,452,566 | $ 7,846,324 | $ 4,685,935 | $ 5,859,311 | $ 5,882,636 |
| $ 7,143,610 | $ 6,890,301 | $ 6,218,099 | $ 5,971,723 | $ 5,791,278 | $ 5,982,563 | $ 6,063,898 |
| 14.78% | 32.04% | 36.76% | 39.62% | 25.42% | 29.91% | 33.49% |
| 88.79% | 75.54% | 75.24% | 73.74% | 82.17% | 78.00% | 78.43% |

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

| | 2025 | 2024 | 2023 |
|---|---|---|---|
| Contractually Required Contribution | $ 320,227 | $ 295,505 | $ 261,961 |
| Contribution in Relation to the Contractually Required Contribution | 320,227 | 295,505 | 261,961 |
| Contribution Deficiency (Excess) | $ - | $ - | $ - |
| District's Covered Payroll | $ 8,596,255 | $ 8,461,419 | $ 8,171,507 |
| Contributions as a Percentage of Covered Payroll | 3.73% | 3.49% | 3.21% |

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 |
|---|---|---|---|---|---|---|
| $ 252,725 | $ 176,899 | $ 170,420 | $ 153,922 | $ 144,401 | $ 185,773 | $ 187,593 |
| 252,725 | 176,899 | 170,420 | 153,922 | 144,401 | 185,773 | 187,593 |
| $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| $ 7,777,435 | $ 7,143,610 | $ 6,890,301 | $ 6,218,099 | $ 5,971,723 | $ 5,791,278 | $ 5,982,563 |
| 3.25% | 2.48% | 2.47% | 2.48% | 2.42% | 3.21% | 3.14% |

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

| | FY 2025<br>Plan Year 2024 | FY 2024<br>Plan Year 2023 | FY 2023<br>Plan Year 2022 |
|---|---|---|---|
| District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits | 0.000088449% | 0.000082138% | 0.000083831% |
| District's Proportionate Share of Net OPEB Liability (Asset) | $ 2,684,548 | $ 1,818,405 | $ 2,007,255 |
| State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District | 3,363,702 | 2,194,185 | 2,448,536 |
| Total | $ 6,048,250 | $ 4,012,590 | $ 4,455,791 |
| District's Covered Payroll | $ 8,461,419 | $ 8,171,507 | $ 7,777,435 |
| District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll | 31.73% | 22.25% | 25.81% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 13.70% | 14.94% | 11.52% |

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

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

| FY 2022 Plan Year 2021 | FY 2021 Plan Year 2020 | FY 2020 Plan Year 2019 | FY 2019 Plan Year 2018 | FY 2018 Plan Year 2017 |
|---|---|---|---|---|
| 0.000075049% | 0.000072518% | 0.000073427% | 0.000069617% | 0.000076401% |
| $ 2,894,960 | $ 2,756,749 | $ 3,472,463 | $ 3,476,057 | $ 3,322,396 |
| 3,878,601 | 3,704,410 | 4,614,127 | 5,179,249 | 4,563,514 |
| $ 6,773,561 | $ 6,461,159 | $ 8,086,590 | $ 8,655,306 | $ 7,885,910 |
| $ 7,143,610 | $ 6,890,301 | $ 6,218,099 | $ 5,971,723 | $ 5,791,278 |
| 40.53% | 40.01% | 55.84% | 58.21% | 57.37% |
| 6.18% | 4.99% | 2.66% | 1.57% | 0.91% |

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

| | 2025 | 2024 | 2023 |
|---|---|---|---|
| Contractually Required Contribution | $ 82,630 | $ 80,343 | $ 71,253 |
| Contribution in Relation to the Contractually Required Contribution | 82,630 | 80,343 | 71,253 |
| Contribution Deficiency (Excess) | $ - | $ - | $ - |
| District's Covered Payroll | $ 8,596,255 | $ 8,461,419 | $ 8,171,507 |
| Contributions as a Percentage of Covered Payroll | 0.96% | 0.95% | 0.87% |

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

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

| 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|
| $ 68,854 | $ 58,630 | $ 55,119 | $ 52,385 | $ 48,022 |
| 68,854 | 58,630 | 55,119 | 52,385 | 48,022 |
| $ - | $ - | $ - | $ - | $ - |
| $ 7,777,435 | $ 7,143,610 | $ 6,890,301 | $ 6,218,099 | $ 5,971,723 |
| 0.89% | 0.82% | 0.80% | 0.84% | 0.80% |

## A. Notes to Schedules for the TRS Pension

*Changes of Benefit terms.*

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

*Changes of Assumptions.*

There were no changes in assumptions.

