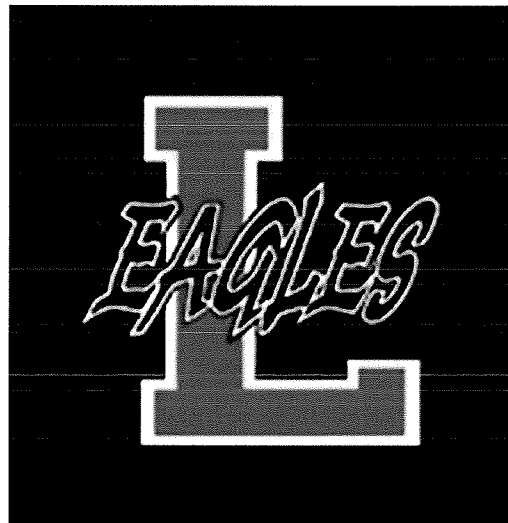


**LINDALE
INDEPENDENT SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT
AUGUST 31, 2025**



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

TABLE OF CONTENTS

<u>Exhibit</u>	<u>Page</u>
CERTIFICATE OF BOARD	1
Independent Auditors' Report	2-4
Management's Discussion and Analysis	5-11
 <u>Basic Financial Statements</u>	
Government Wide Statements:	
A-1 Statement of Net Position	12
B-1 Statement of Activities	13
Governmental Fund Financial Statements:	
C-1 Balance Sheet	14-15
C-2 Reconciliation for C-1	16
C-3 Statement of Revenues, Expenditures, and Changes in Fund Balance	17-18
C-4 Reconciliation for C-3	19
Proprietary Fund Financial Statements:	
D-1 Statement of Net Position	20
D-2 Statement of Revenues, Expenses, and Changes in Fund Net Position	21
D-3 Statement of Cash Flows	22
Fiduciary Fund Financial Statements:	
E-1 Statement of Fiduciary Net Position	23
E-2 Statement of Changes in Fiduciary Net Position	24
Notes to the Financial Statements	25-55
 <u>Required Supplementary Information</u>	
G-1 Budgetary Comparison Schedule - General Fund	56
G-6 Schedule of the District's Proportionate Share of the Net Pension Liability (TRS)	57-58
G-7 Schedule of District Contributions to TRS Pension Plan	59-60
G-8 Schedule of District's Proportionate Share of the Net OPEB Liability (TRS)	61-62
G-9 Schedule of District Contributions to the TRS OPEB Plan	63-64
Notes to Required Supplementary Information	65
 <u>Supplementary Information</u>	
Nonmajor Governmental Funds:	
H-1 Combining Balance Sheet	66-69
H-2 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	70-73
 <u>Other Information</u>	
J-1 Schedule of Delinquent Taxes	74-75
J-2 Budgetary Comparison Schedule – Food Service Fund	76
J-3 Budgetary Comparison Schedule - Debt Service Fund	77
J-4 Use of Funds Report – Select State Allotment Programs	78
 <u>Reports on Compliance, Internal Control, and Federal Awards</u>	
Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	79-80
Report on Compliance for Each Major Program and on Internal Control over Compliance Required by Uniform Guidance	81-82
Schedule of Findings and Questioned Costs	83
Schedule of Status of Prior Findings	84
Corrective Action Plan	85
K-1 Schedule of Expenditures of Federal Awards	86
Notes to Schedule of Expenditures of Federal Awards	87
 <u>Other Information</u>	
L-1 Schools First Questionnaire	88

CERTIFICATE OF BOARD


Lindale Independent School District
Name of School District

Smith
County

212-903
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) ✓ approved _____ disapproved for the year ended August 31, 2025 at a meeting of the Board of Trustees of such school district on the 12th of January 2026.


Signature of Board Secretary


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)



WILF & HENDERSON, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Member of American Institute of Certified Public Accountants
Member of Private Company Practice Section
Member of AICPA Governmental Audit Quality Center

UNMODIFIED OPINION ON BASIC FINANCIAL STATEMENTS ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION AND OTHER SUPPLEMENTARY INFORMATION INCLUDING THE SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Independent Auditors' Report

Board of Trustees
Lindale Independent School District
505 Pierce Street
Lindale, TX 75771

Members of the Board:

Opinions

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

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

Basis for Opinions

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

Emphasis of Matter — Change in Accounting Principle

As discussed in Note I to the financial statements, during the year ended August 31, 2025, the District implemented Governmental Accounting Standards Board GASB Statement No. 101, *Compensated Absences*. As a result, beginning net position was restated to recognize compensated absences in accordance with the new standard. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-11, budgetary comparison information on page 56, schedule of the District's proportionate share of the net pension liability (TRS) on pages 57-58, schedule of District contributions to TRS on pages 59-60, schedule of the District's proportionate share of the OPEB liability (TRS) on pages 61-62, and schedule of District contributions to TRS OPEB plan on pages 63-64 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 Lindale Independent School District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

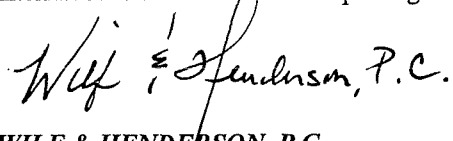
Other Information

Management is responsible for the other information included in the annual report. The other information comprises of reports required from Texas Education Agency identified in the Table of Contents as J-1 through J-4, and L-1. The other information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2026, on our consideration of the Lindale Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lindale Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lindale Independent School District's internal control over financial reporting and compliance.


WILF & HENDERSON, P.C.
Certified Public Accountants
Texarkana, Texas

January 7, 2026

LINDALE INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

FINANCIAL HIGHLIGHTS

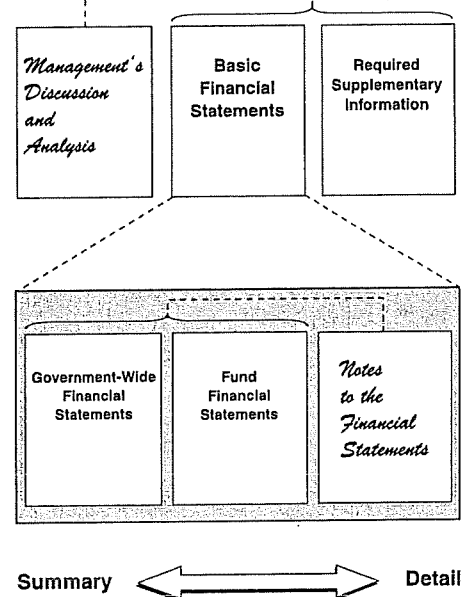
- The District's total combined net position was \$43,084,211 at August 31, 2025.
- During the year, the District's General Fund revenues exceeded expenditures by \$3,489,365. The fund balance increased by \$1,089,365 after recording a transfer to the Capital Projects Fund for future projects in the amount of \$2,400,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements, notes to those statements, and other supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are Government-Wide Financial Statements that provide both long-term and short-term information about the District's overall financial status.
- The remaining statements are Fund Financial Statements that focus on individual parts of the government, reporting the District's operations in more detail than the Government-Wide Statements.
 - The Governmental Fund Statements tell how general government services were financed in the short term as well as what remains for future spending.
 - Proprietary Fund Statements offer financial information about the internal service fund used to report activities that provide services to organizations within the District.
 - Fiduciary Fund Statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

Figure A-1. Required Components of the District's Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2 (below) summarizes the major features of the District's financial statements, including the portion of the District's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

FIGURE A-2
MAJOR FEATURES OF THE DISTRICT'S GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

<i>Type of Statement</i>	Government-Wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
<i>Scope</i>	Entire District's government (except fiduciary funds) and the District's component units	The activities of the District that are not proprietary or fiduciary	Activities the District operates similar to private businesses: self-insurance	Instances in which the District is the trustee or agent for someone else's resources
<i>Required financial statements</i>	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in fund net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
<i>Type of flow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how they have changed. Net Position—the difference between the District's assets and liabilities—is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional non-financial factors such as changes in the District's tax base.

The government-wide financial statements of the District include the governmental activities. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services, and general administration. Property taxes and grants finance most of these activities.

Fund Financial Statements

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

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

The District has three types of funds:

- Governmental funds—Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the Government-Wide Statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- Proprietary funds—Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information.
 - We use internal service funds to report activities that provide supplies and services for the District's other programs and activities—such as the District's Workers Compensation Fund.
- Fiduciary funds—The District is the trustee, or fiduciary, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental activities.

Table I
Lindale Independent School District
NET POSITION

	Governmental Activities 2025	Governmental Activities 2024	Total \$ Change	Total % Change
Current and other assets	\$ 30,402,952	\$ 30,020,922	\$ 382,030	1.27%
Capital assets	101,293,248	102,023,293	(730,045)	-0.72%
Total assets	131,696,200	132,044,215	(348,015)	-0.26%
Deferred outflows of resources	11,611,468	12,280,473	(669,005)	-5.45%
Other liabilities	4,778,420	4,224,657	553,763	13.11%
Long-term liabilities outstanding	61,167,163	64,957,713	(3,790,550)	-5.84%
TRS net pension liability	14,831,903	15,327,823	(495,920)	-3.24%
TRS net OPEB liability	10,204,335	7,369,042	2,835,293	38.48%
Total liabilities	90,981,821	91,879,235	(897,414)	-0.98%
Deferred inflows of resources	9,241,636	11,977,401	(2,735,765)	-22.84%
Net position:				
Net investment in capital assets & RTU assets	41,323,926	38,066,647	3,257,279	8.56%
Restricted	3,268,990	4,625,631	(1,356,641)	-29.33%
Unrestricted	(1,508,705)	(2,224,226)	715,521	32.17%
Total net position	\$ 43,084,211	\$ 40,468,052	\$ 2,616,159	6.46%

Changes in net position. As shown on the following table, the District's total revenues were \$63,730,279. A significant portion of the District's revenue comes from property taxes and state aid. The total cost of all programs and services was \$60,871,157.

Governmental Activities

- Revenues from governmental fund types totaled \$63,730,279, a decrease of (0.90%) over the preceding year.
- Property tax assessment increased by 8.53% to \$2,419,085,202 with a rate of \$0.759200 for maintenance and operation and a rate of \$0.195000 for interest and sinking.
- The cost of all governmental activities this year was \$60,871,157.
- The amount that our taxpayers paid for these activities through property taxes was \$22,305,395.
- Some of the cost was paid by those who directly benefited from the programs of \$1,023,147 or by operating grants and contributions of \$5,100,371.
- The increase in net position for the year 2025 was primarily the result of increases in property tax revenue and conservative spending.

Table II
Lindale Independent School District
CHANGES IN NET POSITION

	Governmental Activities 2025	Governmental Activities 2024	Total Change	Total % Change
Revenues:				
Program Revenues:				
Charges for services	\$ 1,023,147	\$ 995,039	\$ 28,108	2.82%
Operating grants and contributions	5,100,371	7,180,402	(2,080,031)	-28.97%
Capital grants and contributions	-	204,820	(204,820)	-100.00%
General Revenues:				
Property taxes levied for General Purposes	17,739,466	16,569,545	1,169,921	7.06%
Property taxes levied for Debt Service	4,565,929	4,278,726	287,203	6.71%
State Aid - Formula Grants	33,026,694	33,001,995	24,699	0.07%
Investments earnings	1,282,357	1,320,856	(38,499)	-2.91%
Other general revenues	992,315	1,069,810	(77,495)	-7.24%
Special Item	-	(315,031)	315,031	100.00%
Total Revenues	63,730,279	64,306,162	(575,883)	-0.90%
Expenses:				
Instruction	34,406,016	33,740,409	665,607	1.97%
Instructional Resources and Media Services	570,987	545,543	25,444	4.66%
Curriculum and Staff Development	758,498	871,419	(112,921)	-12.96%
Instructional and School Leadership	3,124,005	3,098,824	25,181	0.81%
Guidance, Counseling and Evaluation Services	2,635,203	2,575,858	59,345	2.30%
Social Work Services	-	2,554	(2,554)	-100.00%
Health Services	552,458	529,737	22,721	4.29%
Student (Pupil) Transportation	2,147,306	2,397,207	(249,901)	-10.42%
Food Services	3,017,894	2,982,482	35,412	1.19%
Cocurricular/Extracurricular Activities	2,656,475	2,418,849	237,626	9.82%
General Administration	1,761,402	1,689,180	72,222	4.28%
Plant Maintenance and Operations	5,619,195	5,279,871	339,324	6.43%
Security and Monitoring Services	633,553	563,177	70,376	12.50%
Data Processing Services	304,742	289,445	15,297	5.28%
Community Service	15,046	20,655	(5,609)	-27.16%
Debt Service	2,215,356	2,345,661	(130,305)	-5.56%
Payments to Fiscal Agents/Member Districts of SSA	101,854	84,354	17,500	20.75%
Payments to Juvenile Justice Alternative Ed. Prg.	3,439	3,240	199	6.14%
Other Intergovernmental Charges	347,728	347,339	389	0.11%
Total Expenses	60,871,157	59,785,804	1,085,353	1.82%
Increase (Decrease) in Net Position	2,859,122	4,520,358	(1,661,236)	-36.75%
Net Position Beginning of Year	40,468,052	35,947,694	4,520,358	12.57%
Prior Period Adjustment	(242,963)	-	(242,963)	-100.00%
Net Position End of Year	\$ 43,084,211	\$ 40,468,052	\$ 2,616,159	6.46%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Our analysis focuses on the net changes in fund balances (Table III) of the District's governmental funds.

