

*ANNUAL FINANCIAL AND
COMPLIANCE REPORT*

**DOSS CONSOLIDATED COMMON
SCHOOL DISTRICT**

Doss, Texas

**For the Year Ended
August 31, 2025**

DOSS CONSOLIDATED COMMON
SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT FOR THE
YEAR ENDED AUGUST 31, 2025

DOSS CONSOLIDATED COMMON SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
YEAR ENDED AUGUST 31, 2025
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CERTIFICATE OF BOARD

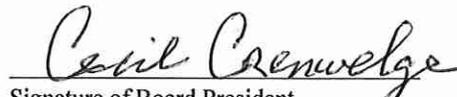
Doss Consolidated Common School District
Name of School District

Gillespie
County

086-024
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 10th day of February, 2026.


Signature of Board Secretary


Signature of Board President

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

(attach list as necessary)



NEFFENDORF & BLOCKER, P.C.

Standard Report on Financial Statements Issued in Accordance with Government Auditing Standards or in a Single Audit

Independent Auditor's Report

Board of Trustees
Doss Consolidated Common School District
Doss, TX 78618
Members of the Board:

Report on the Audit of the Financial Statements

Opinions

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

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

Emphasis of Matter- Change in Accounting Principle

As discussed in Note T to the financial statements, in 2025 the Doss Consolidated Common School District adopted Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. As a result of this adoption, the District restated its beginning net position as of August 31, 2025 to reflect the cumulative effect of applying the new standard. Our opinion is not modified with respect to this matter.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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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 Doss Consolidated Common School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the district's proportionate share of the net pension liability, schedule of district contributions, schedule of the District's proportionate share of the net OPEB liability and the schedule of District contributions for other post-employment benefits on pages 4-9, and 40-49 be presented to supplement the basic financial statements. Such information, 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

The Texas Education Agency requires school districts to include certain information in the Annual Financial and Compliance Report in conformity with laws and regulations of the State of Texas. This information is in the Exhibit identified in the Table of Contents as J-1 and J-4. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2026, on our consideration of Doss Consolidated Common 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 the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Doss Consolidated Common School District's internal control over financial reporting and compliance.

Neffendorf & Blocker, P.C.

NEFFENDORF & BLOCKER, P.C.

Fredericksburg, Texas

February 4, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of Doss Consolidated Common School District, discuss and analyze the District's financial performance for the fiscal year ended August 31, 2025. Please read it in conjunction with the independent auditor's report on page 2, and the District's Basic Financial Statements which begin on page 10.

FINANCIAL HIGHLIGHTS

- The District's total combined net position was \$2,581,901.
- During the year, the District had expenses that were \$(1,001,554) versus revenue of \$1,214,268 for an increase in net position of \$212,714.
- Total cost of all of the District's programs was \$996,786.
- The General Fund revenues for the year ended August 31, 2025 were \$1,071,809 and expenditures were \$809,615 resulting in an increase in fund balance of \$262,194.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 10 and 11). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 12) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to external customers and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district.

The notes to the financial statements (starting on page 18) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins on page 10. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

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

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

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 12 and provide detailed information about the most significant funds - not the District as a whole. Laws and contracts require the District to establish some funds. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District has one type of fund – governmental.

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

The District as Trustee

Reporting the District's Fiduciary Responsibilities

All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position on page 16. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net position of the District's governmental activities for the year ended August 31, 2025 increased from \$2,454,091 to \$2,581,901. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - was \$1,879,844 at August 31, 2025. This increase in governmental net position was the result of five factors. First, the District's combined revenues exceeded combined expenditures by \$262,194. Second, the District acquired capital assets in the amount of \$31,193. Third, the District recorded depreciation and amortization in the amount of \$64,085. Fourth, a net increase of \$6,003 due to recognition of deferred inflows, outflows and OPEB liability related to GASB 75 accounting and financial reporting for other post-employment benefits. Fifth, a net decrease of \$4,701 due to recognition of deferred inflows, outflows and pension liability related to GASB 68 accounting and financial reporting for pensions.

Table I
Doss Consolidated Common School District

NET POSITION
in thousands

| | Governmental Activities | |
|---|-------------------------|----------|
| | 2025 | 2024 |
| Current and Other Assets | \$ 2,142 | \$ 1,878 |
| Capital Assets | 702 | 745 |
| Total Assets | \$ 2,844 | \$ 2,623 |
| Deferred Outflows of Resources | | |
| Deferred Resources Outflow Related to TRS | 78 | 66 |
| Total Deferred Outflows of Resources | \$ 78 | \$ 66 |
| Long-Term Liabilities | 262 | 145 |
| Other Liabilities | 9 | 3 |
| Total Liabilities | \$ 271 | \$ 148 |
| Deferred Inflow of Resources | | |
| Deferred Resources Inflow Related to TRS | 69 | 87 |
| Total Deferred Inflow of Resources | \$ 69 | \$ 87 |
| Net Position: | | |
| Net Investment In | | |
| Capital Assets | \$ 702 | \$ 737 |
| Restricted | - | - |
| Unrestricted | 1,880 | 1,717 |
| Total Net Position | \$ 2,582 | \$ 2,454 |

Table II
Doss Consolidated Common School District

CHANGES IN NET POSITION
in thousands

| | Governmental Activities | |
|---|-------------------------|----------|
| | 2025 | 2024 |
| Revenues: | | |
| Program Revenues: | | |
| Charges for Services | \$ - | \$ - |
| Operating Grants & Contributions | 147 | 180 |
| General Revenues: | | |
| Maintenance & Operations Taxes | 529 | 498 |
| Grants and Contributions | 442 | 393 |
| Miscellaneous Local & Intermediate Revenue | 96 | 112 |
| Total Revenue | \$ 1,214 | \$ 1,183 |
| Expenses: | | |
| Instruction | \$ 386 | \$ 350 |
| Curriculum | 94 | 48 |
| School Leadership | 110 | 54 |
| Student (Pupil) Transportation | 25 | 37 |
| Food Service | 1 | 1 |
| Extra- Curricular | 7 | 7 |
| General Administration | 167 | 277 |
| Facilities Maintenance & Operations | 64 | 60 |
| Security & Monitoring Services | 75 | 102 |
| Data Processing Services | 40 | 47 |
| Community Services | - | 2 |
| Payments to SSA | 17 | 18 |
| Other Intergovernmental Charges | 10 | 10 |
| Total Expenses | \$ 996 | \$ 1,013 |
| Other Financing Sources and Uses | | |
| Other Use | (5) | - |
| Change in Net Position | \$ 213 | \$ 170 |
| Net Position - Beginning | 2,454 | 2,284 |
| Change in Accounting Principle & Error Correction | (85) | - |
| Net Position - Ending | \$ 2,582 | \$ 2,454 |

The cost of all governmental activities this year was \$996,786. However, as shown in the Statement of Activities on page 11, the amount that our taxpayers ultimately financed for these activities through District taxes was \$529,178. Additional funds were paid by other governments and organizations that subsidized certain programs with grants and contributions \$588,825.

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented on the balance sheet on page 12) reported a combined fund balance of \$2,130,698, which is more than last year's total of \$1,868,504. Included in this year's total change in fund balance is an increase of \$262,194 in the District's General Fund.

The District's General Fund balance of \$2,130,698 reported on page 14 differs from the General Fund's budgetary fund balance of \$1,868,504 reported in the budgetary comparison schedule on page 40.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2025 the District had \$702,057 invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, administration, and maintenance. This amount represents a net decrease of \$43,560 or 6 percent, less than last year.