## B. Notes to Schedules for the TRS OPEB Plan

*Changes in Benefits.*

There were no changes in benefits.

*Changes in Assumptions.*

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

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

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

SUPPLEMENTARY INFORMATION

COMBINING STATEMENTS

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

| Data Control Codes | | 211 ESEA I, A Improving Basic Program | 224 IDEA Part B Formula | 240 National Breakfast and Lunch Program | 255 ESEA II, A Training and Recruiting |
|---|---|---|---|---|---|
| | ASSETS | | | | |
| 1110 | Cash and Cash Equivalents | $ (10,617) | $ (28,599) | $ 233,183 | $ (2,213) |
| 1240 | Due from Other Governments | 31,410 | 32,825 | 26,213 | 2,213 |
| 1000 | Total Assets | $ 20,793 | $ 4,226 | $ 259,396 | $ - |
| | LIABILITIES | | | | |
| 2160 | Accrued Wages Payable | $ 18,628 | $ 3,784 | $ 19,182 | $ - |
| 2200 | Accrued Expenditures | 2,165 | 442 | 2,238 | - |
| 2300 | Unearned Revenue | - | - | 15,186 | - |
| 2000 | Total Liabilities | 20,793 | 4,226 | 36,606 | - |
| | FUND BALANCES | | | | |
| | Restricted Fund Balance: | | | | |
| 3450 | Federal or State Funds Grant Restriction | - | - | 222,790 | - |
| 3470 | Capital Acquisition and Contractual Obligation | - | - | - | - |
| 3490 | Other Restricted Fund Balance | - | - | - | - |
| 3000 | Total Fund Balances | - | - | 222,790 | - |
| 4000 | Total Liabilities and Fund Balances | $ 20,793 | $ 4,226 | $ 259,396 | $ - |

| 289 ESEA Title IV Part A | 410 Instructional Materials Allotment | 429 School Safety Safe Cycle 2 State Grants | 461 Campus Activity Funds | 498 Local Scholarship Funds | Total Nonmajor Special Revenue Funds | 697 Local Capital Projects | Total Nonmajor Governmental Funds |
|---|---|---|---|---|---|---|---|
| $ - | $ - | $ (10,976) | $ 99,761 | $ 2,100 | $ 282,639 | $ 8,637 | $ 291,276 |
| - | - | 10,976 | - | - | 103,637 | - | 103,637 |
| $ - | $ - | $ - | $ 99,761 | $ 2,100 | $ 386,276 | $ 8,637 | $ 394,913 |
| $ - | $ - | $ - | $ - | $ - | $ 41,594 | $ - | $ 41,594 |
| - | - | - | - | - | 4,845 | - | 4,845 |
| - | - | - | - | - | 15,186 | - | 15,186 |
| - | - | - | - | - | 61,625 | - | 61,625 |
| - | - | - | - | - | 222,790 | - | 222,790 |
| - | - | - | - | - | - | 8,637 | 8,637 |
| - | - | - | 99,761 | 2,100 | 101,861 | - | 101,861 |
| - | - | - | 99,761 | 2,100 | 324,651 | 8,637 | 333,288 |
| $ - | $ - | $ - | $ 99,761 | $ 2,100 | $ 386,276 | $ 8,637 | $ 394,913 |