Table III
Lindale Independent School District
NET CHANGES IN FUND BALANCES

	Governmental Funds 2025	Governmental Funds 2024	Total \$ Change	Total % Change
Revenues:				
Local and Intermediate Sources	\$ 25,548,081	\$ 24,069,627	\$ 1,478,454	6.14%
State Program Revenues	35,825,748	35,625,542	200,206	0.56%
Federal Program Revenues	4,000,269	5,477,089	(1,476,820)	-26.96%
Total Revenues	<u>65,374,098</u>	<u>65,172,258</u>	<u>201,840</u>	<u>0.31%</u>
Expenditures:				
Instruction	32,589,955	31,330,626	1,259,329	4.02%
Instructional resources & media services	540,605	506,847	33,758	6.66%
Curriculum and instructional staff development	716,023	827,214	(111,191)	-13.44%
Instructional and school leadership	2,962,357	2,873,540	88,817	3.09%
Guidance, counseling & evaluation services	2,482,963	2,372,645	110,318	4.65%
Social work and health services	524,226	494,742	29,484	5.96%
Student (pupil) transportation	2,635,149	2,620,830	14,319	0.55%
Food services	2,796,269	2,895,077	(98,808)	-3.41%
Extracurricular activities	2,485,418	2,301,387	184,031	8.00%
General administration	1,655,856	1,559,988	95,868	6.15%
Facilities maintenance & operations	7,727,374	6,599,228	1,128,146	17.10%
Security & monitoring services	626,895	554,749	72,146	13.01%
Data processing services	284,449	267,795	16,654	6.22%
Community service	13,815	18,865	(5,050)	-26.77%
Debt service	6,205,794	6,197,839	7,955	0.13%
Facilities acquisition and construction	849,750	746,645	103,105	13.81%
Payments to fiscal agent/member of SSA	101,854	84,354	17,500	20.75%
Payments to juvenile justice alternative ed. prg.	3,439	3,240	199	6.14%
Other intergovernmental charges	347,728	347,339	389	0.11%
Total Expenditures	<u>65,549,919</u>	<u>62,602,950</u>	<u>2,946,969</u>	<u>4.71%</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(175,821)</u>	<u>2,569,308</u>	<u>(2,745,129)</u>	<u>-106.84%</u>
Special Item - (Use)- SHARS Repayment	<u>-</u>	<u>(315,031)</u>	<u>315,031</u>	<u>100.00%</u>
Net Change in Fund Balances	<u>(175,821)</u>	<u>2,254,277</u>	<u>(2,430,098)</u>	<u>-107.80%</u>
Fund Balance - Beginning of Year	<u>24,350,283</u>	<u>22,096,006</u>	<u>2,254,277</u>	<u>10.20%</u>
Fund Balance - End of Year	<u>\$ 24,174,462</u>	<u>\$ 24,350,283</u>	<u>\$ (175,821)</u>	<u>-0.72%</u>

General Fund Budgetary Highlights

Over the course of the year, the District increased its budgeted expenditures several times. Increases to budget were primarily due to increase in student growth, and a transfer to the Capital Projects Fund. The District's General Fund was budgeted to decrease (\$314,000) during the year ended August 31, 2025. The District's change to fund balance came in \$1,403,365 over the amended budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2025, the District had \$101,293,248 invested in a broad range of capital assets. This amount represents a net decrease of (\$730,045) due to annual depreciation.

More detailed information about the District's capital asset activity is presented in Note G to the financial statements.

Long Term Debt

At year-end, the District had \$54,404,913 in bonds outstanding versus \$57,424,962 last year. The decrease is due to principal payments on bonds during the year.

More detailed information about the District's long-term liabilities is presented in Notes H, I, and J to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Net taxable property values used for the 2025-2026 budget preparation increased 5% over the prior year values. The maintenance and operations tax rate remained the same at \$0.7569. The interest and sinking tax rate decreased to \$0.1810 from \$0.19500.
- The District's 2026 refined average daily attendance is expected to increase slightly at 0.5%.

These indicators were taken into consideration when adopting the General Fund budget for 2025-2026. Amounts available for appropriation in the General Fund budget are \$56,602,661, an increase of \$3,746,135 (7%) from the final 2024-2025 actual revenues. The increase is primarily due to state mandated raises for teachers and local school board approved employee raises. State revenues increased primarily due to increases in funding to pay for employee raises. Total tax revenues will increase due to the increase in local tax values. The largest expenditure increases will be for employee pay raises.

If these estimates are realized, the District's budgetary General Fund balance is expected to increase slightly at the close of 2025-2026. The Board of Trustees plans to maintain the fund balance at two to three months operating costs, as suggested by TEA. The majority of additional revenues over expenses anticipated in the General Fund will be transferred to the Capital Projects Fund for future capital outlays of the district, including roofing and school buses.

\$2,000,000 of roof replacements are planned from the Capital Projects Fund during the summer of 2025-2026.

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 demonstrate 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 Services Office at (903) 881-4000.

BASIC FINANCIAL STATEMENTS

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

EXHIBIT A-1

Data Control Codes	Primary Government <u>Governmental Activities</u>
ASSETS	
1110 Cash and Cash Equivalents	\$ 23,715,529
1220 Property Taxes - Delinquent	918,738
1230 Allowance for Uncollectible Taxes	(2,749)
1240 Due from Other Governments	5,608,828
1267 Due from Fiduciary Funds	2,077
1290 Other Receivables, Net	68,477
1300 Inventories	90,592
1410 Prepayments	1,460
Capital Assets:	
1510 Land	4,017,022
1520 Buildings and Improvements, Net	85,932,012
1530 Furniture and Equipment, Net	8,926,860
1550 Right-to-Use Leased Assets, Net	474,339
1580 Construction in Progress	1,943,015
1000 Total Assets	<u>131,696,200</u>
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Charge for Refunding	669,224
1705 Deferred Outflow Related to TRS Pension	4,989,137
1706 Deferred Outflow Related to TRS OPEB	5,953,107
1700 Total Deferred Outflows of Resources	<u>11,611,468</u>
LIABILITIES	
2110 Accounts Payable	860,883
2140 Accrued Interest Payable	90,308
2160 Accrued Wages Payable	3,608,317
2200 Accrued Expenses	83,276
2300 Unearned Revenue	135,636
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc. Due in More than One Year:	3,139,493
2502 Bonds, Notes, Loans, Leases, etc.	58,027,670
2540 Net Pension Liability (District's Share)	14,831,903
2545 Net OPEB Liability (District's Share)	10,204,335
2000 Total Liabilities	<u>90,981,821</u>
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	402,716
2606 Deferred Inflow Related to TRS OPEB	8,838,920
2600 Total Deferred Inflows of Resources	<u>9,241,636</u>
NET POSITION	
3200 Net Investment in Capital Assets and Right-to-Use Lease Assets Restricted:	41,323,926
3820 Restricted for Federal and State Programs	719,564
3850 Restricted for Debt Service	2,325,258
3860 Restricted for Capital Projects	104,257
3890 Restricted for Other Purposes	119,911
3900 Unrestricted	(1,508,705)
3000 Total Net Position	<u>\$ 43,084,211</u>

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

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

Data Control Codes	1	Program Revenues		6 Net (Expense) Revenue and Changes in Net Position
		3	4	
		Charges for Services	Operating Grants and Contributions	
	Expenses			Primary Gov. Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 34,406,016	\$ 54,000	\$ 2,335,007	\$ (32,017,009)
12 Instructional Resources and Media Services	570,987	-	9,746	(561,241)
13 Curriculum and Instructional Staff Development	758,498	-	11,901	(746,597)
21 Instructional Leadership	617,203	-	11,253	(605,950)
23 School Leadership	2,506,802	-	46,043	(2,460,759)
31 Guidance, Counseling, and Evaluation Services	2,635,203	-	506,234	(2,128,969)
33 Health Services	552,458	-	36,161	(516,297)
34 Student (Pupil) Transportation	2,147,306	-	52,075	(2,095,231)
35 Food Services	3,017,894	797,184	1,807,799	(412,911)
36 Extracurricular Activities	2,656,475	171,963	23,304	(2,461,208)
41 General Administration	1,761,402	-	24,033	(1,737,369)
51 Facilities Maintenance and Operations	5,619,195	-	61,206	(5,557,989)
52 Security and Monitoring Services	633,553	-	164,857	(468,696)
53 Data Processing Services	304,742	-	2,570	(302,172)
61 Community Services	15,046	-	8,182	(6,864)
72 Debt Service - Interest on Long-Term Debt	2,212,581	-	-	(2,212,581)
73 Debt Service - Bond Issuance Cost and Fees	2,775	-	-	(2,775)
93 Payments Related to Shared Services Arrangements	101,854	-	-	(101,854)
95 Payments to Juvenile Justice Alternative Ed. Prg.	3,439	-	-	(3,439)
99 Other Intergovernmental Charges	347,728	-	-	(347,728)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 60,871,157	\$ 1,023,147	\$ 5,100,371	(54,747,639)

Data Control Codes	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	17,739,466
DT	Property Taxes, Levied for Debt Service	4,565,929
SF	State Aid - Formula Grants	33,026,694
IE	Investment Earnings	1,282,357
MI	Miscellaneous Local and Intermediate Revenue	992,315
TR	Total General Revenues	57,606,761
CN	Change in Net Position	2,859,122
NB	Net Position - Beginning as Previously Reported	40,468,052
PA	Adjustments and Restatements	(242,963)
	Net Position - Beginning as Restated and Adjusted	40,225,089
NE	Net Position - Ending	\$ 43,084,211

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

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

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS			
1110 Cash and Cash Equivalents	\$ 19,900,266	\$ 2,132,776	\$ 30,554
1220 Property Taxes - Delinquent	718,896	199,842	-
1230 Allowance for Uncollectible Taxes	(2,151)	(598)	-
1240 Due from Other Governments	5,073,748	92,367	-
1260 Due from Other Funds	8,947	-	6,980,969
1290 Other Receivables	25,903	-	-
1300 Inventories	-	-	-
1410 Prepayments	1,460	-	-
1000 Total Assets	<u>\$ 25,727,069</u>	<u>\$ 2,424,387</u>	<u>\$ 7,011,523</u>
LIABILITIES			
2110 Accounts Payable	\$ 484,320	\$ 1,951	\$ 172,533
2160 Accrued Wages Payable	3,341,548	-	-
2170 Due to Other Funds	7,230,169	6,870	-
2200 Accrued Expenditures	63,799	-	-
2300 Unearned Revenue	53,570	-	-
2000 Total Liabilities	<u>11,173,406</u>	<u>8,821</u>	<u>172,533</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	716,745	199,244	-
2600 Total Deferred Inflows of Resources	<u>716,745</u>	<u>199,244</u>	<u>-</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	-	-	-
3430 Prepaid Items	1,460	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	104,257
3480 Retirement of Long-Term Debt	-	2,216,322	-
3490 Other Restricted Fund Balance	-	-	-
Committed Fund Balance:			
3545 Other Committed Fund Balance	-	-	-
Assigned Fund Balance:			
3570 Capital Expenditures for Equipment	-	-	6,734,733
3590 Other Assigned Fund Balance	157,000	-	-
3600 Unassigned Fund Balance	13,678,458	-	-
3000 Total Fund Balances	<u>13,836,918</u>	<u>2,216,322</u>	<u>6,838,990</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 25,727,069</u>	<u>\$ 2,424,387</u>	<u>\$ 7,011,523</u>