This year's major additions included:

| | |
|-----------------------|------------------|
| Facility Improvements | \$ 31,193 |
| Total | <u>\$ 31,193</u> |

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

Long-Term Liabilities

As of August 31, 2025, the District's long-term liabilities included compensated absences payable.

Effective for the fiscal year ended August 31, 2025, the District adopted the Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. This standard establishes recognition and measurement for all types of compensated absences, including vacation, sick leave, paid time off, and certain types of sabbatical leave. Under GASB 101, a liability is recognized for leave that is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid or settled.

As of August 31, 2025, the District reported a compensated absences liability of \$97,257, of which \$7,713 is expected to be paid within one year.

More detailed information about the District's long-term liabilities is presented in the Note G to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the fiscal-year 2026 budget and tax rates. The major factors are the property appraised values and enrollment. These indicators were taken into account when adopting the General Fund budget for 2026. Amounts available for appropriation in the General Fund budget are \$1,063,920 and expenditures are estimated to be \$1,063,920.

If these estimates are realized, the District's budgetary General fund balance is expected to remain the same by the close of 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 show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office at Doss Consolidated Common School District, Doss, Texas.

BASIC
FINANCIAL STATEMENTS

DOSS CONSOLIDATED COMMON SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2025

EXHIBIT A-1

| Data Control Codes | Primary Government Governmental Activities |
|--|--|
| ASSETS | |
| 1110 Cash and Cash Equivalents | \$ 1,058,365 |
| 1120 Current Investments | 1,045,348 |
| 1210 Property Taxes - Current | 2,137 |
| 1220 Property Taxes - Delinquent | 75 |
| 1230 Allowance for Uncollectible Taxes | (66) |
| 1240 Due from Other Governments | 35,808 |
| 1267 Due from Fiduciary Funds | 559 |
| Capital Assets: | |
| 1510 Land | 45,135 |
| 1520 Buildings, Net | 638,543 |
| 1530 Furniture and Equipment, Net | 18,379 |
| 1000 Total Assets | 2,844,283 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| 1705 Deferred Outflow Related to TRS Pension | 35,371 |
| 1706 Deferred Outflow Related to TRS OPEB | 43,321 |
| 1700 Total Deferred Outflows of Resources | 78,692 |
| LIABILITIES | |
| 2110 Accounts Payable | 9,383 |
| Noncurrent Liabilities: | |
| 2501 Due Within One Year: Compensated Absences Payable | 7,713 |
| Due in More than One Year: | |
| 2502 Compensated Absences Payable | 89,544 |
| 2540 Net Pension Liability (District's Share) | 96,990 |
| 2545 Net OPEB Liability (District's Share) | 68,231 |
| 2000 Total Liabilities | 271,861 |
| DEFERRED INFLOWS OF RESOURCES | |
| 2605 Deferred Inflow Related to TRS Pension | 4,252 |
| 2606 Deferred Inflow Related to TRS OPEB | 64,961 |
| 2600 Total Deferred Inflows of Resources | 69,213 |
| NET POSITION | |
| 3200 Net Investment in Capital Assets | 702,057 |
| 3900 Unrestricted | 1,879,844 |
| 3000 Total Net Position | \$ 2,581,901 |

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

DOSS CONSOLIDATED COMMON SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2025

| Data Control Codes | 1 | Program Revenues | | 6 | |
|----------------------------|--|-------------------------|--|--|------------------|
| | | 3 | 4 | | |
| | Expenses | Charges for Services | Operating Grants and Contributions | Primary Gov. Governmental Activities | |
| Primary Government: | | | | | |
| GOVERNMENTAL ACTIVITIES: | | | | | |
| 11 | Instruction | \$ 386,305 | \$ - | \$ 10,921 | \$ (375,384) |
| 12 | Instructional Resources and Media Services | 236 | - | - | (236) |
| 13 | Curriculum and Instructional Staff Development | 93,733 | - | 84,645 | (9,088) |
| 23 | School Leadership | 110,107 | - | (4,368) | (114,475) |
| 34 | Student (Pupil) Transportation | 24,554 | - | (900) | (25,454) |
| 35 | Food Services | 1,451 | - | - | (1,451) |
| 36 | Extracurricular Activities | 7,221 | - | (139) | (7,360) |
| 41 | General Administration | 167,388 | - | (5,326) | (172,714) |
| 51 | Facilities Maintenance and Operations | 64,024 | - | (60) | (64,084) |
| 52 | Security and Monitoring Services | 75,073 | - | 58,456 | (16,617) |
| 53 | Data Processing Services | 40,141 | - | - | (40,141) |
| 61 | Community Services | 62 | - | - | (62) |
| 81 | Capital Outlay | - | - | 3,214 | 3,214 |
| 93 | Payments Related to Shared Services Arrangements | 16,714 | - | - | (16,714) |
| 99 | Other Intergovernmental Charges | 9,777 | - | - | (9,777) |
| | [TP] TOTAL PRIMARY GOVERNMENT: | \$ 996,786 | \$ - | \$ 146,443 | (850,343) |

| Data Control Codes | General Revenues: | |
|--------------------------|---|--------------|
| | Taxes: | |
| MT | Property Taxes, Levied for General Purposes | 529,178 |
| SF | State Aid - Formula Grants | 12,580 |
| GC | Grants and Contributions not Restricted | 429,802 |
| IE | Investment Earnings | 92,113 |
| MI | Miscellaneous Local and Intermediate Revenue | 4,152 |
| FR | Other Uses | (4,768) |
| TR | Total General Revenues & Transfers | 1,063,057 |
| CN | Change in Net Position | 212,714 |
| NB | Net Position - Beginning as Previously Reported | 2,454,091 |
| PA | Change in Accounting Principle & Error Correction | (84,904) |
| | Net Position - Beginning as Restated and Adjusted | 2,369,187 |
| NE | Net Position - Ending | \$ 2,581,901 |

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

DOSS CONSOLIDATED COMMON SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2025

EXHIBIT C-1

| Data Control Codes | 10 General Fund | 429 State Special Revenue Fund | 270 Title V, Pt.B Subpart 2 | Total Governmental Funds |
|--|-----------------------|--------------------------------------|-----------------------------------|--------------------------------|
| ASSETS | | | | |
| 1110 Cash and Cash Equivalents | \$ 1,058,365 | \$ - | \$ - | \$ 1,058,365 |
| 1120 Investments - Current | 1,045,348 | - | - | 1,045,348 |
| 1210 Property Taxes - Current | 2,137 | - | - | 2,137 |
| 1220 Property Taxes - Delinquent | 75 | - | - | 75 |
| 1230 Allowance for Uncollectible Taxes | (66) | - | - | (66) |
| 1240 Due from Other Governments | 31,984 | 3,824 | - | 35,808 |
| 1260 Due from Other Funds | 3,167 | - | - | 3,167 |
| 1000 Total Assets | <u>\$ 2,141,010</u> | <u>\$ 3,824</u> | <u>\$ -</u> | <u>\$ 2,144,834</u> |
| LIABILITIES | | | | |
| 2110 Accounts Payable | \$ 8,167 | \$ 1,216 | \$ - | \$ 9,383 |
| 2170 Due to Other Funds | - | 2,608 | - | 2,608 |
| 2000 Total Liabilities | <u>8,167</u> | <u>3,824</u> | <u>-</u> | <u>11,991</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| 2601 Unavailable Revenue - Property Taxes | 2,145 | - | - | 2,145 |
| 2600 Total Deferred Inflows of Resources | <u>2,145</u> | <u>-</u> | <u>-</u> | <u>2,145</u> |
| FUND BALANCES | | | | |
| Committed Fund Balance: | | | | |
| 3510 Construction | 700,000 | - | - | 700,000 |
| 3545 Other Committed Fund Balance | 638,000 | - | - | 638,000 |
| 3600 Unassigned Fund Balance | 792,698 | - | - | 792,698 |
| 3000 Total Fund Balances | <u>2,130,698</u> | <u>-</u> | <u>-</u> | <u>2,130,698</u> |
| 4000 Total Liabilities, Deferred Inflows & Fund Balances | <u>\$ 2,141,010</u> | <u>\$ 3,824</u> | <u>\$ -</u> | <u>\$ 2,144,834</u> |