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

| Data Control Codes | | 211 ESEA I, A Improving Basic Program | 224 IDEA Part B Formula | 240 National Breakfast and Lunch Program | 255 ESEA II, A Training and Recruiting |
|---|---|---|---|---|---|
| | REVENUES: | | | | |
| 5700 | Total Local and Intermediate Sources | $ - | $ - | $ 207,678 | $ - |
| 5800 | State Program Revenues | - | - | 3,382 | - |
| 5900 | Federal Program Revenues | 205,564 | 204,716 | 415,723 | 39,579 |
| 5020 | Total Revenues | 205,564 | 204,716 | 626,783 | 39,579 |
| | EXPENDITURES: | | | | |
| | Current: | | | | |
| 0011 | Instruction | 195,472 | 34,742 | - | - |
| 0013 | Curriculum and Instructional Staff Development | 10,092 | - | - | 39,579 |
| 0031 | Guidance, Counseling, and Evaluation Services | - | 169,974 | - | - |
| 0035 | Food Services | - | - | 651,354 | - |
| 0036 | Extracurricular Activities | - | - | - | - |
| 0052 | Security and Monitoring Services | - | - | - | - |
| | Capital Outlay: | | | | |
| 0081 | Facilities Acquisition and Construction | - | - | - | - |
| 6030 | Total Expenditures | 205,564 | 204,716 | 651,354 | 39,579 |
| 1100 | Excess (Deficiency) of Revenues Over (Under) Expenditures | - | - | (24,571) | - |
| | OTHER FINANCING SOURCES (USES): | | | | |
| 7915 | Transfers In | - | - | - | - |
| 1200 | Net Change in Fund Balance | - | - | (24,571) | - |
| 0100 | Fund Balance - September 1 (Beginning) | - | - | 247,361 | - |
| 1300 | Change from Major to Nonmajor | - | - | - | - |
| 3000 | Fund Balance - August 31 (Ending) | $ - | $ - | $ 222,790 | $ - |

| 289 ESEA Title IV Part A | 410 Instructional Materials Allotment | 429 School Safety Safe Cycle 2 State Grants | 461 Campus Activity Funds | 498 Local Scholarship Funds | Total Nonmajor Special Revenue Funds | 697 Local Capital Projects | Total Nonmajor Governmental Funds |
|---|---|---|---|---|---|---|---|
| $ - | $ - | $ - | $ 173,051 | $ 1,500 | $ 382,229 | $ 98 | $ 382,327 |
| - | 106,347 | 128,461 | - | - | 238,190 | - | 238,190 |
| 14,019 | - | - | - | - | 879,601 | - | 879,601 |
| 14,019 | 106,347 | 128,461 | 173,051 | 1,500 | 1,500,020 | 98 | 1,500,118 |
| 14,019 | 106,347 | - | - | - | 350,580 | - | 350,580 |
| - | - | - | - | - | 49,671 | - | 49,671 |
| - | - | 20,173 | - | - | 190,147 | - | 190,147 |
| - | - | - | - | - | 651,354 | - | 651,354 |
| - | - | - | 165,267 | - | 165,267 | - | 165,267 |
| - | - | 108,288 | - | - | 108,288 | - | 108,288 |
| - | - | - | - | - | - | 1,509,874 | 1,509,874 |
| 14,019 | 106,347 | 128,461 | 165,267 | - | 1,515,307 | 1,509,874 | 3,025,181 |
| - | - | - | 7,784 | 1,500 | (15,287) | (1,509,776) | (1,525,063) |
| - | - | - | - | - | - | 1,500,000 | 1,500,000 |
| - | - | - | 7,784 | 1,500 | (15,287) | (9,776) | (25,063) |
| - | - | - | 91,977 | 600 | 339,938 | - | 339,938 |
| - | - | - | - | - | - | 18,413 | 18,413 |
| $ - | $ - | $ - | $ 99,761 | $ 2,100 | $ 324,651 | $ 8,637 | $ 333,288 |

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SUPPLEMENTARY INFORMATION

REQUIRED TEXAS EDUCATION AGENCY SCHEDULES

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

| Last 10 Years Ended August 31 | (1) Tax Rates Maintenance | (2) Tax Rates Debt Service | (3) Assessed/Appraised Value for School Tax Purposes |
|---|---|---|---|
| 2016 and prior years | $ 1.170000 | $ 0.10400 | $ 206,777,912 |
| 2017 | 1.170000 | 0.14400 | 209,939,097 |
| 2018 | 1.170000 | 0.14400 | 218,747,030 |
| 2019 | 1.170000 | 0.14400 | 238,217,853 |
| 2020 | 1.068350 | 0.18348 | 266,097,234 |
| 2021 | 0.973100 | 0.17301 | 306,109,083 |
| 2022 | 0.960300 | 0.17577 | 348,602,278 |
| 2023 | 0.942900 | 0.17324 | 418,825,072 |
| 2024 | 0.757500 | 0.48320 | 404,159,308 |
| 2025 (School year under audit) | 0.755200 | 0.48320 | 440,895,151 |
| 1000 TOTALS | | | |
| 8000 Total Taxes Refunded Under Section 26.1115, Tax Code | | | |