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

Other Funds	Total Governmental Funds
\$ 1,176,937	\$ 23,240,533
-	918,738
-	(2,749)
442,713	5,608,828
49,200	7,039,116
42,574	68,477
90,592	90,592
-	1,460
<u>\$ 1,802,016</u>	<u>\$ 36,964,995</u>
\$ 151,472	\$ 810,276
266,769	3,608,317
-	7,237,039
19,477	83,276
82,066	135,636
<u>519,784</u>	<u>11,874,544</u>
-	915,989
-	915,989
90,592	90,592
-	1,460
719,564	719,564
-	104,257
-	2,216,322
27,859	27,859
444,217	444,217
-	6,734,733
-	157,000
-	13,678,458
<u>1,282,232</u>	<u>24,174,462</u>
<u>\$ 1,802,016</u>	<u>\$ 36,964,995</u>

LINDALE 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	\$ 24,174,462
1 The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, 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 net position.	624,389
2 Capital assets and Right-to-Use Lease 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 \$162,490,843 and the accumulated depreciation was (\$60,467,550). In addition, long-term liabilities of (\$64,772,383) including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.	37,250,910
3 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the capital outlays and debt principal payments is to increase net position. Similarly, the principal payments on Right-to-Use Lease Assets and SBITA Assets are not expenses, rather they are decreases in the Right-to-Use Lease Liabilities and the SBITA Liabilities. These payments must be reclassified and shown as reductions to these liabilities increasing net position.	7,820,263
4 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to TRS included a deferred resource outflow in the amount of \$4,989,137, a deferred resource inflow in the amount of (\$402,716), and a net pension liability in the amount of (\$14,831,903). This resulted in a (decrease) in net position.	(10,245,482)
5 Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. The net position related to TRS included a deferred resource outflow in the amount of \$5,953,107, a deferred resource inflow in the amount of (\$8,838,920), and a net OPEB liability in the amount of (\$10,204,335). This resulted in a (decrease) in net position.	(13,090,148)
6 The current year depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to (decrease) net position.	(5,056,212)
7 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, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.	1,606,029
29 Net Position of Governmental Activities	\$ 43,084,211

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

LINDALE 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 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 19,484,153	\$ 4,746,659	\$ 9,456
5800 State Program Revenues	34,399,254	950,893	-
5900 Federal Program Revenues	310,692	-	-
5020 Total Revenues	54,194,099	5,697,552	9,456
EXPENDITURES:			
Current:			
0011 Instruction	30,553,440	-	-
0012 Instructional Resources and Media Services	524,019	-	-
0013 Curriculum and Instructional Staff Development	711,700	-	-
0021 Instructional Leadership	584,758	-	-
0023 School Leadership	2,356,028	-	-
0031 Guidance, Counseling, and Evaluation Services	2,011,721	-	-
0033 Health Services	498,419	-	-
0034 Student (Pupil) Transportation	2,483,227	-	148,995
0035 Food Services	37,637	-	-
0036 Extracurricular Activities	2,464,624	-	-
0041 General Administration	1,623,486	-	-
0051 Facilities Maintenance and Operations	5,149,960	-	2,561,850
0052 Security and Monitoring Services	472,421	-	-
0053 Data Processing Services	284,449	-	-
0061 Community Services	924	-	-
Debt Service:			
0071 Principal on Long-Term Liabilities	474,047	3,020,049	-
0072 Interest on Long-Term Liabilities	20,853	2,688,070	-
0073 Bond Issuance Cost and Fees	-	2,775	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	-	-	849,750
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	101,854	-	-
0095 Payments to Juvenile Justice Alternative Ed. Prg.	3,439	-	-
0099 Other Intergovernmental Charges	347,728	-	-
6030 Total Expenditures	50,704,734	5,710,894	3,560,595
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	3,489,365	(13,342)	(3,551,139)
OTHER FINANCING SOURCES (USES):			
7915 Transfers In	-	-	2,400,000
8911 Transfers Out (Use)	(2,400,000)	-	-
7080 Total Other Financing Sources (Uses)	(2,400,000)	-	2,400,000
1200 Net Change in Fund Balances	1,089,365	(13,342)	(1,151,139)
0100 Fund Balance - September 1 (Beginning)	12,747,553	2,229,664	7,990,129
3000 Fund Balance - August 31 (Ending)	\$ 13,836,918	\$ 2,216,322	\$ 6,838,990

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

	Other Funds	Total Governmental Funds
\$	1,307,813	\$ 25,548,081
	475,601	35,825,748
	3,689,577	4,000,269
	5,472,991	65,374,098

2,036,515	32,589,955
16,586	540,605
4,323	716,023
255	585,013
21,316	2,377,344
471,242	2,482,963
25,807	524,226
2,927	2,635,149
2,758,632	2,796,269
20,794	2,485,418
32,370	1,655,856
15,564	7,727,374
154,474	626,895
-	284,449
12,891	13,815
-	3,494,096
-	2,708,923
-	2,775
-	849,750
-	101,854
-	3,439
-	347,728
5,573,696	65,549,919
(100,705)	(175,821)

-	2,400,000
-	(2,400,000)
-	-
(100,705)	(175,821)
1,382,937	24,350,283
\$ 1,282,232	\$ 24,174,462

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

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ (175,821)
The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, 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 (decrease) net position.	(33,755)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the current year capital outlays and debt principal payments is to decrease the change net position. Similarly, current year principal payments on Right-to-Use Leases and SIBTAs are also reclassified as reductions to the Right-To-Use Lease Liability and the SBITA liability which will result in an increase in the change in net position.	7,820,263
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to (decrease) the change in net position.	(5,056,212)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase the change in net position.	430,747
GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$1,425,800. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in the change in net position totaling (\$1,368,325). Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense (increased) decreased the change in net position by (\$1,243,074). The net result is a (decrease) in the change in net position.	(1,185,599)
GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$309,880. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net OPEB liability. This caused a decrease in the change in net position totaling (\$305,391). Finally, the proportionate share of the TRS OPEB expense on the plan as a whole had to be recorded. The net OPEB expense decreased the change in net position by \$1,055,010. The net result is an increase in the change in net position.	1,059,499
Change in Net Position of Governmental Activities	\$ 2,859,122

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

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

	Governmental Activities -
	Internal Service Fund
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 474,996
Due from Other Funds	200,000
Total Assets	<u>674,996</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	1,011
Unpaid Claims	49,596
Total Liabilities	<u>50,607</u>
NET POSITION	
Unrestricted Net Position	<u>624,389</u>
Total Net Position	<u><u>\$ 624,389</u></u>

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

LINDALE 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	\$ 20,404
Total Operating Revenues	20,404
OPERATING EXPENSES:	
Professional and Contracted Services	54,159
Total Operating Expenses	54,159
Operating Income (Loss)	(33,755)
Total Net Position - September 1 (Beginning)	658,144
Total Net Position - August 31 (Ending)	\$ 624,389

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

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

EXHIBIT D-3

	Governmental Activities -
	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 20,404
Cash Payments for Insurance Claims	(84,814)
Net Cash Used for Operating Activities	(64,410)
Net Decrease in Cash and Cash Equivalents	(64,410)
Cash and Cash Equivalents at Beginning of Year	539,406
Cash and Cash Equivalents at End of Year	\$ 474,996
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Used for Operating Activities:</u>	
Operating Income (Loss):	\$ (33,755)
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase (decrease) in Accounts Payable	(30,655)
Net Cash Used for Operating Activities	\$ (64,410)

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

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

	Total Custodial Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 491,889
Due from Other Governments	4,293
Total Assets	<u>496,182</u>
LIABILITIES	
Accounts Payable	282
Due to Other Funds	2,077
Total Liabilities	<u>2,359</u>
NET POSITION	
Restricted for Other Purposes	<u>493,823</u>
Total Net Position	<u><u>\$ 493,823</u></u>

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

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

	Total Custodial Funds
ADDITIONS:	
Contributions to Student Groups	\$ 933,026
Enterprising Services Revenue	45,774
Total Additions	<u>978,800</u>
DEDUCTIONS:	
Payroll Costs	3,645
Professional and Contracted Services	6,493
Supplies and Materials	4,753
Other Deductions	896,385
Total Deductions	<u>911,276</u>
Change in Fiduciary Net Position	67,524
Total Net Position - September 1 (Beginning)	<u>426,299</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 493,823</u></u>

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

LINDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2025

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Lindale Independent School District (District) is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven-member Board of Trustees (Board), which are elected by eligible registered voters. The District prepares its basic financial statements in conformity with United States generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in *Statement on Auditing Standards No. 76* of the American Institute of Certified Public Accountants, and it complies with the requirements of the appropriate version of Texas Education Agency's (TEA) *Financial Accountability System Resource Guide* (Resource Guide) and the requirements of contracts and grants of agencies from which it receives funds.

During the year ended August 31, 2025, the District implemented **GASB Statement No. 101, *Compensated Absences***. The Statement establishes recognition and measurement guidance for employee leave benefits. As a result, the District now recognizes a liability for leave that is attributable to services already rendered and is probable of resulting in payment, either through cash settlement or time off that reduces future service requirement. The implementation of this standard resulted in a restatement of beginning net position to record compensated absences in accordance with the new guidance.

1. REPORTING ENTITY

The Board is elected by the public, and it 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 GASB in its Statement No. 14, "The Financial Reporting Entity." There are no component units that are material to the reporting entity, and none are included in the financial statements.

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the District's non-fiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants, and other intergovernmental revenues.

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. Direct expenses are those that are specifically associated with a program or function, and therefore, are clearly identifiable to a particular function. Program revenues include "charges for services" and "grants and contributions." 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. Revenues are considered general revenue available to support all of the District's functions. Taxes are always general revenues. In the government-wide statements, indirect expenses (like depreciation) are allocated to functions based on the character of the expense.

Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due froms 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. For the most part, the effect of interfund activity has been removed from the government-wide statements, although interfund services provided and used are not eliminated in the process of consolidation.

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

LINDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2025

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are nonoperating.

3. 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. 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.

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

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues "available" if they will be collected within 60 days of the end of the fiscal year.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible to accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred 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.

4. FUND ACCOUNTING

The District's accounts are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which are comprised of each fund's assets, liabilities, equity, revenues, and expenditures or expenses.

The District reports the following major governmental funds:

- **General Fund** - This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund. Major revenue sources include local property taxes, state funding under the Foundation School Program, and Medicaid reimbursement. Expenditures include all costs associated with the daily operations of the District except for specific programs funded by the federal or state government, food service, debt service, and capital projects. The General Fund is a budgeted fund, and any fund balances are considered resources available for current operations.

LINDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2025

- **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 which is a budgeted fund. Revenues include collections on property taxes and earnings on investments of the fund. The fund balance represents amounts that will be used for retirement of bonds and payment of interest in the future.
- **Capital Projects Fund** – This governmental fund is established to account for proceeds, on the modified accrual basis, from the sale of bonds and other resources to be used for Board authorized acquisition, construction, or renovation, as well as, furnishing and equipping of major capital facilities. Upon completion of a project, any unused bond proceeds are transferred to the Debt Service Fund and are used to retire related bond principal.

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 are accounted for in a special revenue fund. Sometimes unused balances must be returned to the grantor at the close of specified project periods.

Proprietary Funds:

- **Internal Service Funds** - These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements. The District's Internal Service Fund is Workers' Compensation and is not a budgeted fund.

Fiduciary Funds:

- **Fiduciary Funds** – These funds are used to report student activity funds held by the District in a custodial capacity and the assets are for the benefit of the student organizations. The collections and disbursement amounts are controlled by a group which is governed by a representative student body.

5. FUND BALANCE CLASSIFICATION

During fiscal year ending 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications, as reported on Exhibit C-1, describe the relative strength of the spending constraints:

Nonspendable fund balance – amounts that are not in spendable form (such as inventory) or are required to be maintained intact.

Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance – amounts constrained to specific purposes by the Board, using its highest level of decision-making authority. To be reported as committed, amounts cannot be used for any other purpose unless the Board takes the same highest level action to remove or change the constraint. The District has committed \$444,217 for campus activity funds as of August 31, 2025.

LINDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2025

Assigned fund balance – amounts the Board intends to use for a specific purpose. Intent can be expressed by the Superintendent or Director of Finance, through which the Board has delegated the authority. The District has assigned \$6,891,733 for encumbrances and capital equipment as of August 31, 2025.

Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

The Board establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). When it is appropriate for fund balance to be assigned, (such as for the purchase of fixed assets, construction, debt service, or for other purposes), the Board designated the authority to the Superintendent and Director of Finance.