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

DOSS CONSOLIDATED COMMON 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 | \$ | 2,130,698 |
| Capital assets and Right-to-Use SBITA 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 \$1,274,534 and the accumulated depreciation was (\$528,917). In addition, long-term liabilities, including SBITAs 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. | | 736,502 |
| Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of including the capital outlays is to increase net position. | | 31,193 |
| 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 \$35,371, a deferred resource inflow in the amount of \$4,252, and a net pension liability in the amount of \$96,990. This resulted in a decrease in net position. | | (65,871) |
| 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 \$43,321, a deferred resource inflow in the amount of \$64,961, and a net OPEB liability in the amount of \$68,231. This resulted in a decrease in net position. | | (89,871) |
| The current year depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position. | | (64,085) |
| 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. The net effect of these reclassifications and recognitions is to decrease net position. | | (96,665) |
| Net Position of Governmental Activities | \$ | 2,581,901 |

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

DOSS CONSOLIDATED COMMON 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 | 429 State Special Revenue Fund | 270 Title V, Pt.B Subpart 2 | Total Governmental Funds |
|--|-----------------------|--------------------------------------|-----------------------------------|--------------------------------|
| REVENUES: | | | | |
| 5700 Total Local and Intermediate Sources | \$ 629,427 | \$ - | \$ - | \$ 629,427 |
| 5800 State Program Revenues | 442,382 | 144,004 | - | 586,386 |
| 5900 Federal Program Revenues | - | - | 26,312 | 26,312 |
| 5020 Total Revenues | <u>1,071,809</u> | <u>144,004</u> | <u>26,312</u> | <u>1,242,125</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| 0011 Instruction | 340,892 | 23,973 | - | 364,865 |
| 0012 Instructional Resources and Media Services | 220 | - | - | 220 |
| 0013 Curriculum and Instructional Staff Development | 2,570 | 58,333 | 26,312 | 87,215 |
| 0023 School Leadership | 104,378 | - | - | 104,378 |
| 0034 Student (Pupil) Transportation | 23,133 | - | - | 23,133 |
| 0035 Food Services | 1,451 | - | - | 1,451 |
| 0036 Extracurricular Activities | 6,853 | - | - | 6,853 |
| 0041 General Administration | 158,377 | - | - | 158,377 |
| 0051 Facilities Maintenance and Operations | 59,632 | - | - | 59,632 |
| 0052 Security and Monitoring Services | 15,463 | 58,484 | - | 73,947 |
| 0053 Data Processing Services | 37,350 | - | - | 37,350 |
| 0061 Community Services | 58 | - | - | 58 |
| Capital Outlay: | | | | |
| 0081 Facilities Acquisition and Construction | 27,979 | 3,214 | - | 31,193 |
| Intergovernmental: | | | | |
| 0093 Payments to Fiscal Agent/Member Districts of SSA | 16,714 | - | - | 16,714 |
| 0099 Other Intergovernmental Charges | 9,777 | - | - | 9,777 |
| 6030 Total Expenditures | <u>804,847</u> | <u>144,004</u> | <u>26,312</u> | <u>975,163</u> |
| 1100 Excess (Deficiency) of Revenues Over (Under) Expenditures | 266,962 | - | - | 266,962 |
| OTHER FINANCING SOURCES (USES): | | | | |
| 8949 Other (Uses) | (4,768) | - | - | (4,768) |
| 1200 Net Change in Fund Balances | 262,194 | - | - | 262,194 |
| 0100 Fund Balance - September 1 (Beginning) | 1,868,504 | - | - | 1,868,504 |
| 3000 Fund Balance - August 31 (Ending) | <u>\$ 2,130,698</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,130,698</u> |

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

DOSS CONSOLIDATED COMMON 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 | \$ | 262,194 |
| Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of removing the current year capital outlays is to increase the change net position. | | 31,193 |
| 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. | | (64,085) |
| 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 and adjusting current year revenue to show the revenue earned from the current year's tax levy. The net effect of these reclassifications and recognitions is to decrease the change in net position. | | (17,890) |
| 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 \$11,113. 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 \$8,948. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by \$6,866. The net result is a decrease in the change in net position. | | (4,701) |
| 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 \$3,088. 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 \$2,042. Finally, the proportionate share of the TRS OPEB expense on the plan as a whole had to be recorded. The net OPEB expense increased the change in net position by \$4,957. The net result is an increase in the change in net position. | | 6,003 |
| Change in Net Position of Governmental Activities | \$ | 212,714 |

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

DOSS CONSOLIDATED COMMON SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2025

| | Custodial Fund |
|-------------------------------|------------------------|
| <hr/> | |
| ASSETS | |
| Cash and Cash Equivalents | \$ 5,354 |
| Total Assets | <u>5,354</u> |
| LIABILITIES | |
| Due to Other Funds | <u>559</u> |
| Total Liabilities | <u>559</u> |
| NET POSITION | |
| Restricted for Other Purposes | <u>4,795</u> |
| Total Net Position | <u><u>\$ 4,795</u></u> |

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

DOSS CONSOLIDATED COMMON SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2025

| | Custodial Fund |
|--|-------------------|
| Change in Fiduciary Net Position | - |
| Total Net Position - September 1 (Beginning) | 4,795 |
| Total Net Position - August 31 (Ending) | <u>\$ 4,795</u> |

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

DOSS CONSOLIDATED COMMON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2025

I. Summary of Significant Accounting Policies

Doss Consolidated Common School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven-member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in *GASB Statement No. 56* and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

A. Reporting Entity

The Board of Trustees (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 the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity.

B. Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Doss Consolidated Common School District nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support.

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

Interfund activities between governmental 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. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due froms on the government-wide Statement of Activities.

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.

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

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the 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 are collectible within 60 days after year end.

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

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 some times require the District to refund all or part of the unused amount.

The 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. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into invested in capital assets net of related debt, restricted net position, and unrestricted net position.

D. Fund Accounting

The District reports the following major governmental funds:

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

State Special Revenue Fund- This fund accounts for state funds that are received for specific purposes.

Additionally, the District reports the following fund type(s):

Governmental Funds:

Special Revenue Funds - The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial

assistance is accounted for in a Special Revenue Fund and sometimes unused balances must be returned to the grantor at the close of specified project periods.

Fiduciary Funds:

Custodial Funds - The District accounts for resources held for others in a custodial capacity in custodial funds. The District's Custodial Fund is the student activity fund.