| (10) Beginning Balance 9/1/2024 | (20) Current Year's Total Levy | (31) Maintenance Collections | (32) Debt Service Collections | (40) Entire Year's Adjustments | (50) Ending Balance 8/31/2025 | (99) Taxes Refunded Under Section 26.1115c |
|---|---|---|---|---|---|---|
| $ 11,977 | $ | $ 947 | $ 84 | $ (82) | $ 10,864 | |
| 2,935 | | 177 | 22 | (21) | 2,715 | |
| 6,280 | | 122 | 15 | (1,323) | 4,820 | |
| 10,093 | | 476 | 58 | (1,036) | 8,523 | |
| 11,986 | | 2,587 | 444 | (487) | 8,468 | |
| 14,840 | | 2,345 | 417 | (430) | 11,648 | |
| 47,379 | | 6,729 | 1,232 | (4,585) | 34,833 | |
| 86,727 | | 21,361 | 3,925 | 2,202 | 63,643 | |
| 266,009 | | 59,470 | 37,935 | (16,770) | 151,834 | |
| | 5,460,046 | 3,198,031 | 2,046,198 | - | 215,817 | |
| $ 458,226 | $ 5,460,046 | $ 3,292,245 | $ 2,090,330 | $ (22,532) | $ 513,165 | |
| | | | | | | $ 5,049 |

EXHIBIT J-2

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

| Data Control Codes | | Budgeted Amounts Original | Budgeted Amounts Final | Actual Amounts (GAAP BASIS) | Variance With Final Budget Positive or (Negative) |
|---|---|---|---|---|---|
| | REVENUES: | | | | |
| 5700 | Total Local and Intermediate Sources | $ 198,340 | $ 208,340 | $ 207,678 | $ (662) |
| 5800 | State Program Revenues | 3,500 | 3,500 | 3,382 | (118) |
| 5900 | Federal Program Revenues | 447,467 | 417,467 | 415,723 | (1,744) |
| 5020 | Total Revenues | 649,307 | 629,307 | 626,783 | (2,524) |
| | EXPENDITURES: | | | | |
| | Current: | | | | |
| 0035 | Food Services | 673,672 | 673,672 | 651,354 | 22,318 |
| 6030 | Total Expenditures | 673,672 | 673,672 | 651,354 | 22,318 |
| 1200 | Net Change in Fund Balances | (24,365) | (44,365) | (24,571) | 19,794 |
| 0100 | Fund Balance - September 1 (Beginning) | 247,361 | 247,361 | 247,361 | - |
| 3000 | Fund Balance - August 31 (Ending) | $ 222,996 | $ 202,996 | $ 222,790 | $ 19,794 |

EXHIBIT J-3

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

| Data Control Codes | | Budgeted Amounts Original | Budgeted Amounts Final | Actual Amounts (GAAP BASIS) | Variance With Final Budget Positive or (Negative) |
|---|---|---|---|---|---|
| | REVENUES: | | | | |
| 5700 | Total Local and Intermediate Sources | $ 2,038,147 | $ 2,216,609 | $ 2,221,190 | $ 4,581 |
| 5800 | State Program Revenues | - | 320,975 | 425,791 | 104,816 |
| 5020 | Total Revenues | 2,038,147 | 2,537,584 | 2,646,981 | 109,397 |
| | EXPENDITURES: | | | | |
| | Debt Service: | | | | |
| 0071 | Principal on Long-Term Liabilities | 721,382 | 655,000 | 655,000 | - |
| 0072 | Interest on Long-Term Liabilities | 1,356,150 | 1,675,084 | 1,674,971 | 113 |
| 0073 | Bond Issuance Cost and Fees | 3,250 | 124,181 | 121,430 | 2,751 |
| 6030 | Total Expenditures | 2,080,782 | 2,454,265 | 2,451,401 | 2,864 |
| 1100 | Excess (Deficiency) of Revenues Over Expenditures | (42,635) | 83,319 | 195,580 | 112,261 |
| | OTHER FINANCING SOURCES (USES): | | | | |
| 7916 | Premium or Discount on Issuance of Bonds | - | 120,931 | 120,930 | (1) |
| 1200 | Net Change in Fund Balances | (42,635) | 204,250 | 316,510 | 112,260 |
| 0100 | Fund Balance - September 1 (Beginning) | 951,535 | 951,535 | 951,535 | - |
| 3000 | Fund Balance - August 31 (Ending) | $ 908,900 | $ 1,155,785 | $ 1,268,045 | $ 112,260 |