In the General Fund, the District's goal is to maintain sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The District strives to maintain a yearly fund balance in the General Fund in which the total fund balance is equal to the unassigned fund balance plus the committed fund balance. The unassigned fund balance shall be equal to at least two months of the total operating expenditures. The ending unassigned fund balance as of August 31, 2025, exceeds two months of total operating expenditures.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

6. CASH AND CASH EQUIVALENTS

The District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased. See Note C for more detail on deposits and investments.

7. INVENTORIES

Inventories of supplies on the balance sheet are stated at weighted average cost, while inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of activity, while food commodities are used only in the food service program.

Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

8. LONG-TERM DEBT

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable premiums and discounts. Bond issuance costs are expensed as incurred.

In the governmental fund financial statements, bond premiums and discounts are recognized during the current period. The face amount of debt issued and any premiums received are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

LINDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2025

9. USE OF ESTIMATES

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

10. CAPITAL ASSETS

Capital assets, which include land, buildings, furniture, and equipment, are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 and more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost 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. Land and construction in progress, if any, are not depreciated.

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

Asset Class	Estimated Useful Lives (in years)
Buildings and Expansions	50
Building Improvements	20
Vehicles	8
Office Equipment	5
Computer Equipment	5
Large Equipment	12

11. COMPENSATED ABSENCES

The State of Texas has created a minimum personal leave program consisting of five days per year with no limit on accumulation and transferability amounts for every teacher regularly employed in Texas public schools.

The District's local Board of Education is required to establish a leave plan. Local school districts may provide additional leave beyond the state minimum. The District provides five additional leave days per year to their employees. These days can accumulate up to thirty days for professionals and eighteen days for nonprofessionals to be carried over to be used in subsequent years. These accumulated days may be paid upon retirement from the district.

See Note I for a summary of changes in the accumulated liability.

12. INTERNAL SERVICE FUND

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.

13. GRANT REVENUE

The District has reported restricted assets in the instance of grants received for restricted purposes.

LINDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2025

14. INTERFUND TRANSACTIONS

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Short-term interfund loans are reported as “interfund receivables and payables.” Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

15. 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.

16. RESTRICTED AND UNRESTRICTED ASSETS

On the Statement of Net Position, when the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District’s policy to use restricted resources first, then unrestricted resources.

17. DATA CONTROL CODES

The Data Control Codes refer to the account code structure prescribed by TEA in the *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 database for policy development and funding plans.

18. FUNCTIONS

School Districts are required to report all expenses by function, except certain indirect expenses. General administration, data processing service and other intergovernmental charges functions (Data control codes 41, 53 and 99, respectively) include expenses that are indirect expenses of other functions. These indirect expenses are not allocated to other functions.

19. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

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

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

LINDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2025

20. PENSIONS

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

21. OTHER-POST EMPLOYMENT BENEFITS

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

Note B. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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 and the other two reports appear in Exhibit J-2 and J-3.

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

1. Prior to August 20 of the preceding fiscal year, 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.

LINDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2025

The following budget amendments were made during the year:

General Fund:

Increase in Revenues - Local and Intermediate Sources	428,000
Increase in Revenues - State Program Revenues	2,397,578
(Decrease) in Revenues - Federal Sources	(80,000)
(Increase) in Expenditures - Instruction (11)	(745,355)
(Increase) in Expenditures - Instructional Resources (12)	(25,260)
Decrease in Expenditures - Staff Development (13)	30,421
(Increase) in Expenditures - Instructional Leadership (21)	(25,160)
(Increase) in Expenditures - School Leadership (23)	(54,583)
Decrease in Expenditures - Guidance and Counseling (31)	101,002
Decrease in Expenditures - Social Work Services (32)	25,000
Decrease in Expenditures - Student (Pupil) Transportation (34)	670,104
(Increase) in Expenditures - Food Service (35)	(108)
(Increase) in Expenditures - Co Curricular (36)	(643,978)
(Increase) in Expenditures - General Administration (41)	(2,661)
Decrease in Expenditures - Maintenance and Operation (51)	23,000
(Increase) in Expenditures - Security and Monitoring Services (52)	(12,000)
Decrease in Expenditures - Principal on Long-Term Debt (71)	20,853
(Increase) in Expenditures - Interest on Long-Term Liabilities (72)	(20,853)
(Increase) in Other Financing Uses - Transfers Out	(2,400,000)
	<u>(314,000)</u>

Food Service:

(Decrease) in Revenues - Federal Sources	(350,000)
Decrease in Expenditures - Food Services (35)	125,000
	<u>(225,000)</u>

Debt Service:

(Decrease) in Revenues - Local and Intermediate Sources	(53,000)
	<u>(53,000)</u>

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

The District's Food Service Fund is considered a special revenue fund since it meets the following criteria: (1) User fees are charged to supplement the National School Lunch Program (NSLP), (2) The General Fund subsidizes the Food Service Program for all expenditures in excess of NSLP, and (3) The District does not consider the Food Service Program completely self-supporting. Food Service fund balances are used exclusively for child nutrition program purposes.

LINDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2025

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

	08/31/25 <u>Fund Balance</u>
Appropriated Budget Funds - Food Service Special Revenue Fund	810,156
Nonappropriated Budget Funds	<u>472,076</u>
All Nonmajor Governmental Special Revenue Funds	<u><u>1,282,232</u></u>

NOTE C. DEPOSITS AND INVESTMENTS

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

The District's cash deposits at August 31, 2025 and during the year were entirely covered by FDIC insurance, letters of credit, or pledged securities purchased by the depository bank in the District's name.

Custodial Credit Risk for Deposits - State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the District complies with this law, it has no custodial credit risk for deposits.

The captions and amounts of cash and cash equivalents on the Balance Sheet and Statement of Fiduciary Fund Net Position at August 31, 2025 consist of the following:

	General Fund	Debt Service Fund	Capital Projects	Other Funds	Total Governmental Funds	Internal Service Fund	Custodial Fund
Cash in Bank	955,405	41,861	30,554	246,991	1,274,811	32,823	(114,549)
Investment Pools	18,944,861	2,090,915	-	929,946	21,965,722	442,173	606,438
Total	<u>19,900,266</u>	<u>2,132,776</u>	<u>30,554</u>	<u>1,176,937</u>	<u>23,240,533</u>	<u>474,996</u>	<u>491,889</u>

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

LINDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2025

As of August 31, 2025, Lindale Independent School District had the following investments:

Investment Type	Amortized Cost
Texas Local Government Investment Pool (TexPool)	4,262,366
Lone Star	18,751,967
Total	<u>23,014,333</u>

The Texas Local Government Investment Pool “TexPool” and the Lone Star Investment Pool are organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The Texas Comptroller of Public Accounts is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company (“Trust Company”), which is authorized to operate TexPool.

Pursuant to the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Lehman Brothers Inc. and Federated Investor’s Inc., under an agreement with the Comptroller, acting on behalf of the Trust Company. In addition, the TexPool Advisory Board advises on TexPool’s Investment Policy and approves any fee increases. As required by the Public Funds Investment Act, this Board is composed equally of participants in TexPool and other person who do not have a business relationship with TexPool who are qualified to advise TexPool.

The Lone Star Investment Governing Board exercises oversight responsibility over Lone Star Investment Pool Funds. Additionally, its oversight agency reviews its investment policies and management fee structure. Lone Star Investment Pool – Government Overnight Fund uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in Lone Star Investment Pool Funds is the same as the value of Lone Star Investment Pool Fund shares.

Additional policies and contractual provisions governing investments for Gladewater Independent School District are specified below:

Custodial Credit Risk for Deposits – To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the District limits investments in Obligations of the United States or its agencies and instrumentalities; direct obligations of the State of Texas or its agencies and instrumentalities; certificates of deposit; fully collateralized repurchase agreements that have a defined termination date and secured by obligations of the United States or its agencies and instrumentalities; securities lending program; banking acceptances; commercial paper; no-load money market mutual funds and no-load mutual funds; guaranteed investment contracts as an investment vehicle for bond proceeds and public investment pools. As of August 31, 2025 the District’s investments in public funds investment pools in TexPool and Lonestar were rated AAAM and AAAM by Standard’s & Poor’s.

Interest Rate Risk - To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District shall use final and weighted-average-maturity limits and diversification. The District monitors interest rate risk using weighted-average-maturity and specific identification.

NOTE D. 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. The assessed value of the roll on January 1, 2024 upon which the levy for the 2025 fiscal year was based was \$2,414,269,041. The tax rate levied for the year ended August 31, 2025 to finance General Fund operations and the payment of principal and interest on general obligations long-term debt were \$0.7569 and \$0.1950 per \$100 per valuation, respectively, for a total of \$0.9519 per \$100 valuation.

LINDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2025

NOTE E. DELINQUENT TAXES RECEIVABLE

Delinquent taxes are prorated between maintenance (General Fund) and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Fund 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 F. DISAGGREGATED RECEIVABLE AND PAYABLE BALANCES

Receivables at August 31, 2025, were as follows:

	<u>Property Taxes</u>	<u>Other Governments</u>	<u>Due from Other Funds</u>	<u>Other Receivables</u>	<u>Total Receivables</u>
Governmental Activities:					
General Fund	718,896	5,073,748	8,947	25,903	5,827,494
Debt Service	199,842	92,367	-	-	292,209
Capital Projects	-	-	6,980,969	-	6,980,969
Nonmajor Governmental Funds (Special Revenue)	-	442,713	49,200	42,574	534,487
Total - Governmental Activities	<u>918,738</u>	<u>5,608,828</u>	<u>7,039,116</u>	<u>68,477</u>	<u>13,635,159</u>
 Amounts not scheduled for collection during the subsequent year	<u>(2,749)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,749)</u>
 Proprietary Activities:					
Internal Service Fund	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>-</u>	<u>200,000</u>
 Fiduciary Activities:					
Custodial Fund	<u>-</u>	<u>4,293</u>	<u>-</u>	<u>-</u>	<u>4,293</u>

Payables at August 31, 2025, were as follows:

	<u>Accounts Payable</u>	<u>Salaries/ Benefits</u>	<u>Due to Other Funds</u>	<u>Total Payables</u>
Governmental Activities:				
General Fund	484,320	3,405,347	7,230,169	11,119,836
Debt Service Fund	1,951	-	6,870	8,821
Capital Projects	172,533	-	-	172,533
Nonmajor Governmental Funds (Special Revenue)	151,472	286,246	-	437,718
Total - Governmental Activities	<u>810,276</u>	<u>3,691,593</u>	<u>7,237,039</u>	<u>11,738,908</u>
 Proprietary Activities:				
Internal Service Fund	<u>50,607</u>	<u>-</u>	<u>-</u>	<u>50,607</u>
 Fiduciary Activities:				
Custodial Fund	<u>282</u>	<u>-</u>	<u>2,077</u>	<u>2,359</u>

LINDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2025

NOTE G. CAPITAL ASSET ACTIVITY

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

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental Activities:				
Land	4,017,022	-	-	4,017,022
Building and Improvements	138,376,998	867,990	(200,000)	139,044,988
Furniture and Equipment	16,917,421	1,515,163	1,583,252	20,015,836
Right to Use Leased Equipment	1,423,019	-	-	1,423,019
Construction in Progress	1,756,383	1,943,014	(1,756,382)	1,943,015
Totals at Historic Cost	162,490,843	4,326,167	(373,130)	166,443,880
Less Accumulated Depreciation for:				
Buildings and Improvements	49,532,261	3,780,715	(200,000)	53,112,976
Furniture and Equipment	10,342,364	919,742	(173,130)	11,088,976
Right to Use Leased Equipment	592,925	355,755	-	948,680
Total Accumulated Depreciation	60,467,550	5,056,212	(373,130)	65,150,632
Governmental Activities, Net:				
Land	4,017,022	-	-	4,017,022
Building and Improvements, Net	88,844,737	(2,912,725)	-	85,932,012
Furniture and Equipment, Net	6,575,057	595,421	1,756,382	8,926,860
Right to Use Leased Equipment, Net	830,094	(355,755)	-	474,339
Construction in Progress	1,756,383	1,943,014	(1,756,382)	1,943,015
Capital Assets, Net	102,023,293	(730,045)	-	101,293,248

During the year, the District purchased capital assets including band instruments, CTE equipment, 4 buses, 2 vehicles, auditorium seating, performing arts stage lighting, and various other equipment.

In fiscal year 2024, the District signed a construction contract with Jackson Construction for \$1,789,623 for an ECC HVAC Project. Approved change orders totaling (\$88,039) reduced the overall contract amount to \$1,701,584. During the prior years, the District incurred \$44,000 in engineering fees, \$1,701,584 in construction costs, and \$10,798 in other costs related to the project. During fiscal year 2025, the project was completed and reclassified to furniture and equipment in the amount of \$1,756,382.

