

MABANK INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

YEAR ENDED AUGUST 31, 2025

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

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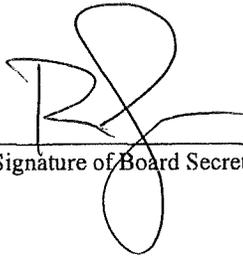
CERTIFICATE OF BOARD

Mabank Independent School District
Name of School District

Kaufman
County

129-905
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 20 day of January, 2026.



Signature of Board Secretary



Signature of Board President

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Members:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC
ACCOUNTANTS
TEXAS SOCIETY OF CERTIFIED
PUBLIC ACCOUNTANTS

**HANKINS, EASTUP, DEATON,
TONN, SEAY & SCARBOROUGH**
A Limited Liability Company

CERTIFIED PUBLIC ACCOUNTANTS

902 NORTH LOCUST
P.O. BOX 977
DENTON, TX 76202-0977
TEL. (940) 387-8563
FAX (940) 383-4746

Independent Auditor's Report

Board of Trustees
Mabank Independent School District
Mabank, Texas

Opinions

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

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

Basis for Opinions

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

Emphasis of a Matter – Change in Accounting Principle Pertaining to Compensated Absences

As discussed in Note 19 to the financial statements, the District has changed its accounting for compensated absences, which was required by Governmental Accounting Standards Board (GASB) Statement No. 101 that became effective for fiscal years beginning after December 15, 2023. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 Mabank Independent 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 Mabank Independent School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 13 and the Teacher Retirement System schedules on page 58 through 66 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mabank Independent School District's basic financial statements. The combining and individual nonmajor fund financial statements, the required TEA schedules listed in the table of contents, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the required TEA schedules, and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2026, on our consideration of Mabank Independent School District's internal control over financial reporting and on our tests of the 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 Mabank Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mabank Independent School District's internal control over financial reporting and compliance.

Hankins Eastup Deaton Tonn Seay & Scarborough

Hankins, Eastup, Deaton, Tonn, Seay & Scarborough, LLC
Denton, Texas

January 10, 2026

**MABANK INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2025
(UNAUDITED)**

As management of Mabank Independent School District, we offer readers of the District's financial statement this narrative overview and analysis of the financial activities of the District for the year ended August 31, 2025. Please read this narrative in conjunction with the independent auditors' report on page 5, and the District's Basic Financial Statements that begin on page 17.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$35,548,826 (*net position*). Of this amount, \$2,574,728 represents unrestricted net position.
- The District's total net position increased by \$7,632,888 during the current fiscal year.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$139,274,388 an increase of \$105,926,562 from the prior year. The large increase in governmental fund balances was due primarily to the September 2024 bond issue.
 - At the end of the current fiscal year, unassigned fund balance for the general fund was \$18,287,687 or 40.74% of the total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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 16 and 17). 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 18) 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 30) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for nonmajor funds contain even more information about the District's individual funds. The sections labeled TEA Required Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins on page 16. 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 of the District's assets and deferred outflows of resources; and liabilities and deferred inflows of resources at the end of the year while the Statement of Activities includes all revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting (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 and deferred outflows of resources are reported whether they serve the current year or future years. Liabilities and deferred inflows of resources 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 deferred outflows of resources; less liabilities and deferred inflows of resources) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position is 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, we divide the District into two kinds of activities:

- **Governmental activities**—Most of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.
- **Business-type activities**—The District does not have any programs in which it charges a fee to “customers” to help it cover all or most of the cost of services it provides. Thus, the District had no business-type activities during the current fiscal year.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 18 and provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received from the U.S. Department of Education. The District's administration establishes other funds to help it control and manage money for particular purposes (like campus activities). The District's two kinds of funds – governmental and proprietary – use different accounting approaches.

- Governmental funds—Most of the District's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.
- Proprietary funds—The District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. The internal service fund reports the District's self-insurance workers compensation program that provides services for the District's other programs and activities.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or custodian, for money raised by student activities. The District's custodial activity is reported in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position on pages 28 and 29. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The analysis below presents both current and prior year data and discusses significant changes in the accounts. Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental activities.

Net position of the District's governmental activities increased from \$29,227,952 to \$35,548,826. 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 \$2,574,728 at August 31, 2025.