EDGEWOOD INDEPENDENT SCHOOL DISTRICT

STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES

FOR THE YEAR ENDED AUGUST 31, 2025

**Section A: Compensatory Education Programs**

| | | |
|---|---|---|
| AP1 | Did your district expend any state compensatory education program state allotment funds during the district's fiscal year? | Yes |
| AP2 | Does the district have written policies and procedures for its state compensatory education program? | Yes |
| AP3 | Total state allotment funds received for state compensatory education programs during the district's fiscal year. | $731,724 |
| AP4 | Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24,26,28,29,30) | $592,915 |

**Section B: Bilingual Education Programs**

| | | |
|---|---|---|
| AP5 | Did your district expend any bilingual education program state allotment funds during the district's fiscal year? | Yes |
| AP6 | Does the district have written policies and procedures for its bilingual education program? | Yes |
| AP7 | Total state allotment funds received for bilingual education programs during the district's fiscal year. | $22,017 |
| AP8 | Actual direct program expenditures for bilingual education programs during the district's fiscal year. (PIC 25) | $14,321 |

FEDERAL AWARDS SECTION

*Morgan, Davis, & Company, P.C.*
**Post Office Box 8158**
**Greenville, Texas 75404**

**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***

**Independent Auditor's Report**

Edgewood Independent School District
804 East Pine
Edgewood, Texas 75117

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, proprietary funds, each major fund, and the aggregate remaining fund information of Edgewood Independent School 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 January 8, 2026.

**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.

*/s/ Morgan, Davis & Company, P.C.*

_____

Morgan, Davis, & Company, P.C.
Greenville, Texas
January 8, 2026

*Morgan, Davis & Company, P.C.*
**Post Office Box 8158**
**Greenville, Texas 75404**

## Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by Uniform Guidance

## Independent Auditor's Report

Edgewood Independent School District
804 East Pine
Edgewood, Texas 75117

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

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

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

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (GAS); 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 responsibility 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 related 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 to 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 GAAS, *Governmental 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 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding 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 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 or audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

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

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

*/s/ Morgan, Davis & Company, P.C.*

_____

Morgan, Davis & Company, P.C.
Greenville, Texas
January 8, 2026

EDGEWOOD INDEPENDENT SCHOOL DISTRICT

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

**Summary of Auditor's Results:**

The type of report we issued on whether the financial statements of Edgewood Independent School District were prepared in accordance with GAAP as an unmodified opinion.

With respect to internal control over financial reporting, we identified no material weaknesses and we reported no significant deficiencies.

We noted no noncompliance material to the financial statements,

With respect to internal control over major federal programs, we identified no material weaknesses and we reported no significant deficiencies.

The type of report we issued on compliance for major programs was an unmodified opinion.

We disclosed no audit findings which the auditor is required to report in accordance with 2 CFR 200.516(a).

We identified the following major programs:

Special Education Cluster:
IDEA, Part B, Formula, Assistance Listing #84.027

The dollar threshold used to distinguish between Type A and Type B programs was $750,000.

The auditee does qualify as a low-risk auditee.

**Financial Statements Findings:**

There are no findings related to financial statements which are required to be reported in accordance with *Generally Accepted Auditing Standards.*

**Federal Award Findings and Questioned Costs:**

There are no findings or questioned costs related to federal awards which are required to be reported by 2 CFR 200.516(a).

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

(Prepared by the District's Administration)

There were no prior audit findings which required corrective action.

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

(Prepared by the District's Administration)

There were no corrective actions necessary for the year ended August 31, 2025.