E. Fund Balance Policy

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

From time to time, the Board of Trustees may commit fund balances by a majority vote in a scheduled meeting. The Board's commitment may be modified or rescinded by a majority vote in a scheduled meeting. Board commitments cannot exceed the amount of fund balance that is greater than the sum of nonspendable and restricted fund balances since that practice would commit funds that the district does not have. Commitments may be for facility expansion or renovation, program modifications, wage and salary adjustments, financial cushions and other purposes determined by the Board.

The Board of Trustees may delegate authority to specified persons or groups to make assignments of certain fund balances by a majority vote in a scheduled meeting. The Board may modify or rescind its delegation of authority by the same action. The authority to make assignments shall be in effect until modified or rescinded by the Board by majority vote in a scheduled meeting.

When the District incurs expenditures that can be made from either restricted or unrestricted balances, the expenditures should be charged to restricted balances. When the District incurs expenditures that can be made from either committed, assigned, or unassigned balances, the expenditures should be charged in that same order.

| | | |
|------------------------|----|------------------|
| Committed | | |
| Construction | \$ | 700,000 |
| Economic Stabilization | | 638,000 |
| Unassigned | | 792,698 |
| Total Fund Balances | \$ | <u>2,130,698</u> |

F. Other Accounting Policies

1. For purposes of the statement of cash flows for proprietary and similar fund-types, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
2. The District reports inventories of supplies at cost including consumable maintenance, instructional, office, and transportation items. Supplies are recorded as expenditures when they are consumed. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount.
3. The District provides risk management obligations by carrying appropriate insurance. Property and general liability insurance is obtained from a licensed insurer. Risk of loss is not retained by the

District.

4. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.
5. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type 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 bond premium or discount.

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

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

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

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

| <u>Assets</u> | <u>Years</u> |
|----------------------------|--------------|
| Buildings and Improvements | 12-40 |
| Furniture and Equipment | 5-7 |

7. In the fund financial statements, governmental funds report restricted and committed fund balances for amounts that are not available for appropriations or are legally restricted by outside parties for use for a specific purpose.
8. The Data Control Codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a Statewide data base for policy development and funding plans.
9. *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's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

10. The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP") requires the use of management's estimates.
11. *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.
12. In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District's deferred outflows of resources consist of deferred charges for pension contributions made after the measurement date of August 31, 2024 and during the District's current reporting period, differences between the expected and actual economic experience in the pension plan and changes in actuarial assumptions.
13. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Uncollected property taxes which are assumed collectible are reported in this category on the balance sheet for governmental funds. They are not reported in this category on the government wide statement of net position. In the government wide financial statements, the District reports the deferred inflows for pension for the District's proportionate share of the deferred inflow for the difference between the projected and actual investment earnings in the pension plan.
14. **Implementation of Governmental Accounting Standards Board (GASB) Statement 101, *Compensated Absences.*** The District implemented Governmental Accounting Standards Board (GASB) Statement No. 101 for the year ended August 31, 2025. The standards establishes recognition and measurement guidance for all types of compensated absences, including vacation, sick leave, and other paid time off, and requires liabilities to be recognized as the benefits are earned by employees, rather than when they are paid.

Employees of the District earn paid time off in accordance with the District's personnel policies. Under GASB 101, a liability is recognized for compensated absences that are attributable to services already rendered and are probable of resulting in a future payment to employees. The liability is measured based on the pay rates in effect at the end of the reporting period and includes salary-related payments as required by GASB 101.

II. Stewardship, Compliance and Accountability

A. Budgetary Data

The Board of Trustees adopts an "appropriated budget" for the General Fund. The District is required to present the adopted and final amended budgeted revenues and expenditures for this fund. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1.

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

1. Prior to August 20 the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end. A reconciliation of fund balances for both appropriated budget and nonappropriated budget special revenue funds is as follows:

| <u>August 31, 2025 Fund Balance</u> | |
|-------------------------------------|--------------------|
| Appropriated Budget Funds | \$ - |
| Nonappropriated Budget Fund | <u>-</u> |
| All Special Revenue Funds | <u><u>\$ -</u></u> |

III. Detailed Notes on all Funds and Account Groups

A. DEPOSITS AND INVESTMENTS

District Policies and Legal and Contractual Provisions Governing Deposits

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

At August 31, 2025, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$1,063,719 and the bank balance was \$1,073,456.

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.

District Policies and Legal and Contractual Provisions Governing Investments

Compliance with the Public Funds Investment Act

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires a governmental entity 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, and (10) common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

As of August 31, 2025, Doss Consolidated Common School District had the following investments:

| Investment Type | Carrying Value | Market Value | Investment Category | Minimum Legal Rating |
|---------------------------------|----------------|--------------|---------------------|----------------------|
| <u>Non-Maturity Investments</u> | | | | |
| TexPool | \$ 1,045,348 | \$ 1,045,348 | AAA | AAA |

The District invests in a Local Government Investment Pool to provide its primary liquidity needs. The Local Government Investment Pool is established in conformity with the Interlocal Cooperation Act, Chapter 791, Texas Government Code and the Public Funds Investment Act, Chapter 2256, Texas Government Code. The investment pools are public funds investment pools created to provide a safe environment for the placement of local government funds in authorized short-term investments.

The District's investments in investments pools, which are exempt from regulation by the Securities and Exchange Commission, have as one of their objectives the maintenance of a stable net asset value of \$1.00. The book value of the position in the pools is the same number of shares in each pool; the fair value of a share should approximately equal the book value of a share.

TexPool is an investment pool in which the Comptroller of Public Accounts is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company (The Trust Company), which is authorized to operate the pool. Federated Investors, Inc. manages the assets under an agreement with the Comptroller, acting on behalf of the Trust Company. TexPool is reported at amortized cost and does not have any limitation or restriction on participants' withdrawals. At August 31, 2025, TexPool had a weighted average maturity of 42 days.

Credit Risk – In accordance with the state law and the District's investment policy, investments in investment pools must be rated at least AAA or AAAM or equivalent rating by a nationally recognized rating service. As of August 31, 2025, TexPool was rated AAAM.

Concentration of Credit Risk – The District places no limit on the amount the District may invest in any one issuer; rather investments are governed by the objectives of preservation and safety of principal, liquidity and yield.

Interest Rate Risk – State law does not permit investments with maturities greater than (5) years. As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy limits the stated maturity of investments to one year from the time of purchase. The Board may specifically authorize a longer maturity for a given investments, within legal limits.

Custodial Credit Risk – Investments: This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Any

investment that is both uninsured and unregistered is exposed to custodial credit risk if the investment is held by the counterparty, or if the investment is held by the counterparty's trust department or agent, but not in the name of the investor government. Investments are subject to custodial credit risk only if they are evidenced by securities that exist in physical or book entry form. Positions in external investment pools are not subject to custodial credit risk.

B. Property Taxes

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

C. Delinquent Taxes Receivable

Delinquent taxes are allocated to the General Fund since no debt service tax has been levied. Allowances for uncollectible tax receivables within the General Fund are based on historical experience in collecting property taxes. Uncollectible 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.

D. Interfund Receivables and Payables

Interfund balances at August 31, 2025 consisted of the following individual fund balances:

| Fund | Due from Other Funds | Due to Other Funds |
|------------------------------|-------------------------|-----------------------|
| <u>General Fund</u> | | |
| Special Revenue Funds | \$ 2,608 | \$ |
| Custodial Fund | 559 | |
| <u>Special Revenue Funds</u> | | |
| General Fund | | 2,608 |
| <u>Custodial Funds</u> | | |
| General Fund | | 559 |
| Total | \$ <u>3,167</u> | \$ <u>3,167</u> |

All interfund balances resulted from time lag between the date that (1) interfund good and services are provided or reimbursable expenditures occur, (2) transaction are recorded in accounting system and (3) payments between funds are made.