Table I
NET POSITION

	Governmental Activities	
	2025	2024
Current and other assets	\$ 145,800,610	\$ 39,651,263
Capital assets	<u>59,057,698</u>	<u>50,558,569</u>
Total assets	<u>204,858,308</u>	<u>90,209,832</u>
Deferred outflows of resources	<u>8,323,174</u>	<u>7,687,551</u>
Long-term liabilities	165,519,386	54,769,619
Other liabilities	<u>3,924,753</u>	<u>3,658,559</u>
Total liabilities	<u>169,444,139</u>	<u>58,428,178</u>
Deferred inflows of resources	<u>8,188,517</u>	<u>10,241,253</u>
Net Position:		
Net investments in capital assets	27,283,464	13,420,768
Restricted	5,690,634	13,386,640
Unrestricted	<u>2,574,728</u>	<u>2,420,544</u>
Total net position	<u>\$ 35,548,826</u>	<u>\$ 29,227,952</u>

At the end of the current fiscal year, the District reports a positive balance in unrestricted net position, net investments in capital assets, and restricted net position. The District's net position increased by \$7,632,888 during the current fiscal year.

Table II
CHANGES IN NET POSITION

	Governmental Activities	
	2025	2024
Revenues:		
Program Revenues:		
Charges for services	\$ 1,082,719	\$ 1,967,124
Operating grants and contributions	8,853,929	10,171,679
Capital grants and contributions	-	-
General Revenues:		
Maintenance and operations taxes	18,163,513	16,583,934
Debt service taxes	7,581,850	6,926,267
State aid	22,339,754	21,903,477
Grants and contributions not restricted	-	-
Investment earnings	6,679,612	1,877,877
Miscellaneous	118,017	270,448
Total Revenues	<u>64,819,394</u>	<u>59,700,806</u>
Expenses:		
Instruction, curriculum and media services	27,956,882	28,225,755
Instructional and school leadership	2,886,805	2,585,705
Student support services	5,984,444	5,228,726
Food services	3,271,752	2,606,916
Extracurricular activities	2,872,627	2,462,641
General administration	1,454,351	1,481,466
Plant maintenance, security and data processing	5,722,927	6,754,322
Community services	582,373	510,903
Debt services	5,301,873	1,188,370
Capital outlay	641,167	4,753
Other intergovernmental charges	511,305	482,381
Total Expenses	<u>57,186,506</u>	<u>51,531,938</u>
Increase (Decrease) in Net Position	7,632,888	8,168,868
Net Position - beginning of year	29,227,952	21,059,084
Restatement due to accounting change	(1,312,014)	
Net Position - end of year	<u>\$ 35,548,826</u>	<u>\$ 29,227,952</u>

Local revenues increased due to increase in taxable property values and investment income on unspent bond proceeds. In addition, state aid increased by \$436,277.

- The District's General Fund expenditures increased \$2,643,559. This is due primarily to increases in employee compensation during the fiscal year.
- The District's maintenance and operations (M&O) tax rate decreased from \$0.6692 per \$100 valuation to \$0.6669 per \$100 valuation as required by the state funding formula. The District's debt service tax rate remained the same at \$0.2800 per \$100 valuation.

The cost of all governmental activities for the current fiscal year was \$57,186,506. However, as shown in the Statement of Activities on page 17, the amount that District taxpayers ultimately financed for these activities through District taxes was only \$25,745,363 because some of the costs were paid by those who directly benefited from the programs (\$1,082,719) or by other governments and organizations that subsidized certain programs with grants and contributions (\$8,853,929) or by State equalization funding (\$22,339,754).

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 18) reported a combined fund balance of \$139,274,388, which is \$105,926,562 more than last year's total of \$33,347,826. The large increase in governmental fund balances was due primarily to the September 2024 bond issue.

Over the course of the year, the Board of Trustees revised the District's budget several times. These budget amendments fall into three categories. The first category includes amendments and supplemental appropriations that were approved shortly after the beginning of the year and reflect the actual beginning balances (versus the amounts we estimated in August 2024). The second category includes changes that the Board made during the year to reflect new information regarding revenue sources and expenditure needs. The principal amendments in this case were amendments to reflect additional revenues and personnel and other costs. The third category involves amendments moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs.

The District's General Fund balance of \$19,505,785 reported on page 18 differs from the General Fund's budgetary fund balance of \$17,362,235 reported in the budgetary comparison schedule on page 57. This is principally due to cost savings achieved during the year based on the final amended budget and revenues in excess of budgeted amounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At August 31, 2025, the District had \$59,057,698 invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. This amount represents a net increase of \$8,499,129, or 16.8% more than last year.

More detailed information about the District's capital assets is presented in Note 4 to the financial statements.

Debt Administration

At year-end, the District had \$165,509,386 in long-term debt outstanding (including accreted interest on bonds) versus \$54,769,619 last year—an increase of \$110,739,767. The District's general obligation bond rating is AAA (as a result of guarantees of the Texas Permanent School Fund) according to national rating agencies.