In fiscal year 2025, the District signed a construction contract with Hellas Construction for \$825,000 for a baseball field turf renovation. The District paid the total contract in fiscal year 2025 and \$24,750 in architect fees. This project was completed in fiscal year 2025 and moved to building and improvements.

In fiscal year 2025, the District signed a construction contract with Jackson Construction for \$1,979,271 for an EJM HVAC project. The District incurred \$1,891,451 in cost related to the contract and \$51,564 in engineer costs. These costs are reflected in construction in progress at August 31, 2025.

The District disposed of several fully depreciated assets including buses and vehicles.

LINDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2025

Depreciation expense was charged to governmental functions as follows:

Instruction	2,839,040
Instructional Resources and Media Services	47,094
Curriculum and Instructional Staff Development	62,376
Instructional Leadership	50,963
School Leadership	207,100
Guidance, Counseling and Evaluation Services	216,301
Health Services	45,667
Student (Pupil) Transportation	229,558
Food Services	243,594
Cocurricular/Extracurricular Activities	216,515
General Administration	144,248
Facilities Maintenance and Operations	673,162
Security and Monitoring Services	54,611
Data Processing Services	24,779
Community Services	1,204
Total Depreciation Expense	<u>5,056,212</u>

NOTE H. LONG-TERM OBLIGATIONS

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

The following is a summary of changes in long-term obligation activity for governmental activities for the year ended August 31, 2025:

	Beginning Balance		Additions		Reductions		Ending Balance	Due Within One Year
Bonds payable	57,424,962		- (a)		(3,020,049)		54,404,913	3,059,623
CAB accreted interest	2,851,140 (b)		406,890 (a)		(544,951)		2,713,079	-
Premium and discount on issuance costs	4,022,234		- (c)		(501,680)		3,520,554	-
Right to use lease	474,047		- (d)		(474,047)		-	-
Total Bonds, Notes, and Leases Payable	<u>64,772,383</u>		<u>406,890</u>		<u>(4,540,727)</u>		<u>60,638,546</u>	<u>3,059,623</u>
Other Liabilities:								
Compensated absences	428,293		100,324		-		528,617	79,870
TRS Net Pension Liability	15,327,823		-		(495,920)		14,831,903	-
TRS Net OPEB Liability	7,369,042		2,835,293		-		10,204,335	-
Total Other Liabilities	<u>23,125,158</u>		<u>2,935,617</u>		<u>(495,920)</u>		<u>25,564,855</u>	<u>79,870</u>
Total Long-term Liabilities	<u>87,897,541</u>		<u>3,342,507</u>		<u>(5,036,647)</u>		<u>86,203,401</u>	<u>3,139,493</u>

- (a) Principal bond payments totaling \$3,565,000
- (b) Accreted bond payments on Capital Appreciation Bond
- (c) Amortization of bond premium
- (d) Principal RTU lease payments \$474,047

LINDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2025

Bonds Payable

Bonded indebtedness of the District is reflected in the Statement of Net Position. The following is a summary of bonds payable outstanding at August 31, 2025:

Title of Issue	Maturity Date	Interest Rates	Amount Outstanding
Series 2010 Tax School Building and Refunding Bonds	2/15/2040	2.00-5.40%	1,535,000
Series 2017 Unlimited Tax School Refunding Bonds	2/15/2030	0.00%	3,789,913
Series 2018 Unlimited Tax School Refunding Bonds	2/15/2040	3.00-5.00%	21,110,000
Series 2019 Term and Serial Bonds	2/15/2049	3.00-5.00%	27,970,000
Total			<u>54,404,913</u>

Unlimited Tax Refunding Bonds, Series 2017

On August 15, 2017, the District issued \$5,659,093 of Unlimited Tax Refunding Bonds, Series 2017 issued to redeem Unlimited Tax School Building Capital Appreciation Bonds, Series 2011 in the amount of \$5,659,156 representing the original principal amount of the Bonds of \$5,659,003, plus an issue premium of \$2,480,671. The Series 2017 is comprised of Capital Appreciation Bonds.

Unlimited Tax Refunding Bonds, Series 2018

On August 1, 2018, the District issued \$25,395,000 of Unlimited Tax Refunding Bonds, Series 2018 issued to redeem Build America Bonds, Series 2010 in the amount of \$25,495,000 representing the original principal amount of the Bonds of \$25,495,000, plus an issue premium of \$1,763,464. The Series 2018 is comprised of \$21,800,000 of Serial Bonds and \$3,595,000 of Term Bonds.

Unlimited Tax School Building Bonds, Series 2019

On February 26, 2019, the District issued the Unlimited Tax School Building Bonds, Series 2019 for designing, constructing, renovating, improving, upgrading, updating, acquiring and equipping school facilities. The Series 2019 is comprised of \$14,730,000 Serial Bonds, \$15,600,000 Term Bonds and \$3,118,986 in premiums.

In the governmental fund financial statements, the current expenditures for principal and interest expenditures are accounted for in the Debt Service Fund in the Statement of Revenues, Expenditures and Changes in Fund Balance. During the year ended August 31, 2025, the District paid \$3,020,049 in principal, \$2,688,070 in interest (net of tax credit), and \$2,775 in fees.

In the government-wide financial statements, bonded indebtedness of the District is reflected in the Statement of Net Position. Premium/discount on issuance of bonds, net of accumulated amortization, totaled \$3,520,554 at August 31, 2025. Bond premium/discount proceeds are deferred and amortized over the life of the bonds. Amortization of \$501,680 is reflected in the Statement of Activities for the year ended August 31, 2025. Interest expense accreted of \$406,890 on the CAB Bonds is reflected in the Statement of Activities for the year ended August 31, 2025.

Direct Subsidy – Qualified School Construction Bonds

Certain Series 2010 bonds include an irrevocable election to receive directly from the United States Department of the Treasury a tax credit equal to the amount of interest which would have been payable on the Securities by the Issuer if such interest were determined at the credit rate determined under section 54A(b)(3) of the Code (which credit rate applicable to the Bonds is 5.35% per annum), which election is based on the Securities' qualification as "Qualified School Construction Bonds" under section 54F of the Code and as "qualified bonds" under subsection 6431(f)(1)(A) of the Code, and the Issuer's irrevocable election to treat the Securities as such at the time of their issuance. The Internal Revenue Service reduced the tax credit by 5.7% starting in fiscal year 2021. As of August 31, 2025, the net amount of the tax credit received amounted to \$96,391.

LINDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2025

Rebatable Arbitrage Payable

The Tax Reform Act of 1986 requires that the excess interest earned on tax-exempt bond proceeds over interest cost must be remitted to the federal government. These arbitrage interest earnings are paid from the Capital Projects Funds, if applicable, and must be remitted every five years from the date of issue. During the fiscal year August 31, 2025, no arbitrage payments were made to the IRS. Furthermore, there was no arbitrage liability at August 31, 2025.

Bonded indebtedness of the District is reflected in the Statement of Net Position.

The annual debt service requirements for principal and interest on the bonds are as follows:

Year Ended August 31	General Obligation Bonds		Total
	Principal	Interest	Requirements
2026	3,059,623	2,718,478	5,778,101
2027	3,088,266	2,653,514	5,741,780
2028	2,766,181	2,939,644	5,705,825
2029	2,844,052	2,915,323	5,759,375
2030	2,136,791	1,812,059	3,948,850
2031-2035	11,790,000	7,309,500	19,099,500
2036-2040	14,395,000	4,711,188	19,106,188
2041-2045	7,215,000	2,593,025	9,808,025
2046-2049	7,110,000	733,500	7,843,500
	<u>54,404,913</u>	<u>28,386,231</u>	<u>82,791,144</u>
Accumulated Accretion	<u>2,713,079</u>	<u>(2,713,079)</u>	<u>-</u>
Total	<u>57,117,992</u>	<u>25,673,152</u>	<u>82,791,144</u>

The deferred charge on refunding bonds, net of accumulated amortization, totaled \$669,224 at August 31, 2025. Amortization of \$146,513 is reflected in the Statement of Activities for the year ended August 31, 2025.

The following is a summary of changes in deferred outflows of resources – charges for refunding for the year ended August 31, 2025.

	Beginning Balance	Additions	Reduction	Ending Balance
Deferred charges for refundings:				
Series 2017	208,432	-	76,494	131,938
Series 2018	607,305	-	70,019	537,286
	<u>815,737</u>	<u>-</u>	<u>146,513</u>	<u>669,224</u>

Note I. Accumulated Leave Benefits Payable and Prior Period Adjustment

Employees earn leave, which may either be taken or accumulated until paid upon retirement. The policy adopted limits reimbursed personal leave to a maximum of 30 days for professional employees and 18 days for nonprofessionals at a rate established by the board. Leave benefits payable at August 31, 2025 is \$195,825. A summary of changes in the accumulated leave liability follows:

LINDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2025

Balance September 1, 2024	185,330
Additions	10,495
Deductions	<u>-</u>
Balance August 31, 2025	<u>195,825</u>

Under the provisions of **GASB Statement No. 101, Compensated Absences**, the District recognizes a liability for leave that is attributable to services already rendered, accumulates from period to period, and is probable of resulting in payment, either through cash settlement or time off that reduces future service requirements.

The liability for compensated absences includes amounts expected to be paid upon termination or retirement as well as benefits expected to be used for time off in lieu of additional pay. The liability is measured using the pay rates and benefit costs in effect at the reporting date.

The total compensated absences liability at August 31, 2025, consisted of the following components:

<u>Description</u>	<u>Amount</u>
Current portion - expected to be paid within one year	79,870
Long-term portion - expected to be paid after one year	<u>252,922</u>
Total compensated absences liability	<u>\$ 332,792</u>

The adoption of this standard resulted in the District's accounting for compensated absences, requiring the accrual of additional amounts for certain types of leave that were not previously recognized as liabilities. As a result, the beginning net position of the governmental activities as of September 1, 2024, was decreased by (\$242,963) to recognize the additional liability for compensate absences in accordance with the new standard. The comparative financial statements for the prior year have been restated to reflect this change in accounting principle.

<u>Description</u>	<u>Governmental Activities</u>
Net position, as previously stated	40,468,052
Cumulative effect of GASB 101	<u>(242,963)</u>
Net position, as restated	<u>\$ 40,225,089</u>

NOTE J. RIGHT-TO-USE LEASE

In fiscal year 2023, the District signed a three-year lease with an initial present value of \$1,423,019 with Wells Fargo Vendor Financial Services, LLC for Apple iPads for the District. The effective rate of interest on the lease date was 4.40%. The District made an initial down payment of \$494,900, upon receipt of the iPads. There is no outstanding balance as of August 31, 2025.

	Interest	Amounts	Amount			Amount
	Rate	Original	Outstanding			Outstanding
		Issue	9/1/2024	Additions	Reductions	8/31/2025
Apple iPad Lease	4.40%	<u>1,423,019</u>	<u>474,047</u>	<u>-</u>	<u>474,047</u>	<u>-</u>

In the governmental fund financial statements, indebtedness current requirement for principal and interest expenditures are accounted for in the General Fund, Function 71 and Function 72. During the year ended August 31, 2025, the District paid \$474,047 in principal and \$20,853 in interest on the lease.

LINDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2025

NOTE K. DEFINED BENEFIT PENSION PLAN

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

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

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

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

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

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

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

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

LINDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2025

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

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

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

Contribution Rates		
	<u>2024</u>	<u>2025</u>
Member (Employees)	8.25%	8.25%
Employer (District)	8.25%	8.25%
Non-Employer Contributing Entity (State)	8.25%	8.25%
 LISD Member Contributions	 2,892,803	 3,028,365
LISD Employer Contributions	1,368,325	1,425,800
LISD NECE On-Behalf Contributions	1,812,034	2,004,732

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

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

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

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

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

LINDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2025

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

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

<u>Components of Liability</u>	<u>Amount</u>
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:

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

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

LINDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2025

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

The long-term expected rate of return on pension plan investments is 7.00 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

<u>Asset Class</u>	<u>Target Allocation % **</u>	<u>Long-Term Expected Arithmetic Real Rate of Return***</u>	<u>Expected Contribution to Long-Term Portfolio Returns</u>
Global Equity			
USA	18.0%	4.4%	1.00%
Non-U.S. Developed	13.0%	4.2%	0.80%
Emerging Markets	9.0%	5.2%	0.70%
Private Equity	14.0%	6.7%	1.20%
Stable Value			
Government Bonds	16.0%	1.9%	0.40%
Stable Value Hedge Funds	5.0%	3.0%	0.20%
Absolute Return*	0.0%	4.0%	0.00%
Real Return			
Real Estate	15.0%	6.6%	1.20%
Energy, Natural Resources & Infrastructure	6.0%	5.6%	0.40%
Commodities	0.0%	2.5%	0.00%
Risk Parity			
Risk Parity	8.0%	4.0%	0.40%
Asset Allocation Leverage			
Cash	2.0%	1.0%	0.00%
Asset Allocation Leverage	-6.0%	1.3%	-0.10%
Inflation Expectation			2.40%
Volatility Drag****			-0.70%
Total	100.00%		7.90%

¹ Absolute Return includes Credit Sensitive Investments

² Target Allocations are based on the FY2024 policy model

³ Capital Market Assumptions (CMA) come from 2024 SAA Study CMA Survey (as of 12/31/2024).