E. Disaggregation of Receivables and Payables

Receivables at August 31, 2025, were as follows:

| | Property Taxes | Due From Other Governments | Due From Other Funds | Total Receivables |
|--|-------------------|-------------------------------|-------------------------|----------------------|
| Governmental Activities: | | | | |
| General Fund | \$ 2,212 | \$ 31,984 | \$ 3,167 | \$ 37,363 |
| Other State Special Revenue Fund | - | 3,824 | - | 3,824 |
| Total Governmental Activities | \$ <u>2,212</u> | \$ <u>35,808</u> | \$ <u>3,167</u> | \$ <u>41,187</u> |
| Amounts not scheduled for collection during the subsequent year | \$ 66 | - | - | \$ 66 |

Payables at August 31, 2025, were as follows:

| | <u>Accounts Payable</u> | <u>Due to Other Funds</u> | <u>Total Payables</u> |
|---|-----------------------------|-------------------------------|---------------------------|
| Governmental Activities: | | | |
| General Fund | \$ 8,167 | \$ - | \$ 8,167 |
| Other State Special Revenue Fund | 1,216 | 2,608 | 3,824 |
| Total Governmental Activities | <u>\$ 9,383</u> | <u>\$ 2,608</u> | <u>\$ 11,991</u> |
| Amounts not scheduled for payment during the subsequent year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

F. Capital Asset Activity

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

| | <u>Primary Government</u> | | | |
|--|------------------------------|----------------------|------------------------|---------------------------|
| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Retirements</u> | <u>Ending Balance</u> |
| Governmental Activities: | | | | |
| Land | \$ 45,135 | \$ - | \$ - | \$ 45,135 |
| Buildings & Improvements | 911,433 | 95,603 | - | 1,007,036 |
| Furniture & Equipment | 235,736 | - | - | 235,736 |
| Construction In Progress | 64,410 | - | (64,410) | - |
| Totals at Historic Cost | <u>\$ 1,256,714</u> | <u>\$ 95,603</u> | <u>\$ (64,410)</u> | <u>\$ 1,287,907</u> |
| Less Accumulated Depreciation For: | | | | |
| Buildings & Improvements | (332,315) | (36,178) | - | (368,493) |
| Furniture & Equipment | (189,450) | (27,907) | - | (217,357) |
| Total Accumulated Depreciation | <u>\$ (521,765)</u> | <u>\$ (64,085)</u> | <u>\$ -</u> | <u>\$ (585,850)</u> |
| Total Capital Assets Being Depreciated, Net | <u>\$ 734,949</u> | <u>\$ 31,518</u> | <u>\$ (64,410)</u> | <u>\$ 702,057</u> |
| Right-to-use Assets Being Amortized SBITA | 17,820 | - | (17,820) | - |
| Total Right-to-Use Leased Assets | <u>\$ 17,820</u> | <u>\$ -</u> | <u>\$ (17,820)</u> | <u>\$ -</u> |
| Less Accumulated Amortization For: SBITA | (7,152) | - | 7,152 | - |
| Total Accumulated Amortization | <u>\$ (7,152)</u> | <u>\$ -</u> | <u>\$ 7,152</u> | <u>\$ -</u> |
| Total Right-to-Use Assets Being Amortized, Net | <u>\$ 10,668</u> | <u>\$ -</u> | <u>\$ (10,668)</u> | <u>\$ -</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 745,617</u> | <u>\$ 31,518</u> | <u>\$ (75,078)</u> | <u>\$ 702,057</u> |

Depreciation expense was charged to governmental functions as follows:

| | |
|--|------------------|
| Instruction | \$ 27,267 |
| Instructional Resources and Media Services | 16 |
| Curriculum and Instruction | 6,518 |
| School Leadership | 7,800 |
| Student (Pupil) Transportation | 1,729 |
| Cocurricular/Extracurricular Activities | 512 |
| General Administration | 11,836 |
| Facilities Maintenance and Operations | 4,456 |
| Security and Monitoring Services | 1,156 |
| Data Processing Services | 2,791 |
| Community Services | 4 |
| Total Depreciation Expense | <u>\$ 64,085</u> |

G. Long-Term Liabilities

Changes in long-term obligations for the year ended August 31, 2025, are as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance | Amounts Due Within One Year |
|---------------------------------|----------------------|-----------|-----------|-------------------|-----------------------------------|
| Governmental activities: | | | | | |
| SBITA Liability* | \$ 9,115 | \$ - | \$ 9,115 | \$ - | \$ - |
| Compensated Absences Payable* | 83,351 | 13,906 | - | 97,257 | 7,713 |
| Net Pension Liability | 88,547 | 8,443 | - | 96,990 | |
| Net OPEB Liability | 47,825 | 20,406 | - | 68,231 | |
| Total Long-Term Liabilities | \$ 228,838 | \$ 42,755 | \$ 9,115 | \$ 262,478 | \$ 7,713 |

*Prior Period Adjustment- See Note T.

The District had no outstanding bond indebtedness at August 31, 2025.

H. Defined Benefit Pension Plan

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

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard 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 <http://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 in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description 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' payment beginning with their January 2024 payment:

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

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

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

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

| | <u>Contribution Rates</u> | |
|---|---------------------------|--------------|
| | <u>2024</u> | <u>2025</u> |
| Member | 8.25% | 8.25% |
| Non-Employer Contributing Entity (State) | 8.25% | 8.25% |
| Employers | 8.25% | 8.25% |
| | | |
| Doss CCSD – Current Fiscal Year Employer Contributions | \$ 11,113 | |
| Doss CCSD – Current Fiscal Year Member Contributions | \$ 33,963 | |
| Doss CCSD - 2024 NECE On-behalf Contributions | \$ 17,405 | |

Contributors to the plan include 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 schools, junior colleges, other entities, or the State of Texas as the employer for senior colleges, universities and medical schools) are required to pay the employer contribution rate in the following instances:

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

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

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

Actuarial Assumptions. The total pension liability in the August 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

| | |
|---|--|
| Valuation Date | August 31, 2023 rolled forward to August 31, 2024 |
| Actuarial Cost Method | Individual Entry Age Normal |
| Asset Valuation Method | Fair Value |
| Single Discount Rate | 7.00% |
| Long-term expected Investment Rate of Return | 7.00% |
| Inflation | 3.87%. The source for the rate is the Bonds Buyer 20 Index which represents the estimated yield of a portfolio of 20 general obligation bonds maturing 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 and 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 flow used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 9.54 percent of payroll in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

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

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

| Asset Class ⁽¹⁾ | Target Allocation ⁽²⁾ | Long-Term Expected Arithmetic Real Rate of Return ⁽³⁾ | Expected Contribution to Long-Term Portfolio Returns |
|--|----------------------------------|--|--|
| Global Equity | | | |
| USA | 18.0% | 4.4% | 1.00% |
| Non-U.S. Developed | 13.0% | 4.2% | 0.80% |
| Emerging Markets | 9.0% | 502.0% | 0.70% |
| Private Equity | 14.0% | 6.7% | 1.20% |
| Stable Value | | | |
| Government Bonds | 16.0% | 1.9% | 0.40% |
| Absolute Return (Including Credit Sensitive Investments) | 0.0% | 4.0% | 0.00% |
| Stable Value Hedge Funds | 5.0% | 3.0% | 0.20% |
| Real Return | | | |
| Real Estate | 15.0% | 6.6% | 1.20% |
| Energy, Natural Resources and Infrastructure | 6.0% | 5.2% | 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 ⁽⁴⁾ | | | -0.70% |
| Total | <u>100.0%</u> | | <u>8.00%</u> |

⁽¹⁾ Absolute Return includes a Credit Sensitive Investment.