More detailed information about the District's long-term liabilities is presented in Note 5 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The District's General Fund expenditures are budgeted to increase approximately \$5.8 million. This is due primarily to increases in state funding for teacher salaries.
- The 2025-2026 General Fund budget has budgeted revenues equal to budgeted expenditures (\$46,984,817).
- The District's 2025-2026 maintenance and operations tax rate remained the same at \$0.6669 per \$100 taxable value to \$0.6669 per \$100 taxable value. Also, the debt service tax rate remained at \$0.2800 per \$100 taxable value. The total tax rate is \$0.9469 per \$100 taxable value.

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 Mabank Independent School District, 310 E. Market St., Mabank, Texas 75147, (903) 880-1300.

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BASIC FINANCIAL STATEMENTS

MABANK INDEPENDENT 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	\$ 138,192,025
1220 Property Taxes - Delinquent	2,877,558
1230 Allowance for Uncollectible Taxes	(128,217)
1240 Due from Other Governments	4,585,580
1290 Other Receivables, Net	51,131
1300 Inventories	11,822
1410 Prepayments	206,276
1490 Other Current Assets	4,435
Capital Assets:	
1510 Land	3,436,990
1520 Buildings, Net	44,880,465
1530 Furniture and Equipment, Net	4,037,783
1580 Construction in Progress	6,702,460
1000 Total Assets	204,858,308
DEFERRED OUTFLOWS OF RESOURCES	
1705 Deferred Outflow Related to TRS Pension	3,629,222
1706 Deferred Outflow Related to TRS OPEB	4,693,952
1700 Total Deferred Outflows of Resources	8,323,174
LIABILITIES	
2110 Accounts Payable	697,342
2140 Interest Payable	287,119
2160 Accrued Wages Payable	2,817,344
2180 Due to Other Governments	75,105
2300 Unearned Revenue	47,843
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	3,885,908
Due in More than One Year:	
2502 Bonds, Notes, Loans, Leases, etc.	141,964,021
2511 Deferred Gain on Defeasance of Bonds	258,916
2540 Net Pension Liability (District's Share)	11,295,282
2545 Net OPEB Liability (District's Share)	8,115,259
2000 Total Liabilities	169,444,139
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	561,380
2606 Deferred Inflow Related to TRS OPEB	7,627,137
2600 Total Deferred Inflows of Resources	8,188,517
NET POSITION	
3200 Net Investment in Capital Assets and Right-to-Use Lease Assets	27,283,464
Restricted:	
3820 Restricted for Federal and State Programs	1,271,526
3850 Restricted for Debt Service	4,419,108
3900 Unrestricted	2,574,728
3000 Total Net Position	\$ 35,548,826

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

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

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6
		Expenses	3 Charges for Services	4 Operating Grants and Contributions
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11	\$ 26,328,794	\$ 47,571	\$ 2,147,434	\$ (24,133,789)
12	494,327	-	7,595	(486,732)
13	1,133,760	-	464,739	(669,021)
21	363,992	-	5,789	(358,203)
23	2,522,813	-	45,245	(2,477,568)
31	1,869,307	-	739,676	(1,129,631)
33	884,798	-	291,640	(593,158)
34	3,230,339	-	57,640	(3,172,699)
35	3,271,752	182,596	2,952,371	(136,785)
36	2,872,627	638,629	603,829	(1,630,169)
41	1,454,351	-	26,059	(1,428,292)
51	4,009,271	182,889	238,873	(3,587,509)
52	736,618	-	99,650	(636,968)
53	977,040	-	17,646	(959,394)
61	582,372	31,034	9,836	(541,502)
72	4,316,780	-	504,740	(3,812,040)
73	985,093	-	-	(985,093)
81	641,167	-	641,167	-
99	511,305	-	-	(511,305)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 57,186,506	\$ 1,082,719	\$ 8,853,929	(47,249,858)
Data Control Codes	General Revenues:			
	Taxes:			
MT	Property Taxes, Levied for General Purposes			18,163,513
DT	Property Taxes, Levied for Debt Service			7,581,850
SF	State Aid - Formula Grants			22,339,754
IE	Investment Earnings			6,679,612
MI	Miscellaneous Local and Intermediate Revenue			68,177
FR	Transfers In (Out)			49,840
TR	Total General Revenues & Transfers			54,882,746
CN	Change in Net Position			7,632,888
NB	Net Position - Beginning as Previously Reported			29,227,952
PA	Restatement - New Accounting Standard			(1,312,014)
	Net Position - Beginning as Restated and Adjusted			27,915,938
NE	Net Position - Ending			\$ 35,548,826