⁴ The volatility drag results from the conversion between arithmetic and geometric mean returns.

LINDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2025

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the net pension liability if the discount rate used was 1 percentage point lower than and 1 percentage point higher than the discount rate that was used (7%) in measuring the Net pension liability.

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
LISD's proportionate share of the net pension liability	23,690,307	14,831,903	7,492,085

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2025, Lindale ISD reported a liability of \$14,831,903 for its proportionate share of the TRS net pension liability. This liability reflects a reduction for State pension support provided to Lindale ISD. The amount recognized by Lindale ISD 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 Lindale ISD were as follows:

District's proportionate share of the collective net pension liability	\$ 14,831,903
State's proportionate share that is associated with the District	<u>21,730,211</u>
Total	<u>\$ 36,562,114</u>

The net pension liability was measured as of August 31, 2024 and rolled forward to August 31, 2025 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2023 thru August 31, 2024.

At August 31, 2024 the employer's proportion of the collective net pension liability was 0.0242810890% which was an increase (decrease) of 0.0019667132% from its proportion measured as of August 31, 2023.

Changes in Assumptions and Benefits Since the Prior Actuarial Valuation

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

The 2023 Taxes 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.

The amount of pension expense recognized by (Employer) in the reporting period was \$5,208,522.

For the year ended August 31, 2025, Lindale ISD recognized pension expense of \$5,208,522 and revenue of \$2,597,123 for support provided by the State.

LINDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2025

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 817,514	\$ 115,800
Changes in actuarial assumptions	765,803	102,668
Difference between projected and actual investment earnings	90,158	-
Changes in proportion and difference between the employer contributions and the proportionate share of contributions	1,889,862	184,248
Total as of August 31, 2024 measurement date	\$ 3,563,337	\$ 402,716
Contributions paid to TRS subsequent to the measurement date of the Net Pension Liability (to be calculated by employer)	1,425,800	-
Total as of August 31, 2025 fiscal year-end	\$ 4,989,137	\$ 402,716

Lindale Independent School District recognized \$4,989,137 as deferred outflows of resources related to pensions resulting from Lindale Independent School District contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the measurement year ended August 31, 2024. The other amounts of the employer's balances of deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

Year ended August 31:	Pension Expense Amount
2026	554,310
2027	2,117,029
2028	536,719
2029	(214,652)
2030	167,214
Thereafter	1
	<u>3,160,621</u>

NOTE L. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN

Plan Description. Lindale 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 OPEB plan with a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

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

LINDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2025

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

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

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

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

TRS-Care Monthly Premium Rates

	<u>Medicare</u>	<u>Non-Medicare</u>
Retiree or Surviving Spouse	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree or Surviving Spouse	468	408
and Children		
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 are based on active employee compensation. The TRS Board does not have the authority to set or amend contribution rates.

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

LINDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2025

Contribution Rates

	2024	2025
Active Employee	0.65%	0.65%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
Non-Employer Contributing Entity (State)	1.25%	1.25%
 LISD Member Contributions	 227,915	 238,600
LISD Employer Contributions	305,391	309,880
LISD NECE On-behalf Contributions	348,422	382,651

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

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.

LINDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2025

Additional Actuarial Methods and Assumptions:

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

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

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

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

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

	1% Decrease in Discount Rate (2.87%)	Current Single Discount Rate (3.87%)	1% Increase in Discount Rate (4.87%)
LISD's proportionate share of the Net OPEB Liability	12,123,227	10,204,335	8,653,842

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

	1% Decrease	Current Single Healthcare Trend Rate	1% Increase
Proportionate share of Net OPEB Liability	8,309,916	10,204,335	12,672,953

LINDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2025

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At August 31, 2025 the District reported a liability of \$10,204,335 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective Net OPEB Liability	\$ 10,204,335
State's proportionate share that is associated with the District	<u>12,785,894</u>
Total	<u>\$ 22,990,229</u>

The Net OPEB Liability was measured as of August 31, 2024 and rolled forward to August 31, 2025 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.

On August 31, 2024 the employer's proportion of the collective Net OPEB Liability was 0.0336204952% which was an increase (decrease) of 0.0003341083% from its proportion measured as of August 31, 2023.

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

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

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

The amount of OPEB expense recognized by (Employer) in the reporting period was (\$2,411,549).

For the year ended August 31, 2025, Lindale Independent School District recognized OPEB expense of (\$2,411,549) and revenue of (\$1,661,930) for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 1,955,829	\$ 5,092,517
Changes in actuarial assumptions	1,306,034	3,329,557
Net difference between projected and actual investment earnings	-	28,576
Changes in proportion and difference between the employer contributions and the proportionate share of contributions	2,381,364	388,270
Total as of August 31, 2024 measurement date	\$ 5,643,227	\$ 8,838,920
Contributions paid to TRS subsequent to the measurement date of the Net OPEB Liability (to be calculated by employer)	309,880	-
Total as of August 31, 2025 fiscal year-end	\$ 5,953,107	\$ 8,838,920

LINDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2025

Lindale Independent School District recognized \$5,953,107 as deferred outflows of resources related to OPEB resulting from Lindale Independent School District contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the measurement year ended August 31, 2024. The other amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended August 31:	OPEB Expense Amount
2026	\$ (1,015,225)
2027	(553,060)
2028	(789,699)
2029	(656,218)
2030	(298,174)
Thereafter	116,683
	<u>\$ (3,195,693)</u>

NOTE M. MEDICARE PART D (TRS)

Federal Government Retiree Drug Subsidy - The Medicare Modernization Act of 2003 (MMA) created an outpatient prescription drug benefit program (known as Medicare Part D) and a Retiree Drug Subsidy (RDS) program which were made available in 2006. The Texas Public School Retired Employee Group Insurance Program (TRS-Care) is offering a Medicare Part D Plan and is participating in the Retiree Drug Subsidy plan for eligible TRS-Care participants.

Under Medicare Part D and the RDS program, TRS-Care receives payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. On-behalf payments must be recognized as equal revenues and expenditures/expenses by each reporting entity.

The allocation of these on-behalf payments is based on the ratio of a reporting entity's covered payroll to the entire covered payroll reported by all participating reporting entities. TRS based this allocation percentage on the "completed" report submission by reporting entities for the month of May. Any questions about payroll amounts should be directed to a reporting entity's payroll contact.

Contribution amounts are as follows: State Contributions for Medicare Part D made on behalf of Lindale Independent School District's employees were \$250,762 for the year ended August 31, 2025. State Contributions for Medicare Part D made on behalf of Lindale Independent School District's employees were \$178,401 for the year ended August 31, 2024. State Contributions for Medicare Part D made on behalf of Lindale Independent School District's employees were \$170,213 for the year ended August 31, 2023.

LINDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2025

NOTE N. EMPLOYEE HEALTH CARE COVERAGE

During the year ended August 31, 2025, employees of Lindale Independent School District were covered by a uniform statewide health care program for public education employees. The District contributed \$355 per month towards employee health insurance, which includes the \$75 which is reimbursed by the state, per employee. Employees, at their option, may authorize payroll withholdings to pay the remaining balance of the premium for employee coverage and/or dependents. All premiums were paid to the statewide health care program based on the coverages selected by the employee. The Plan was authorized by House Bill 3343 and is administered by the Teacher Retirement System of Texas (TRS). The TRS board approved the selection of Blue Cross Blue Shield as the health plan administrator and Express Scripts as the pharmacy benefits manager for TRS-ActiveCare. The minimum contribution allowed by the state is \$225 per month.

NOTE O. WORKERS' COMPENSATION

In 2011-2012, the District began participating in a fully funded workers' compensation plan with the Texas Association of School Boards Risk Management Fund, a public entity risk pool currently operating a workers' compensation risk management and insurance program.

A reconciliation of the change in the liability for claims for the current and previous fiscal year is presented below:

	Year Ended August 31, 2025	Year Ended August 31, 2024
Unpaid claims at September 1	\$ 77,451	\$ 27,795
Incurred claims (including incurred but not reported)	26,304	172,541
Total Payments	(54,159)	(122,885)
Total Unpaid Claims at August 31	<u>\$ 49,596</u>	<u>\$ 77,451</u>

NOTE P. UNEARNED REVENUE

Unearned revenue at year end consisted of ticket sales related to football games, money received from students related to lunches, advance payments of scoreboard advertisements and grant revenue not yet spent.

	General Fund	Other Funds	Total
Athletic receipts	53,570	-	53,570
Food service receipts	-	82,015	82,015
Textbook allotment	-	51	51
	<u>53,570</u>	<u>82,066</u>	<u>135,636</u>

LINDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2025

NOTE Q. INTERFUND BALANCES

Interfund balances at August 31, 2025, consisted of the following amounts. All interfund balances are expected to be repaid within one year.

	<u>Due From</u>	<u>Due To</u>
General Fund:		
Non-major governmental funds (Special Revenue)	\$ -	\$ 49,200
Capital Projects Fund	-	6,980,969
Debt Service Fund	6,870	-
Custodial Fund	2,077	-
Internal Service Fund	-	200,000
Debt Service Fund:		
General Fund	-	6,870
Non-major Governmental Funds (Special Revenue):		
General Fund	49,200	-
Capital Projects Fund:		
General Fund	6,980,969	-
Custodial Fund:		
General Fund	-	2,077
Internal Service Fund:		
General Fund	200,000	-
Total	<u>\$ 7,239,116</u>	<u>\$ 7,239,116</u>

These interfund balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and/or payments between funds are made. The District is using General Fund fund balance to pay for a portion of the construction projects in the Capital Project Fund.

Note R. GENERAL FUND FEDERAL SOURCE REVENUES

<u>Program or Source</u>	AL	
	<u>Number</u>	<u>Amount</u>
School Health and Related Services (SHARS)	N/A	310,692
		<u>\$ 310,692</u>

LINDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2025

NOTE S. DUE FROM/TO OTHER GOVERNMENTS

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

<u>Fund</u>	<u>State Entitlements</u>	<u>Federal Grants</u>	<u>Other Governments</u>	<u>Total</u>
Governmental Activities:				
Due From Other Governments:				
General Fund	5,044,183	-	29,565	5,073,748
Debt Service Fund	88,042	-	4,325	92,367
Nonmajor Governmental Funds				
(Special Revenue)	27,845	414,868	-	442,713
Total	<u>5,160,070</u>	<u>414,868</u>	<u>33,890</u>	<u>5,608,828</u>
Fiduciary Activities:				
Due From Other Governments:				
Custodial Fund	-	-	4,293	4,293
Total	<u>-</u>	<u>-</u>	<u>4,293</u>	<u>4,293</u>

NOTE T. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

During the current year, revenues from local and intermediate sources as reported on Exhibit C-3, D-2, and E-2 of the Funds Statements consisted of the following:

<u>Revenue Sources</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Governmental Funds Total</u>	<u>Internal Service Funds</u>	<u>Custodial Funds</u>
Property taxes & related income	17,895,333	4,612,475	-	-	22,507,808	-	-
Investment income	1,062,185	134,184	9,456	76,532	1,282,357	20,404	-
Rent	2,490	-	-	-	2,490	-	-
Food service revenue	-	-	-	797,183	797,183	-	-
Insurance Recovery	37,923	-	-	-	37,923	-	-
Athletics/Cocurricular	171,963	-	-	363,018	534,981	-	45,774
Tuition and fees	54,000	-	-	-	54,000	-	-
Other local and intermediate sources	260,259	-	-	71,080	331,339	-	933,026
	<u>19,484,153</u>	<u>4,746,659</u>	<u>9,456</u>	<u>1,307,813</u>	<u>25,548,081</u>	<u>20,404</u>	<u>978,800</u>

LINDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2025

NOTE U. RISK MANAGEMENT

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

NOTE V. COMMITMENTS AND CONTINGENCIES

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

NOTE W. SUBSEQUENT EVENTS

Management evaluated subsequent events after the date of the balance sheet and prior to the release of these financial statements which was January 7, 2026.