EDGEWOOD INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED AUGUST 31, 2025

| (1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE | (2) Federal Assistance Listing No. | (3) Pass-Through Entity Identifying Number | (4) Federal Expenditures |
|---|---|---|---|
| **U.S. DEPARTMENT OF EDUCATION** | | | |
| Passed Through Texas Education Agency | | | |
| ESEA, Title I, Part A - Improving Basic Programs | 84.010A | 25610101234903 | $ 205,564 |
| IDEA - Part B, Formula | 84.027 | 25660001234903 | 204,716 |
| ESEA, Title II, Part A, Teacher Principal Training | 84.367A | 25694501234903 | 39,579 |
| ESEA, Title IV, Part A | 84.424A | 25680101234903 | 14,019 |
| Total Passed Through Texas Education Agency | | | 463,878 |
| **TOTAL U.S. DEPARTMENT OF EDUCATION** | | | 463,878 |
| **U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES** | | | |
| Passed Through Texas Health and Human Services Commission | | | |
| Medicaid Administrative Claiming Program - MAC | 93.778 | N/A | 2,604 |
| Total Medicaid Cluster | | | 2,604 |
| Total Passed Through Texas Health and Human Services Commission | | | 2,604 |
| **TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES** | | | 2,604 |
| **U.S. DEPARTMENT OF AGRICULTURE** | | | |
| Passed Through the Texas Department of Agriculture | | | |
| *School Breakfast Program | 10.553 | 71402501 | 85,613 |
| *National School Lunch Program - Cash Assistance | 10.555 | 71302501 | 289,735 |
| *National School Lunch Prog. - Non-Cash Assistance | 10.555 | N/A | 40,375 |
| Total Assistance Listing Number 10.555 | | | 330,110 |
| Total Child Nutrition Cluster | | | 415,723 |
| Total Passed Through the Texas Department of Agriculture | | | 415,723 |
| **TOTAL U.S. DEPARTMENT OF AGRICULTURE** | | | 415,723 |
| **TOTAL EXPENDITURES OF FEDERAL AWARDS** | | | $ 882,205 |

*Clustered Programs

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

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

1. For all federal programs, the District uses the fund types specified in Texas Education Agency's ***Financial Accountability System Resource Guide***. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance is generally accounted for in a Special Revenue Fund.

2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund or, in some instances, in the General Fund which are Governmental Fund type funds. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned.

3. The District must submit to the pass-through entity no later than 90 calendar days (or an earlier date as agreed upon by the pass-through entity and the District) after the end date of the period of performance, all financial, performance, and other reports as required by the terms and conditions of the Federal award. The Federal awarding agency or pass-through entity may approve extension when requested and justified by the non-Federal entity, as applicable (2 CFR 200.344(a)). Unless the Federal awarding agency of pass-through entity authorizes an extension, a non-Federal entity must liquidate all financial obligations incurred under the Federal award no later than 120 calendar days after the end date of the period of performance as specified in the terms and conditions of the Federal award. (2 CFR 200.344(b)).

4. The District has elected to not use the 10% de minimis cost rate as allowed by the Uniform Guidance.

5. Assistance Listing numbers for commodity assistance are the Assistance Listing numbers of the programs under which USDA donated the commodities.

6. Reconciliation Information:

| | |
|---|---|
| Amount reported on the Schedule of Expenditures of Federal awards | $ 882,205 |
| SHARS Revenue reported in the General Fund | 28,837 |
| Federal Program Revenue Reported on Exhibit C-3 | $ 911,042 |

# SCHOOLS FIRST QUESTIONNAIRE

Edgewood Independent School District

Fiscal Year 2025

| | | |
|---|---|---|
| SF1 | Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole? | Yes |
| SF2 | Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end? | No |
| SF3 | Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If payments were not made or warrant hold not cleared within 30 days of when due, then payments are NOT timely.) | Yes |
| SF4 | Was the school district issued a warrant hold? (Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, answer is still YES.) | No |
| SF5 | Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds and/or substantial doubt about the district's ability to continue as a going concern? | No |
| SF6 | Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds? | No |
| SF7 | Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end? | Yes |
| SF8 | Did the school district's administration and school board members discuss any changes and/or impact to local, state, and federal funding at a board meeting within 120 days before the school district adopted its budget? | Yes |
| SF9 | Total accumulated accretion on CABs included in government-wide financial statements at fiscal year end. | $0 |

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