⁽²⁾ Target allocations are based on the FY 2024 policy model.

⁽²⁾ Capital Market Assumptions (CMA) come from 2024 SAA Study SMA Survey (as of 12/31/2023)

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

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

| | 1% Decrease in Discount Rate (6.00%) | Discount Rate (7.00%) | 1% Increase in Discount Rate (8.00%) |
|---|--------------------------------------|-----------------------|--------------------------------------|
| Doss CCSD's proportionate share of the net pension liability: | \$ 154,918 | \$ 96,990 | \$ 48,993 |

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2025, the Doss Consolidated Common School District reported a liability of \$96,990 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the Doss Consolidated Common School District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Doss Consolidated Common School District were as follows:

| | |
|--|-------------------|
| District's Proportionate share of the collective net pension liability | \$ 96,990 |
| State's proportionate share that is associated with the District | <u>188,658</u> |
| Total | <u>\$ 285,648</u> |

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

At August 31, 2024 the employer's proportion of the collective net pension liability was .0001587810% which was an increase of .0000298734% from its proportion measured as of August 31, 2023.

Changes Since the Prior Actuarial Valuation

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

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

For the year ended August 31, 2025, Doss Consolidated Common School District recognized pension expense of \$38,362 and revenue of \$22,548 for support provided by the State in the Government Wide Statement of Activities.

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------|-------------------------------|
| Differences between expected and actual actuarial experiences | \$ 5,346 | \$ 757 |
| Changes in actuarial assumptions | 5,008 | 671 |
| Difference between projected and actual investment earnings | 590 | - |
| Changes in proportion and difference between the employer's contributions and the proportionate share of contributions | 13,314 | 2,824 |
| Total as of August 31, 2024 measurement date | \$ 24,258 | \$ 4,252 |
| Contributions paid to TRS subsequent to the measurement date | 11,113 | |
| Total | \$ 35,371 | \$ 4,252 |

The District recognized \$11,113 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the measurement year ended August 31, 2025. The other amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended August 31: | Pension Expense Amount |
|-----------------------|------------------------|
| 2026 | 1,864 |
| 2027 | 12,552 |
| 2028 | 3,461 |
| 2029 | 22 |
| 2030 | 2,106 |
| Thereafter | 1 |

Payables to the pension plan. None as of August 31, 2025.

I. Defined Other Post-Employment Benefit Plans

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

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

OPEB Plan Fiduciary Net Position. Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://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 school 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 | | | |
|--------------------------------|----|----------|--------------|
| | | Medicare | Non-Medicare |
| Retiree* | \$ | 135 | \$ 200 |
| Retiree and Spouse | | 529 | 689 |
| Retiree* and Children | | 468 | 408 |
| Retiree and Family | | 1,020 | 999 |

*or surviving spouse

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65 percent of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public school. The actual employer 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.

Contribution Rates

| | <u>2024</u> | <u>2025</u> |
|---|-------------|-------------|
| Active Employee | 0.65% | 0.65% |
| Non-Employer Contributing Entity (State) | 1.25% | 1.25% |
| Employers | 0.75% | 0.75% |
| Federal/private Funding remitted by Employers | 1.25% | 1.25% |
| | | |
| Doss CCSD- Current Fiscal Year Employer Contributions | \$3,088 | |
| Doss CCSD- Current Fiscal Year Member Contributions | \$2,676 | |
| Doss CCSD- 2024 NECE On-Behalf Contributions | \$2,559 | |

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. All the demographic assumptions, including rates of retirement, termination, and disability, and most of the economic assumptions, including general inflation and salary increased, used in the OPEB valuation were identical to those used in the respective TRS pension valuation. 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.

Additional Actuarial Methods and Assumptions:

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

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

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

The source of the municipal bond rate is the Bond Buyer’s “20-Bond GO Index” as of August 31, 2024, using the Fixed Income Market Data/Yield Curve/Data 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%) |
|--|--------------------------------------|--------------------------------------|--------------------------------------|
| Doss CCSD’s proportionate share of the Net OPEB Liability: | \$ 81,062 | \$ 68,231 | \$ 57,864 |

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

| | 1% Decrease | Current Healthcare Cost Trend Rate | 1% Increase |
|---|-------------|------------------------------------|-------------|
| Proportionate share of net OPEB liability | \$ 55,564 | \$ 68,231 | \$ 84,738 |

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At August 31, 2025, the Doss Consolidated Common School District reported a liability of \$68,231 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:

| | |
|--|------------------|
| Doss CCSD’s Proportionate share of the collective Net OPEB Liability | \$ 68,231 |
| State’s proportionate share that is associated with Doss ISD | <u>\$ 85,493</u> |
| Total | <u>\$153,724</u> |

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

At August 31, 2024 the employer’s proportion of the collective Net OPEB Liability was .0002248038%, which was an increase of .0000087745% from its proportionate share 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 since the prior measurement period:

- The discount rate changed from 4.13 percent as of August 31, 2023 to 3.87 percent as of August 31, 2024,

accompanied by revised demographic and economic assumptions based on the TRS experience study.

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

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

For the year ended August 31, 2025, the Doss Consolidated Common School District recognized OPEB expense of (\$14,028) and revenue of (\$11,113) for support provided by the State.

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------|-------------------------------|
| Differences between expected and actual actuarial experience | \$ 13,078 | \$ 34,051 |
| Changes in actuarial assumptions | \$ 8,733 | \$ 22,263 |
| Difference between projected and actual investment earnings | \$ - | \$ 192 |
| Changes in proportionate and difference between the employer's contributions and the proportionate share of contributions | \$ 18,422 | \$ 8,455 |
| Total as of August 31, 2024 measurement date | \$ 40,233 | \$ 64,961 |
| Contributions paid to TRS subsequent to the measurement date | \$ 3,088 | \$ - |
| Total | \$ 43,321 | \$ 64,961 |

The District recognized \$3,088 as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the measurement year ended August 31, 2025. The other amounts of the employer's balances of the 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 | (4,692) |
| 2027 | (1,601) |
| 2028 | (6,903) |
| 2029 | (6,303) |
| 2030 | (4,230) |
| Thereafter | (999) |

Payables to the OPEB plan. None as of August 31, 2025

J. Medicare Part D – On Behalf Payments

The Medicare Prescription Drug, Improvement and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. Payments made on behalf of Doss Consolidated Common School District for fiscal years 2025, 2024, and 2023 were \$3,006, \$1,418, and \$1,248.

K. Health Care Coverage

Beginning September 1, 2002, House Bill 3343 created a statewide program and requirement for public school employee group health coverage. All employees are eligible for coverage provided they are either active contributing TRS member or are employed for 10 or more hours each week. The Teacher Retirement System is the primary administering agency for the health insurance program, and both TEA and TRS provide funding for the program.