REQUIRED SUPPLEMENTARY INFORMATION

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 18,979,178	\$ 19,407,178	\$ 19,484,153	\$ 76,975
5800 State Program Revenues	31,611,823	34,009,401	34,399,254	389,853
5900 Federal Program Revenues	280,000	200,000	310,692	110,692
5020 Total Revenues	50,871,001	53,616,579	54,194,099	577,520
EXPENDITURES:				
Current:				
0011 Instruction	29,816,548	30,561,903	30,553,440	8,463
0012 Instructional Resources and Media Services	530,478	555,738	524,019	31,719
0013 Curriculum and Instructional Staff Development	860,221	829,800	711,700	118,100
0021 Instructional Leadership	589,253	614,413	584,758	29,655
0023 School Leadership	2,336,794	2,391,377	2,356,028	35,349
0031 Guidance, Counseling, and Evaluation Services	2,111,051	2,010,049	2,011,721	(1,672)
0032 Social Work Services	30,000	5,000	-	5,000
0033 Health Services	557,177	557,177	498,419	58,758
0034 Student (Pupil) Transportation	3,244,728	2,574,624	2,483,227	91,397
0035 Food Services	52,412	52,520	37,637	14,883
0036 Extracurricular Activities	1,889,020	2,532,998	2,464,624	68,374
0041 General Administration	1,689,161	1,691,822	1,623,486	68,336
0051 Facilities Maintenance and Operations	5,337,256	5,314,256	5,149,960	164,296
0052 Security and Monitoring Services	496,885	508,885	472,421	36,464
0053 Data Processing Services	307,614	307,614	284,449	23,165
0061 Community Services	6,503	6,503	924	5,579
Debt Service:				
0071 Principal on Long-Term Liabilities	494,900	474,047	474,047	-
0072 Interest on Long-Term Liabilities	-	20,853	20,853	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	127,000	127,000	101,854	25,146
0095 Payments to Juvenile Justice Alternative Ed. Prg.	8,000	8,000	3,439	4,561
0099 Other Intergovernmental Charges	386,000	386,000	347,728	38,272
6030 Total Expenditures	50,871,001	51,530,579	50,704,734	825,845
1100 Excess of Revenues Over Expenditures	-	2,086,000	3,489,365	1,403,365
OTHER FINANCING SOURCES (USES):				
8911 Transfers Out (Use)	-	(2,400,000)	(2,400,000)	-
1200 Net Change in Fund Balances	-	(314,000)	1,089,365	1,403,365
0100 Fund Balance - September 1 (Beginning)	12,747,553	12,747,553	12,747,553	-
3000 Fund Balance - August 31 (Ending)	\$ 12,747,553	\$ 12,433,553	\$ 13,836,918	\$ 1,403,365

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

	FY 2025 Plan Year 2024	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022
District's Proportion of the Net Pension Liability (Asset)	0.024281089%	0.022314376%	0.022608243%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 14,831,903	\$ 15,327,823	\$ 13,421,933
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	21,730,211	24,214,681	21,175,024
Total	<u>\$ 36,562,114</u>	<u>\$ 39,542,504</u>	<u>\$ 34,596,957</u>
District's Covered Payroll	\$ 35,064,233	\$ 31,447,240	\$ 29,590,023
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	42.30%	48.74%	45.36%
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.

<u>FY 2022</u> <u>Plan Year 2021</u>	<u>FY 2021</u> <u>Plan Year 2020</u>	<u>FY 2020</u> <u>Plan Year 2019</u>	<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year 2017</u>	<u>FY 2017</u> <u>Plan Year 2016</u>	<u>FY 2016</u> <u>Plan Year 2015</u>
0.019338302%	0.017207133%	0.018294484%	0.018034153%	0.017207823%	0.015938516%	0.0158716%
\$ 4,924,781	\$ 9,215,789	\$ 9,510,045	\$ 9,926,436	\$ 5,502,135	\$ 6,022,928	\$ 5,610,399
10,282,523	21,356,855	19,057,928	20,434,367	12,166,928	14,646,013	13,766,068
<u>\$ 15,207,304</u>	<u>\$ 30,572,644</u>	<u>\$ 28,567,973</u>	<u>\$ 30,360,803</u>	<u>\$ 17,669,063</u>	<u>\$ 20,668,941</u>	<u>\$ 19,376,467</u>
\$ 28,491,299	\$ 26,542,703	\$ 24,593,922	\$ 23,603,395	\$ 22,640,642	\$ 21,495,276	\$ 20,288,559
17.29%	34.72%	38.67%	42.06%	24.30%	28.02%	27.65%
88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%

LINDALE 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	\$ 1,425,800	\$ 1,368,325	\$ 1,146,889
Contribution in Relation to the Contractually Required Contribution	(1,425,800)	(1,368,325)	(1,146,889)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 36,707,356	\$ 35,064,233	\$ 31,447,240
Contributions as a Percentage of Covered Payroll	3.88%	3.90%	3.65%

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
\$ 1,055,094	\$ 825,257	\$ 709,901	\$ 640,329	\$ 605,974	\$ 563,972	\$ 506,408
(1,055,094)	(825,257)	(709,901)	(640,329)	(605,974)	(563,972)	(506,408)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 29,590,023	\$ 28,491,299	\$ 26,542,703	\$ 24,593,922	\$ 23,603,395	\$ 22,640,642	\$ 21,495,276
3.57%	2.90%	2.67%	2.60%	2.57%	2.49%	2.36%

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

	FY 2025 Plan Year 2024	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.033620495%	0.033286387%	0.034179599%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 10,204,335	\$ 7,369,042	\$ 8,183,965
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	12,785,894	8,891,882	9,983,151
Total	<u>\$ 22,990,229</u>	<u>\$ 16,260,924</u>	<u>\$ 18,167,116</u>
District's Covered Payroll	\$ 35,064,233	\$ 31,447,240	\$ 29,590,023
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	29.10%	23.43%	27.66%
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	
0.031368855%		0.029998032%		0.029244218%		0.02819758%		0.026776438%	
\$	12,100,369	\$	11,403,606	\$	13,829,948	\$	14,079,310	\$	11,644,068
16,211,798		15,323,714		18,376,909		20,126,740		17,611,361	
\$	28,312,167	\$	26,727,320	\$	32,206,857	\$	34,206,050	\$	29,255,429
\$	28,491,299	\$	26,542,703	\$	24,593,922	\$	23,603,395	\$	22,640,642
42.47%		42.96%		56.23%		59.65%		51.43%	
6.18%		4.99%		2.66%		1.57%		0.91%	

LINDALE 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	\$ 309,880	\$ 305,391	\$ 288,751
Contribution in Relation to the Contractually Required Contribution	(309,880)	(305,391)	(288,751)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 36,707,356	\$ 35,064,233	\$ 31,447,240
Contributions as a Percentage of Covered Payroll	0.84%	0.87%	0.92%

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
\$ 280,731	\$ 245,061	\$ 227,975	\$ 207,553	\$ 195,045
(280,731)	(245,061)	(227,975)	(207,553)	(195,045)
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 29,590,023	\$ 28,491,299	\$ 26,542,703	\$ 24,593,922	\$ 23,603,395
0.95%	0.86%	0.86%	0.84%	0.83%

**LINDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2025**

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.

COMBINING SCHEDULES

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

Data Control Codes		211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
ASSETS				
1110	Cash and Cash Equivalents	\$ (42,865)	\$ (72,732)	\$ -
1240	Due from Other Governments	102,274	179,041	1,006
1260	Due from Other Funds	-	-	-
1290	Other Receivables	-	-	-
1300	Inventories	-	-	-
1000	Total Assets	<u>\$ 59,409</u>	<u>\$ 106,309</u>	<u>\$ 1,006</u>
LIABILITIES				
2110	Accounts Payable	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	53,220	95,212	902
2200	Accrued Expenditures	6,189	11,097	104
2300	Unearned Revenue	-	-	-
2000	Total Liabilities	<u>59,409</u>	<u>106,309</u>	<u>1,006</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3410	Inventories	-	-	-
Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	-
3490	Other Restricted Fund Balance	-	-	-
Committed Fund Balance:				
3545	Other Committed Fund Balance	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 59,409</u>	<u>\$ 106,309</u>	<u>\$ 1,006</u>

EXHIBIT H-1 (Cont'd)

226 IDEA - Part B Discretionary	240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II, A Training and Recruiting	263 Title III, A English Lang. Acquisition	289 Other Federal Special Revenue Funds	385 Visually Impaired SSVI	410 State Instructional Materials
\$ -	\$ 810,810	\$ -	\$ -	\$ (3,076)	\$ -	\$ -	\$ 51
-	109,502	-	13,373	3,076	6,596	-	27,845
-	49,200	-	-	-	-	-	-
-	42,574	-	-	-	-	-	-
-	90,592	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 1,102,678</u>	<u>\$ -</u>	<u>\$ 13,373</u>	<u>\$ -</u>	<u>\$ 6,596</u>	<u>\$ -</u>	<u>\$ 27,896</u>
\$ -	\$ 110,954	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,845
-	99,553	-	11,975	-	5,907	-	-
-	-	-	1,398	-	689	-	-
-	82,015	-	-	-	-	-	51
<u>-</u>	<u>292,522</u>	<u>-</u>	<u>13,373</u>	<u>-</u>	<u>6,596</u>	<u>-</u>	<u>27,896</u>
-	90,592	-	-	-	-	-	-
-	719,564	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>810,156</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 1,102,678</u>	<u>\$ -</u>	<u>\$ 13,373</u>	<u>\$ -</u>	<u>\$ 6,596</u>	<u>\$ -</u>	<u>\$ 27,896</u>

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

Data Control Codes		428 Safety Grant Cycle 2 Fund	461 Campus Activity Funds	481 Boylan Grants Fund	482 CATE Fund
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ 456,890	\$ 21,780	\$ 5,000
1240	Due from Other Governments	-	-	-	-
1260	Due from Other Funds	-	-	-	-
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1000	Total Assets	<u>\$ -</u>	<u>\$ 456,890</u>	<u>\$ 21,780</u>	<u>\$ 5,000</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ 12,673	\$ -	\$ -
2160	Accrued Wages Payable	-	-	-	-
2200	Accrued Expenditures	-	-	-	-
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	<u>-</u>	<u>12,673</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3490	Other Restricted Fund Balance	-	-	21,780	5,000
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	444,217	-	-
3000	Total Fund Balances	<u>-</u>	<u>444,217</u>	<u>21,780</u>	<u>5,000</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 456,890</u>	<u>\$ 21,780</u>	<u>\$ 5,000</u>

499		Total	
Other Local		Nonmajor	
Special		Governmental	
Revenue Funds		Funds	
\$	1,079	\$	1,176,937
	-		442,713
	-		49,200
	-		42,574
	-		90,592
<u>\$</u>	<u>1,079</u>	<u>\$</u>	<u>1,802,016</u>
\$	-	\$	151,472
	-		266,769
	-		19,477
	-		82,066
	-		519,784
	-		90,592
	-		719,564
	1,079		27,859
	-		444,217
	1,079		1,282,232
<u>\$</u>	<u>1,079</u>	<u>\$</u>	<u>1,802,016</u>

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

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
REVENUES:			
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-
5900 Federal Program Revenues	614,782	878,247	9,501
5020 Total Revenues	614,782	878,247	9,501
EXPENDITURES:			
Current:			
0011 Instruction	571,600	447,005	9,501
0012 Instructional Resources and Media Services	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-
0021 Instructional Leadership	-	-	-
0023 School Leadership	-	-	-
0031 Guidance, Counseling, and Evaluation Services	35,000	431,242	-
0033 Health Services	-	-	-
0034 Student (Pupil) Transportation	-	-	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	-	-	-
0041 General Administration	-	-	-
0051 Facilities Maintenance and Operations	-	-	-
0052 Security and Monitoring Services	-	-	-
0061 Community Services	8,182	-	-
6030 Total Expenditures	614,782	878,247	9,501
1200 Net Change in Fund Balance	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -