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

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

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS			
1110 Cash and Cash Equivalents	\$ 18,247,007	\$ 5,587,785	\$ 112,311,117
1220 Property Taxes - Delinquent	2,112,806	764,752	-
1230 Allowance for Uncollectible Taxes	(96,029)	(32,188)	-
1240 Due from Other Governments	3,563,332	-	-
1260 Due from Other Funds	586,204	-	-
1290 Other Receivables	-	-	-
1300 Inventories	11,822	-	-
1410 Prepayments	206,276	-	-
1490 Other Current Assets	4,435	-	-
1000 Total Assets	<u>\$ 24,635,853</u>	<u>\$ 6,320,349</u>	<u>\$ 112,311,117</u>
LIABILITIES			
2110 Accounts Payable	\$ 582,206	\$ 550	\$ 13,717
2160 Accrued Wages Payable	2,483,242	-	-
2170 Due to Other Funds	-	-	-
2180 Due to Other Governments	-	68,023	-
2300 Unearned Revenue	47,843	-	-
2000 Total Liabilities	<u>3,113,291</u>	<u>68,573</u>	<u>13,717</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	2,016,777	732,564	-
2600 Total Deferred Inflows of Resources	<u>2,016,777</u>	<u>732,564</u>	<u>-</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	11,822	-	-
3430 Prepaid Items	206,276	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	112,297,400
3480 Retirement of Long-Term Debt	-	5,519,212	-
3490 Other Restricted Fund Balance	-	-	-
Committed Fund Balance:			
3510 Construction	500,000	-	-
3545 Other Committed Fund Balance	500,000	-	-
Assigned Fund Balance:			
3590 Other Assigned Fund Balance	-	-	-
3600 Unassigned Fund Balance	18,287,687	-	-
3000 Total Fund Balances	<u>19,505,785</u>	<u>5,519,212</u>	<u>112,297,400</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 24,635,853</u>	<u>\$ 6,320,349</u>	<u>\$ 112,311,117</u>

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

Other Funds	Total Governmental Funds
\$ 1,906,869	\$ 138,052,778
-	2,877,558
-	(128,217)
1,022,248	4,585,580
-	586,204
51,131	51,131
-	11,822
-	206,276
-	4,435
<u>\$ 2,980,248</u>	<u>\$ 146,247,567</u>
\$ 100,869	\$ 697,342
334,102	2,817,344
586,204	586,204
7,082	75,105
-	47,843
<u>1,028,257</u>	<u>4,223,838</u>
-	2,749,341
<u>-</u>	<u>2,749,341</u>
-	11,822
-	206,276
1,271,526	1,271,526
-	112,297,400
-	5,519,212
65,441	65,441
-	500,000
-	500,000
615,024	615,024
-	18,287,687
<u>1,951,991</u>	<u>139,274,388</u>
<u>\$ 2,980,248</u>	<u>\$ 146,247,567</u>

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

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$	139,274,388
1 The District uses an internal service fund to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		139,247
2 Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund financial statements.		99,923,803
3 Accumulated depreciation is not reported in the fund financial statements.		(40,866,105)
4 Bonds payable are not reported in the fund financial statements.		(131,039,305)
5 Accrued compensated absences are not reported in the fund financial statements.		(2,037,211)
6 Accreted interest payable on capital appreciation bonds is not reported in the fund financial statements.		(204,950)
7 Bond premiums on outstanding bonds payable are not recognized in the fund financial statements.		(12,568,463)
8 Property tax revenue reported as unavailable revenue in the fund financial statements is recognized as revenue in the government-wide financial statements.		2,749,341
9 Interest on outstanding debt is accrued in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.		(287,119)
10 Included in the items related to government-wide long-term debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 and 71 in the amount of \$11,295,282, Deferred Inflows of Resources related to TRS in the amount of \$561,380 and Deferred Outflows of Resources related to TRS in the amount of \$3,629,222. This results in a decrease in Net Position in the amount of \$8,227,440.		(8,227,440)
11 Included in the items related to government-wide long-term debt is the recognition of the District's proportionate share of the net Other Post-Employment Benefit (OPEB) liability required by GASB 75 in the amount of \$8,115,259, a Deferred Resource Inflow related to TRS OPEB in the amount of \$7,627,137, and a Deferred Resource Outflow related to TRS OPEB in the amount of \$4,693,952. This results in a net decrease in Net Position in the amount of \$11,048,444.		(11,048,444)
12 Gain on defeasance of bonds is deferred in the government-wide financial statements.		(258,916)
29 Net Position of Governmental Activities	\$	35,548,826