L. Revenue from Local and Intermediate Sources

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

| | General Fund |
|---|-----------------|
| Property Taxes | \$ 533,162 |
| Penalties, Interest & Other Tax-Related Income | 3,550 |
| Investment Income | 92,113 |
| Other | 602 |
| Total | \$ 629,427 |

M. Workers Compensation

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

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

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

N. Insurance Coverage

During the year ended August 31, 2025, Doss Consolidated CSD participated in the following TASB Risk Management Fund (the Fund) programs:

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

The Fund was created and is operated under the provision of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

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

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

O. Unemployment Compensation Pool

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

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

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

P. Risk Management

State law allows school districts to retain risk through its own risk management program (i.e. a "self-insurance" program), insure through a commercial carrier, or insure through a public entity risk pool. The District has insurable risks in various areas, including property, casualty, automobile, and comprehensive liability and worker's compensation. During the current fiscal year, the District obtained insurance against risks through commercial carriers.

Q. Joint Venture – Shared Service Arrangement

The District participates in a shared service arrangement for special education programs with Fredericksburg ISD, Comfort ISD, Harper ISD and Doss CCSD. Fredericksburg ISD is the fiscal agent manager and responsible for all financial activities of the consortium. The District receives state program revenues and records the expenditure in the general fund. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent nor does the District have a net equity interest in the fiscal agent.

R. Commitments and Contingencies

The District participates in numerous State and Federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2025 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

S Negative Operating Grants and Contributions- Statement of Activities

Expense activity is required to be recorded by Districts who are participants in cost-sharing pension and OPEB benefit plans with a special funding situation where non-employer contributing entities (NECE) also participate in contributions to the plans. TRS-retirement and TRS-care benefit plans are both cost-sharing plans with special funding situations. Therefore, on-behalf expense activity of the NECE must be recorded at the government-wide level of reporting on the Statement of Activities in accordance with GASB 68 and 75.

During the year under audit, this resulted in a negative revenue for operating grants and contributions in several functions on the Statement of Activities. According to guidance provided directly from GASB, this is the correct reporting.

Following are the effects on the Statement of Activities as a result of the negative on-behalf accruals recorded:

| | Operating Grants and Contributions | Negative On-Behalf Accruals | Operating Grants and Contributions (excluding on- behalf accruals) |
|--|--|-----------------------------------|--|
| 11-Instruction | \$ 9,753 | \$ (6,076) | \$ 15,829 |
| 23-School Leadership | 2,073 | (2,033) | 4,106 |
| 34-Student(Pupil) Transportation | 418 | (419) | 837 |
| 36- Extracurricular Activities | 67 | (65) | 132 |
| 41-General Administration | 2,539 | (2,479) | 5,018 |
| 51-Facilities Maintenance and Operations | 28 | (28) | 56 |
| 52- Security and Monitoring Services | 15 | (13) | 28 |
| | <u>\$ 14,893</u> | <u>\$ (11,113)</u> | <u>\$ 26,006</u> |

T. Prior Period Adjustment

Change in Accounting Principle- Adoption of GASB Statement No. 101, Compensated Absences

Effective September 1, 2024, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. GASB 101 establishes new standards for the recognition, measurement, and disclosure of compensated absences. The Statement requires governments to recognize a liability for leave that is attributable to services already rendered, accumulated, and is more likely than not to be used for time off or otherwise paid or settled. The Statements also refines the measurement of the liability and related salary-related payments and modifies certain disclosure requirements.

As a result of implementing GASB 101, the District restated its beginning net position to reflect the cumulative effect of applying the new accounting principle. The implementation resulted in changes to the measurement of the compensated absences liability, including the recognition of certain types of leave and related salary-related payments that were not previously included.

Error Correction

During the fiscal year ended August 31, 2025, the District identified and corrected an error related to the accounting for a Subscription-Based Information Technology Arrangement (SBITA) that was originally recorded in the fiscal year ended August 31, 2023. Upon review, management determined that the arrangement did not meet the criteria for recognition as a SBITA under GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and should not have resulted in the recognition of a subscription asset and corresponding subscription liability.

As a result, the District has restated its beginning net position as of September 1, 2024, to remove the previously recognized subscription asset and subscription liability. The correction of error resulted in the following adjustments to the financial statements:

- Decrease in subscription assets as of September 1, 2024: \$10,668
- Decrease in subscription liabilities as of September 1, 2024: \$9,115
- Total decrease on total net position as of September 1, 2024: \$1,553

The following table summarizes the effect of the two restatements listed above on the beginning net position of the governmental activities:

| | Governmental Activities |
|---|----------------------------|
| Beginning Net Position, as previously reported | \$ 2,454,091 |
| Change in Accounting Principle-Adoption of GASB 101 | (83,351) |
| Error Correction- SBITA | (1,553) |
| Beginning Net Position, as restated | \$ <u>2,369,187</u> |

U. Other Uses- Noncompliance with IDEA B Grant Requirements

During the fiscal year ended August 31, 2025, the District identified an “other use” in the governmental fund statement of revenues, expenditures, and change in fund balance related to noncompliance with the Maintenance of Effort requirement for the Individuals with Disabilities Education Act, Part B (IDEA B) federal grant program. As a result of a review by the Texas Education Agency (TEA), the District failed to meet the requirement to spend at least the same amount of local and/or state funds to provide services for students with disabilities spent in the previous fiscal year.

The District has recorded an “other use” in the amount of \$4,767.61 that was due back to TEA for the noncompliance. Management does not anticipate any further adjustments related to this matter.

V. Subsequent Events

The District has evaluated subsequent events through February 4, 2026 the date which the financial statements were available to be issued. The District is not aware of any subsequent events that materially impact the financial statements.

REQUIRED SUPPLEMENTARY
INFORMATION

DOSS CONSOLIDATED COMMON 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 | \$ 592,337 | \$ 592,337 | \$ 629,427 | \$ 37,090 |
| 5800 State Program Revenues | 424,292 | 424,292 | 442,382 | 18,090 |
| 5020 Total Revenues | 1,016,629 | 1,016,629 | 1,071,809 | 55,180 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| 0011 Instruction | 365,623 | 364,098 | 340,892 | 23,206 |
| 0012 Instructional Resources and Media Services | 1,500 | 1,500 | 220 | 1,280 |
| 0013 Curriculum and Instructional Staff Development | 19,000 | 19,000 | 2,570 | 16,430 |
| 0023 School Leadership | 106,513 | 106,513 | 104,378 | 2,135 |
| 0034 Student (Pupil) Transportation | 48,660 | 48,660 | 23,133 | 25,527 |
| 0035 Food Services | 2,000 | 2,000 | 1,451 | 549 |
| 0036 Extracurricular Activities | 9,000 | 11,000 | 6,853 | 4,147 |
| 0041 General Administration | 206,541 | 197,066 | 158,377 | 38,689 |
| 0051 Facilities Maintenance and Operations | 97,474 | 97,474 | 59,632 | 37,842 |
| 0052 Security and Monitoring Services | 24,000 | 24,000 | 15,463 | 8,537 |
| 0053 Data Processing Services | 56,000 | 56,000 | 37,350 | 18,650 |
| 0061 Community Services | 1,500 | 1,500 | 58 | 1,442 |
| Capital Outlay: | | | | |
| 0081 Facilities Acquisition and Construction | 48,318 | 48,318 | 27,979 | 20,339 |
| Intergovernmental: | | | | |
| 0093 Payments to Fiscal Agent/Member Districts of SSA | 23,500 | 23,500 | 16,714 | 6,786 |
| 0099 Other Intergovernmental Charges | 7,000 | 11,000 | 9,777 | 1,223 |
| 6030 Total Expenditures | 1,016,629 | 1,011,629 | 804,847 | 206,782 |
| 1100 Excess of Revenues Over Expenditures | - | 5,000 | 266,962 | 261,962 |
| OTHER FINANCING SOURCES (USES): | | | | |
| 8949 Other (Uses) | - | (5,000) | (4,768) | 232 |
| 1200 Net Change in Fund Balances | - | - | 262,194 | 262,194 |
| 0100 Fund Balance - September 1 (Beginning) | 1,868,504 | 1,868,504 | 1,868,504 | - |
| 3000 Fund Balance - August 31 (Ending) | \$ 1,868,504 | \$ 1,868,504 | \$ 2,130,698 | \$ 262,194 |