226 IDEA - Part B Discretionary	240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II, A Training and Recruiting	263 Title III, A English Lang. Acquisition	289 Other Federal Special Revenue Funds	385 Visually Impaired SSVI	410 State Instructional Materials
\$ -	\$ 838,119	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	10,812	-	-	-	-	3,583	306,825
117,262	1,785,073	48,850	163,128	17,906	54,828	-	-
117,262	2,634,004	48,850	163,128	17,906	54,828	3,583	306,825
91,455	-	48,850	163,128	17,906	54,828	3,583	306,825
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
25,807	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	2,758,632	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
117,262	2,758,632	48,850	163,128	17,906	54,828	3,583	306,825
-	(124,628)	-	-	-	-	-	-
-	934,784	-	-	-	-	-	-
\$ -	\$ 810,156	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

LINDALE 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	428 Safety Grant Cycle 2 Fund	461 Campus Activity Funds	481 Boylan Grants Fund	482 CATE Fund
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ 426,808	\$ 39,333	\$ -
5800 State Program Revenues	154,381	-	-	-
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	154,381	426,808	39,333	-
EXPENDITURES:				
Current:				
0011 Instruction	-	302,887	18,947	-
0012 Instructional Resources and Media Services	-	16,586	-	-
0013 Curriculum and Instructional Staff Development	-	-	4,323	-
0021 Instructional Leadership	-	255	-	-
0023 School Leadership	-	21,316	-	-
0031 Guidance, Counseling, and Evaluation Services	-	-	5,000	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	2,927	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	20,794	-	-
0041 General Administration	-	32,370	-	-
0051 Facilities Maintenance and Operations	-	15,564	-	-
0052 Security and Monitoring Services	154,381	93	-	-
0061 Community Services	-	924	-	-
6030 Total Expenditures	154,381	413,716	28,270	-
1200 Net Change in Fund Balance	-	13,092	11,063	-
0100 Fund Balance - September 1 (Beginning)	-	431,125	10,717	5,000
3000 Fund Balance - August 31 (Ending)	\$ -	\$ 444,217	\$ 21,780	\$ 5,000

499		Total	
Other Local		Nonmajor	
Special		Governmental	
Revenue Funds		Funds	
\$	3,553	\$	1,307,813
	-		475,601
	-		3,689,577
	3,553		5,472,991
	-		2,036,515
	-		16,586
	-		4,323
	-		255
	-		21,316
	-		471,242
	-		25,807
	-		2,927
	-		2,758,632
	-		20,794
	-		32,370
	-		15,564
	-		154,474
	3,785		12,891
	3,785		5,573,696
	(232)		(100,705)
	1,311		1,382,937
\$	1,079	\$	1,282,232

REQUIRED T.E.A. SCHEDULES

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

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2016 and prior years	Various	Various	\$ Various
2017	1.080000	0.310000	1,299,271,080
2018	1.080000	0.310000	1,357,867,664
2019	1.080000	0.310000	1,433,901,500
2020	1.010000	0.350000	1,563,828,428
2021	0.928000	0.330000	1,728,546,020
2022	0.902000	0.290000	1,906,562,668
2023	0.934600	0.235000	2,177,494,357
2024	0.759200	0.195000	2,228,917,627
2025 (School year under audit)	0.756900	0.195000	2,414,269,041
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
\$ 150,303	\$	\$ 4,567	\$ 1,299	\$ (3,387)	\$ 141,050	
35,870		13,827	4,097	(117)	17,829	
22,608		1,774	509	6	20,331	
37,396		3,489	1,001	(24)	32,882	
48,362		8,437	2,924	4,673	41,674	
56,663		12,080	4,296	7,585	47,872	
73,133		18,208	5,854	9,738	58,809	
170,705		58,556	14,723	22,796	120,222	
288,866		165,377	42,477	35,411	116,423	
	22,981,427	17,954,506	4,625,616	(79,658)	321,647	
<u>\$ 883,905</u>	<u>\$ 22,981,427</u>	<u>\$ 18,240,821</u>	<u>\$ 4,702,796</u>	<u>\$ (2,977)</u>	<u>\$ 918,738</u>	

\$ 10,505

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

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 920,000	\$ 920,000	\$ 838,119	\$ (81,881)
5800	State Program Revenues	10,000	10,000	10,812	812
5900	Federal Program Revenues	2,185,000	1,835,000	1,785,073	(49,927)
5020	Total Revenues	3,115,000	2,765,000	2,634,004	(130,996)
EXPENDITURES:					
Current:					
0035	Food Services	3,115,000	2,990,000	2,758,632	231,368
6030	Total Expenditures	3,115,000	2,990,000	2,758,632	231,368
1200	Net Change in Fund Balances	-	(225,000)	(124,628)	100,372
0100	Fund Balance - September 1 (Beginning)	934,784	934,784	934,784	-
3000	Fund Balance - August 31 (Ending)	\$ 934,784	\$ 709,784	\$ 810,156	\$ 100,372

LINDALE 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		Budgeted Amounts		Actual Amounts	Variance With
Control				(GAAP BASIS)	Final Budget
Codes		Original	Final		Positive or
					(Negative)
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 4,766,725	\$ 4,713,725	\$ 4,746,659	\$ 32,934
5800	State Program Revenues	950,899	950,899	950,893	(6)
5020	Total Revenues	5,717,624	5,664,624	5,697,552	32,928
EXPENDITURES:					
Debt Service:					
0071	Principal on Long-Term Liabilities	3,019,930	3,019,930	3,020,049	(119)
0072	Interest on Long-Term Liabilities	2,688,694	2,688,694	2,688,070	624
0073	Bond Issuance Cost and Fees	9,000	9,000	2,775	6,225
6030	Total Expenditures	5,717,624	5,717,624	5,710,894	6,730
1200	Net Change in Fund Balances	-	(53,000)	(13,342)	39,658
0100	Fund Balance - September 1 (Beginning)	2,229,664	2,229,664	2,229,664	-
3000	Fund Balance - August 31 (Ending)	\$ 2,229,664	\$ 2,176,664	\$ 2,216,322	\$ 39,658

LINDALE 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.	\$2,982,210
AP4	Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24,26,28,29,30)	\$2,432,704

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.	\$104,202
AP8	Actual direct program expenditures for bilingual education programs during the district's fiscal year. (PIC 25)	\$373,543

**COMPLIANCE, INTERNAL CONTROL, AND
FEDERAL AWARDS SECTION**



WILF & HENDERSON, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Member of American Institute of Certified Public Accountants
Member of Private Company Practice Section
Member of AICPA Governmental Audit Quality Center

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

Board of Trustees
Lindale Independent School District
505 Pierce Street
Lindale, TX 75771

Members of the Board:

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, the business-type activities, each major fund, and the aggregate remaining fund information of Lindale Independent School District (the District), as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 7, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lindale Independent School 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.

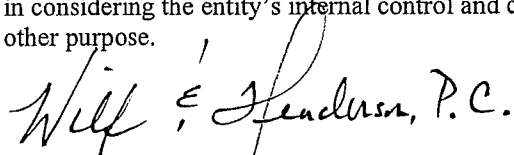
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

A handwritten signature in black ink that reads "Wilf & Henderson, P.C." with a stylized flourish at the end.

WILF & HENDERSON, P.C.
Certified Public Accountants
Texarkana, Texas

January 7, 2026



WILF & HENDERSON, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Member of American Institute of Certified Public Accountants
Member of Private Company Practice Section
Member of AICPA Governmental Audit Quality Center

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

Independent Auditor's Report

Board of Trustees
Lindale Independent School District
505 Pierce Street
Lindale, TX 75771

Members of the Board:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

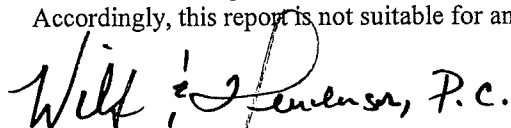
Report on Internal Control Over Compliance

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

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

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

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



WILF & HENDERSON, P.C.
Certified Public Accountants
Texarkana, Texas

January 7, 2026

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

I. Summary of the Auditor's Results:

- a. The type of report issued on the financial statements of the Lindale Independent School District was an unmodified opinion.
- b. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the report on internal control over financial reporting and on compliance and other matters required by the GAO's *Government Auditing Standards*.
- c. No instance of noncompliance material to the financial statements of the Lindale Independent School District was disclosed during the audit.
- d. No significant deficiency or material weakness relating to the audit of the major federal award programs are reported in the report on internal control over compliance required by Uniform Guidance.
- e. The type of report the auditor issued on compliance for major programs was an unmodified opinion.
- f. No audit findings relative to the major federal awards programs were disclosed by the audit that were required to be reported under 2 CFR 200.516(a).
- g. The program tested as major programs was:

School Breakfast Program	AL #10.553
National School Lunch Program – Cash Assistance	AL #10.555
National School Lunch Program – Non-Cash Assistance	AL #10.555

- h. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- i. Lindale Independent School District was determined to be a low-risk auditee.

II. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with *Generally Accepted Government Auditing Standards*.

No findings were required to be reported.

III. Findings and Questioned Costs for Federal Awards Including Audit Findings as Described in I.f above.

No findings were required to be reported.

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

There were no prior year audit findings or questioned costs.

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

There were no current year audit findings or questioned costs.

LINDALE 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			
<u>Passed Through Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	25 -610101212903	\$ 512,508
ESEA, Title I, Part A - Improving Basic Programs	84.010A	26 -610101212903	102,274
Total Assistance Listing Number 84.010			614,782
*IDEA - Part B, Formula	84.027A	25 -6600012129036000	699,206
*IDEA - Part B, Formula	84.027A	26 -6600012129036000	179,041
*IDEA - Part B, Discretionary	84.027A	25 -66002506	117,262
Total Assistance Listing Number 84.027			995,509
*IDEA - Part B, Preschool	84.173A	25 -6610012129036000	8,495
*IDEA - Part B, Preschool	84.173A	26 -6610012129036000	1,006
Total Assistance Listing Number 84.173			9,501
Total Special Education Cluster (IDEA)			1,005,010
Career and Technical - Basic Grant	84.048A	25 -420006212903	48,850
Title III, Part A - English Language Acquisition	84.365A	25 -671001212903	14,830
	84.365A	26 -671001212903	3,076
Total Assistance Listing Number 84.365			17,906
ESEA, Title II, Part A, Teacher Principal Training	84.367A	25 -694501212903	149,755
ESEA, Title II, Part A, Teacher Principal Training	84.367A	26 -694501212903	13,373
Total Assistance Listing Number 84.367			163,128
Title IV, Part A, Subpart 1	84.424A	25 -680101212903	48,232
Title IV, Part A, Subpart 1	84.424A	2 -680101212903	6,596
Total Assistance Listing Number 84.424			54,828
Total Passed Through Texas Education Agency			1,904,504
TOTAL U.S. DEPARTMENT OF EDUCATION			1,904,504
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the Texas Department of Agriculture</u>			
*School Breakfast Program	10.553	N/A	361,901
*National School Lunch Program - Cash Assistance	10.555	N/A	1,241,288
*National School Lunch Prog. - Non-Cash Assistance	10.555	N/A	181,884
Total Assistance Listing Number 10.555			1,423,172
Total Child Nutrition Cluster			1,785,073
Total Passed Through the Texas Department of Agriculture			1,785,073
TOTAL U.S. DEPARTMENT OF AGRICULTURE			1,785,073
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 3,689,577
*Clustered Programs			

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**LINDALE INDEPENDENT SCHOOL DISTRICT
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
FOR THE 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 generally is accounted for in a Special Revenue Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.
- 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 deferred revenues until earned.

- 3 The District has elected to not use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.
- 4 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 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 extensions when requested and justified by the non-Federal entity, as applicable. (2 CFR 200.34(a))

Unless the Federal awarding agency or 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))

- 5 The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, Uniform Guidance.
- 6 Nonmonetary assistance received from the Commodity Supplemental Food Program is recorded in fair market value of the commodities received and disbursed. The revenue and expense are reported in the Food Service Special Revenue Fund.
- 7 Assistance Listing numbers for commodity assistance are the Assistance Listing numbers of the programs under which USDA donated the commodities.
- 8 A reconciliation of federal program revenues and expenditures is as follows:

General Fund	\$ 310,692
Other Special Revenue Funds	<u>3,689,577</u>
Sub-total	4,000,269
Less Medicaid Arrangements Payments:	
SSA - School Health & Related Services (SHARS)	<u>(310,692)</u>
Total Federal Program Expenditures	\$ <u>3,689,577</u>

SCHOOLS FIRST QUESTIONNAIRE

Exhibit L-1

Lindale 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.	\$2,713,079