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

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

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 19,368,352	\$ 8,004,378	\$ 5,072,137
5800 State Program Revenues	24,835,786	504,740	-
5900 Federal Program Revenues	134,993	-	-
5020 Total Revenues	<u>44,339,131</u>	<u>8,509,118</u>	<u>5,072,137</u>
EXPENDITURES:			
Current:			
0011 Instruction	24,507,179	-	-
0012 Instructional Resources and Media Services	432,637	-	-
0013 Curriculum and Instructional Staff Development	714,530	-	-
0021 Instructional Leadership	329,795	-	-
0023 School Leadership	2,577,462	-	-
0031 Guidance, Counseling, and Evaluation Services	1,203,341	-	-
0033 Health Services	778,999	-	-
0034 Student (Pupil) Transportation	3,270,241	-	-
0035 Food Services	2,668	-	-
0036 Extracurricular Activities	1,841,930	-	-
0041 General Administration	1,483,574	-	913
0051 Facilities Maintenance and Operations	5,353,027	-	256,160
0052 Security and Monitoring Services	619,704	-	-
0053 Data Processing Services	1,005,255	-	-
0061 Community Services	46,465	-	-
Debt Service:			
0071 Principal on Long-Term Liabilities	-	4,324,131	-
0072 Interest on Long-Term Liabilities	-	6,553,528	-
0073 Bond Issuance Cost and Fees	-	52,116	932,977
Capital Outlay:			
0081 Facilities Acquisition and Construction	212,188	-	8,507,425
Intergovernmental:			
0099 Other Intergovernmental Charges	511,305	-	-
6030 Total Expenditures	<u>44,890,300</u>	<u>10,929,775</u>	<u>9,697,475</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(551,169)</u>	<u>(2,420,657)</u>	<u>(4,625,338)</u>
OTHER FINANCING SOURCES (USES):			
7911 Capital Related Debt Issued	-	7,385,000	109,730,000
7912 Sale of Real and Personal Property	49,839	-	-
7915 Transfers In	129,680	-	-
7916 Premium or Discount on Issuance of Bonds	-	998,721	7,202,977
8949 Other (Uses)	-	(11,806,172)	-
7080 Total Other Financing Sources (Uses)	<u>179,519</u>	<u>(3,422,451)</u>	<u>116,932,977</u>
1200 Net Change in Fund Balances	<u>(371,650)</u>	<u>(5,843,108)</u>	<u>112,307,639</u>
0100 Fund Balance - September 1 (Beginning)	19,877,435	11,362,320	(10,239)
3000 Fund Balance - August 31 (Ending)	<u>\$ 19,505,785</u>	<u>\$ 5,519,212</u>	<u>\$ 112,297,400</u>

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

	Other Funds	Total Governmental Funds
\$	1,393,112	\$ 33,837,979
	1,234,692	26,575,218
	5,515,491	5,650,484
	8,143,295	66,063,681
	1,639,230	26,146,409
	-	432,637
	444,395	1,158,925
	-	329,795
	-	2,577,462
	706,156	1,909,497
	140,506	919,505
	-	3,270,241
	3,323,953	3,326,621
	643,515	2,485,445
	-	1,484,487
	138,060	5,747,247
	87,240	706,944
	-	1,005,255
	535,556	582,021
	-	4,324,131
	-	6,553,528
	-	985,093
	651,003	9,370,616
	-	511,305
	8,309,614	73,827,164
	(166,319)	(7,763,483)
	-	117,115,000
	-	49,839
	-	129,680
	-	8,201,698
	-	(11,806,172)
	-	113,690,045
	(166,319)	105,926,562
	2,118,310	33,347,826
\$	1,951,991	\$ 139,274,388