| <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> |
|---|---|---|---|---|---|---|
| 0.000131177% | 0.000133785% | 0.000139567% | 0.000162434% | 0.000115426% | 0.000139901% | 0.0001198% |
| \$ 33,406 | \$ 71,652 | \$ 72,551 | \$ 89,408 | \$ 36,907 | \$ 52,866 | \$ 42,348 |
| 97,967 | 200,917 | 177,718 | 185,072 | 75,878 | 141,743 | 141,221 |
| <u>\$ 131,373</u> | <u>\$ 272,569</u> | <u>\$ 250,269</u> | <u>\$ 274,480</u> | <u>\$ 112,785</u> | <u>\$ 194,609</u> | <u>\$ 183,569</u> |
| \$ 246,021 | \$ 238,371 | \$ 209,544 | \$ 205,095 | \$ 141,115 | \$ 205,560 | \$ 230,532 |
| 13.58% | 30.06% | 34.62% | 43.59% | 26.15% | 25.70% | 18.37% |
| 88.79% | 75.54% | 75.24% | 73.74% | 82.17% | 72.83% | 78.43% |

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|----|---------|------------|------------|------------|------------|------------|---------|
| \$ | 6,231 | \$ 5,487 | \$ 5,294 | \$ 4,907 | \$ 4,927 | \$ 3,783 | 4,322 |
| | (6,231) | (5,487) | (5,294) | (4,907) | (4,927) | (3,783) | (4,322) |
| \$ | - | \$ - | \$ - | \$ - | \$ - | \$ - | - |
| \$ | 249,136 | \$ 246,021 | \$ 238,371 | \$ 209,544 | \$ 205,095 | \$ 141,115 | 205,560 |
| | 2.50% | 2.23% | 2.22% | 2.34% | 2.40% | 2.68% | 2.10% |

| 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 |
|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| 0.000236167% | 0.000234715% | 0.000224595% | 0.000215407% | 0.000149259% |
| \$ 91,100 | \$ 89,226 | \$ 106,215 | \$ 107,555 | \$ 64,907 |
| 122,054 | 119,898 | 141,134 | 179,586 | 117,385 |
| <u>\$ 213,154</u> | <u>\$ 209,124</u> | <u>\$ 247,349</u> | <u>\$ 287,141</u> | <u>\$ 182,292</u> |
| \$ 246,021 | \$ 238,371 | \$ 209,544 | \$ 205,095 | 141,115 |
| 37.03% | 37.43% | 50.69% | 52.44% | 46.00% |
| 6.18% | 4.99% | 2.66% | 1.57% | 0.91% |

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|----|---------|------------|------------|------------|---------|
| \$ | 1,868 | \$ 1,838 | \$ 1,751 | \$ 1,594 | 1,405 |
| | (1,868) | (1,838) | (1,751) | (1,594) | (1,405) |
| \$ | - | \$ - | \$ - | \$ - | - |
| \$ | 249,136 | \$ 246,021 | \$ 238,371 | \$ 209,544 | 205,095 |
| | 0.75% | 0.75% | 0.73% | 0.76% | 0.69% |

DOSS CONSOLIDATED COMMON SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED AUGUST 31, 2025

A. Defined Benefit Pension Plan

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. Other Post-Employment Benefit Plan

Changes of Benefit Terms

There were no changes of benefit terms during the measurement period that affected the Total OPEB Liability.

Changes of Assumptions

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

- The 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.

REQUIRED TEA SCHEDULES

| (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 |
|--|---|------------------------------------|-------------------------------------|---|--|---|
| \$ (2,821) | \$ | \$ - | \$ | \$ 19 | \$ (2,802) | |
| 36 | | - | | - | 36 | |
| 44 | | - | | 5 | 49 | |
| 182 | | 130 | | - | 52 | |
| 635 | | 293 | | - | 342 | |
| 653 | | 25 | | 1 | 629 | |
| 654 | | 586 | | 1 | 69 | |
| 2,249 | | 1,668 | | (333) | 248 | |
| 4,686 | | 2,655 | | (579) | 1,452 | |
| | 530,244 | 527,312 | | (795) | 2,137 | |
| <u>\$ 6,318</u> | <u>\$ 530,244</u> | <u>\$ 532,669</u> | <u>\$ -</u> | <u>\$ (1,681)</u> | <u>\$ 2,212</u> | |

\$ -

DOSS CONSOLIDATED COMMON SCHOOL DISTRICT
STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2025

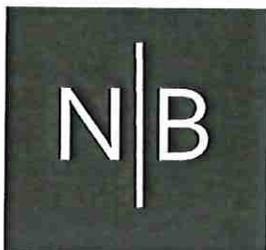
Section A: Compensatory Education Programs

- AP1 Did your district expend any state compensatory education program state allotment funds during the district's fiscal year? No
-
- AP2 Does the district have written policies and procedures for its state compensatory education program? No
-
- AP3 Total state allotment funds received for state compensatory education programs during the district's fiscal year.
-
- AP4 Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24,26,28,29,30)
-

Section B: Bilingual Education Programs

- AP5 Did your district expend any bilingual education program state allotment funds during the district's fiscal year? No
-
- AP6 Does the district have written policies and procedures for its bilingual education program? No
-
- AP7 Total state allotment funds received for bilingual education programs during the district's fiscal year.
-
- AP8 Actual direct program expenditures for bilingual education programs during the district's fiscal year. (PIC 25)
-

REPORT ON INTERNAL CONTROL
AND COMPLIANCE



NEFFENDORF & BLOCKER, P.C.

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

Board of Trustees
Doss Consolidated Common School District
Doss, TX 78618

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, each major fund, and the remaining fund information of Doss Consolidated Common School District, as of and for the year ended August 31, 2025 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 4, 2026.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Doss Consolidated Common School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Doss Consolidated Common School 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.

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MEMBER AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS & TEXAS SOCIETY OF CPAs

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Neffendorf & Blocker, P.C.

NEFFENDORF & BLOCKER P.C.
Fredericksburg, Texas
February 4, 2026



NEFFENDORF & BLOCKER, P.C.

February 4, 2026

Board of Trustees
Doss Consolidated Common School District
Doss, TX78618

We have audited the financial statements of the governmental activities, each major fund, and the remaining fund information of Doss Consolidated Common School District for the year ended August 31, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 13, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Doss Consolidated Common School District are described in Note I to the financial statements. GASB Statement 101 *Compensated Absences* was adopted and the application of existing policies was not changed during 2025. We noted no transactions entered into by Doss Consolidated Common School District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

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Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 4, 2026.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Doss Consolidated Common School District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Doss Consolidated Common School District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis and budgetary comparison information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual nonmajor fund financial statements and the Texas Education Agency required Exhibits, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of Trustees and management of Doss Consolidated Common School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



NEFFENDORF & BLOCKER, P.C.
Fredericksburg, Texas