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

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ 105,926,562
The District uses an internal service fund to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The net income of the internal service fund is reported with governmental activities. The net effect of this consolidation is to increase net position.	(121,726)
Current year capital asset additions are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The effect of reclassifying the current year capital asset additions is to increase net position.	11,340,286
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position in the government-wide financial statements.	(2,841,157)
Current year long-term debt principal payments on bonds payable and payment of accreted interest on capital appreciation bond are expenditures in the fund financial statements, but are shown as reductions in long-term debt in the government-wide financial statements.	15,842,342
Current year interest accretion on capital appreciation bonds payable is not recognized in the fund financial statements, but is shown as an increase in long-term debt in the government-wide financial statements.	(11,764)
Interest expense on outstanding debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expenditures are reported when due.	(234,894)
Revenues from property taxes are reported as unavailable revenue in the fund financial statements until they are considered available to finance current expenditures, but such revenues are recognized when assessed, net of an allowance for uncollectible amounts, in the government-wide financial statements.	313,211
Current year amortization of the premium on bonds payable is not recognized in the fund financial statements, but is shown as a reduction in long-term debt in the government-wide financial statements.	2,742,599
The change in accrued compensated absences is not recognized in the fund financial statements.	(499,361)
The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. TRS contributions made after the measurement date of 8/31/2024 caused the change in the ending net position to increase by \$1,096,451. These contributions were replaced with the District's pension expense for the year of \$1,690,551, which caused a decrease in the change in net position. The total effect of these is to decrease the change in net position by \$590,100.	(590,100)
The implementation of GASB 75 required that certain expenditures be de-expended and recorded as deferred resource outflows. TRS OPEB contributions made after the measurement date of 8/31/2024 but during the current fiscal year caused the ending net position to increase in the amount of \$258,025. These contributions were replaced with the District's negative OPEB expense for the year of \$796,794, which caused an increase in the change in net position. The total effect of these is to increase the change in net position by \$1,054,819.	1,054,819
Amortization of deferred gain on bond defeasance is not recorded in the fund-level financial statements.	28,768
Issuance of bonds is recorded as an other source of funds in the fund-level financial statements.	(125,316,697)
Change in Net Position of Governmental Activities	\$ 7,632,888

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

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

EXHIBIT D-1

	Governmental Activities -
	Internal Service Fund
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 139,247
Total Assets	139,247
NET POSITION	
Unrestricted Net Position	139,247
Total Net Position	\$ 139,247

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

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

	Governmental Activities -
	Internal Service Fund
<hr/>	
NONOPERATING REVENUES (EXPENSES):	
Earnings from Temporary Deposits & Investments	\$ 7,954
Total Nonoperating Revenues (Expenses)	<u>7,954</u>
Income Before Transfers	7,954
Transfers Out	<u>(129,680)</u>
Change in Net Position	(121,726)
Total Net Position - September 1 (Beginning)	260,973
Total Net Position - August 31 (Ending)	<u><u>\$ 139,247</u></u>

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

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

EXHIBIT D-3

	Governmental Activities -
	Internal Service Fund
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Transfers Out	(129,680)
<u>Cash Flows from Investing Activities:</u>	
Interest and Dividends on Investments	7,954
Net Decrease in Cash and Cash Equivalents	(121,726)
Cash and Cash Equivalents at Beginning of Year	260,973
Cash and Cash Equivalents at End of Year	\$ 139,247
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u> Provided By (Used For) Operating Activities:</u>	
Operating Income (Loss)	\$ -

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

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

	Total Custodial Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 302,998
Total Assets	<u>302,998</u>
LIABILITIES	
Accounts Payable	<u>3,825</u>
Total Liabilities	<u>3,825</u>
NET POSITION	
Unrestricted Net Position	<u>299,173</u>
Total Net Position	<u><u>\$ 299,173</u></u>

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

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

	Total Custodial Funds
ADDITIONS:	
Contributions to Student Groups	\$ 335,023
Total Additions	<u>335,023</u>
DEDUCTIONS:	
Supplies and Materials	<u>322,404</u>
Total Deductions	<u>322,404</u>
Change in Fiduciary Net Position	12,619
Total Net Position - September 1 (Beginning)	<u>286,554</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 299,173</u></u>

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

MABANK INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

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

Based on the aforementioned criteria, Mabank Independent School District has no component units.

B. BASIS OF PRESENTATION

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support. The District had no business-type activities.

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

MABANK INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

Fund Financial Statements:

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

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

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

Additionally, the District reports the following fund types:

1. **Special Revenue Funds** - These funds are established to account for federally financed or expenditures legally restricted for specified purposes. In many special revenue funds, any unused balances are returned to the grantor at the close of specified project periods. For funds in this fund type, project accounting is employed to maintain integrity for the various sources of funds.
2. **Internal Service Fund** - The District utilizes an Internal Service Fund to account for revenues and expenses related to services provided to parties inside the District on a cost reimbursement basis. This fund facilitates distribution of support costs to the users of support services. The District has an internal service fund for its self-insured workers compensation plan.
3. **Fiduciary Funds** - These funds are used to account for activities of student groups and other organizational activities on a fiduciary basis.

The internal service fund is a proprietary fund type. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary fund include the cost of personal and contractual services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

MABANK INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

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.

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.

The revenues susceptible to accrual are property taxes, charges for services, interest income and intergovernmental revenues. All other Governmental Fund Type revenues are recognized when received.

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

MABANK INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2025

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

In accordance with the FAR, the District has adopted and installed an accounting system which exceeds the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure presented in the Accounting Code Section of the FAR.

D. BUDGETARY CONTROL

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

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

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

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

	August 31, 2025 <u>Fund Balance</u>
Appropriated Budget Funds - Food Service Special Revenue Fund	\$1,271,526
Non-appropriated Budget Funds	<u>680,465</u>
All Special Revenue Funds	<u>\$1,951,991</u>

MABANK INDEPENDENT SCHOOL DISTRICT
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FOR THE YEAR ENDED AUGUST 31, 2025

E. ENCUMBRANCE ACCOUNTING

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

F. INVENTORIES

The consumption method is used to account for inventories of paper and other supplies. Under this method, these items are charged to expenditures when consumed.

G. PREPAID ITEMS

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

H. INTERFUND RECEIVABLES AND PAYABLES

Short-term amounts owed between funds are classified as "Due to/from other funds". Interfund loans are classified as "Advances to/from other funds" and are offset by a fund balance reserve account.

I. CAPITAL ASSETS

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

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

Buildings and Improvements	15-50 Years
Furniture and Equipment	3-15 Years

J. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

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

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

The amount of deferred outflows reported in the governmental activities for deferred pension expenses at August 31, 2025, was \$3,629,222.

Deferred outflows of resources for OPEB- Reported in the government-wide financial statement of net position, this deferred outflow results from OPEB plan contributions made after the measurement date of the net OPEB liability and the results of differences between expected and actual investment earnings and changes in proportionate share. The deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year. The other OPEB related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEB through the OPEB plan which is currently approximately 9.4212 years. The amount of deferred outflows reported for deferred OPEB expense at August 31, 2025, was \$4,693,952.

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

Deferred inflows of resources for unavailable revenues - Reported only in the governmental funds balance sheet, unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District reported property taxes that are unavailable as deferred inflows of resources in the fund financial statements. The amount of deferred inflows of resources reported in the governmental funds at August 31, 2025, was \$2,749,341.

Deferred inflows of resources for pensions - Reported in the government-wide financial statement of net position, these deferred inflows result primarily from differences between projected and actual earnings on pension plan investments and other actuarial and other assumption differences. These amounts will be amortized over a closed 5-year period. In fiscal year 2025, the District reported deferred inflows of resources for pensions in the governmental activities in the amount of \$561,380.

Deferred inflows of resources for OPEB - Reported in the government-wide financial statement of net position, these deferred inflows result primarily from differences between expected and actual experience and from changes in assumptions. These amounts will be amortized over the average expected remaining service life (AERSL) of all members (9.4212 years for the 2024 measurement year). In fiscal year 2025, the District reported deferred inflows of resources for OPEB in the governmental activities in the amount of \$7,627,137.

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K. COMPENSATED ABSENCES

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

L. CASH EQUIVALENTS

For purposes of the statement of cash flows, investments are considered to be cash equivalents if they are highly liquid and have a maturity of three months or less when purchased.

M. NET POSITION

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

N. LONG-TERM OBLIGATIONS

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

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

O. RISK MANAGEMENT

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

P. ESTIMATES

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

MABANK INDEPENDENT SCHOOL DISTRICT
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NOTE 2. FUND BALANCES

The District has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.

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

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has classified inventories and prepayments as being nonspendable as these items are not expected to be converted to cash.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the District's bonded debt and are restricted through debt covenants. Food service and other Federal and State grant resources are restricted because their use is restricted pursuant to the mandates of the National School Lunch and Breakfast Program or other grant requirements. The District has local grant funds restricted by those grantors.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District's Board of Trustees. The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This can also be done through adoption and amendment of the budget. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Board of Trustees have committed resources as of August 31, 2025 for future construction and for other purposes.
- Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Trustees or through the Board of Trustees delegating this responsibility to other individuals in the District. Under the District's adopted policy, only the Board of Trustees may assign amounts for specific purposes. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned: This classification includes all amounts not included in other spendable classifications, including the residual fund balance of the General Fund.

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

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The details of the fund balances are included in the Governmental Funds Balance Sheet and are described below:

General Fund

Prepayments of \$206,276 and inventories of \$11,822 are considered non-spendable fund balance. The Board of Trustees have committed a total of \$500,000 of the General Fund balance for future construction and \$500,000 for other purposes.

The General Fund has unassigned fund balance of \$18,287,687 at August 31, 2025.

Other Major Funds

The Debt Service Fund has restricted funds of \$5,519,212 at August 31, 2025, consisting primarily of property tax collections that are restricted for debt service payments on bonded debt.

The District's Capital Projects Fund has a fund balance of \$112,297,400 resulting from the sale of bonds. The District sold bonds on September 17, 2024, with net proceeds of \$116 million.

Other Funds

The fund balance of \$371,484 of the Campus Activity Fund (a special revenue fund) and \$243,540 of the MISD Fitness Center Fund (a special revenue fund) are shown as assigned fund balances. The following special revenue fund balances are restricted by grant restrictions or donor requirements:

National Breakfast & Lunch Program	\$1,271,526
Other grants or donated funds	<u>65,144</u>
Total	<u>\$1,336,967</u>

NOTE 3. DEPOSITS AND INVESTMENTS

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

1. Cash Deposits:

At August 31, 2025, the carrying amount of the District's deposit checking accounts and interest-bearing demand accounts was \$6,835,614 and the bank balance was \$7,536,608. The District's cash deposits at August 31, 2025, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name. Cash deposits were fully collateralized throughout the fiscal year ended August 31, 2025.

2. Investments:

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid

MABANK INDEPENDENT SCHOOL DISTRICT
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solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

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

- a. Custodial Credit Risk – Deposits: In the case of deposits, this is the risk that, in the event of a bank failure, the District’s deposits may not be returned to it. As of August 31, 2025, the District’s cash deposits totaled \$6,835,614. This entire amount was either collateralized with securities held by the District’s agent or covered by FDIC insurance. Thus, the District’s deposits are not exposed to custodial credit risk.
- b. Custodial Credit Risk - Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At August 31, 2025, the District held investments in four public funds investment pools (Texas Class, Texas Range, Lone Star and TexPool). Investments in external investment pools are considered unclassified as to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.
- c. Credit Risk: This is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligations. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. The credit quality rating for the four investment pools range from AAA (Standard & Poor’s) to AAAm.
- d. Interest Rate Risk: This is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. The weighted average maturity for all investment pools is less than 90 days.
- e. Foreign Currency Risk: This is the risk that exchange rates will adversely affect the fair value of an investment. At August 31, 2025, the District was not exposed to foreign currency risk.
- f. Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of the District’s investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. At August 31, 2025, the District did not have more than 5 percent invested with a single issuer. The District’s investments in the public funds investment pools are not subject to the concentration risk.

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

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maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The District's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

The District's investments at August 31, 2025, are shown below:

<u>Name</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Texas CLASS Investment Pool	\$40,212,683	\$ 40,212,683
Texas Range Investment Pool	63,496	63,496
Lone Star Investment Pool	41,722,247	41,722,247
TexPool Investment Pool	11,191,789	11,191,789
Simmons Public Money Market	<u>38,469,194</u>	<u>38,469,194</u>
Total	<u>\$131,659,409</u>	<u>\$131,659,409</u>

Fair Value Measurements

The District categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgement and considers factors specific to each asset or liability.

The District's investment in the State Investment Pools (statewide 2a7-like external investment pools) are not required to be measured at fair value but are measured at amortized cost.

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NOTE 4. CAPITAL ASSETS

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

	Balance September 1	Additions	Retirements / Transfers	Balance August 31
<i>Governmental Activities</i>				
Capital assets not being depreciated:				
Land	\$ 1,833,946	\$ 1,597,544	\$ 5,500	\$ 3,436,990
Construction in progress	733,084	6,702,460	(733,084)	6,702,460
Total capital assets not being depreciated	2,567,030	8,300,004	(727,584)	10,139,450
Capital assets being depreciated:				
Buildings	83,345,924	171,539	(534,787)	82,982,676
Furniture and equipment	13,817,108	2,640,531	(9,655,962)	6,801,677
Total capital assets being depreciated	97,163,032	2,812,070	(10,190,749)	89,784,353
Less accumulated depreciation for:				
Buildings and improvements	(39,542,285)	(2,214,169)	3,654,243	(38,102,211)
Furniture and equipment	(9,629,208)	(626,988)	7,492,302	(2,763,894)
Total accumulated depreciation	(49,171,493)	(2,841,157)	11,146,545	(40,866,105)
Total capital assets being depreciated, net	47,991,539	(29,087)	955,796	48,918,248
Total capital assets, net	\$ 50,558,569	\$ 8,270,917	\$ 228,212	\$ 59,057,698

Depreciation expense was charged as direct expense to programs of the District as follows:

Governmental activities:	
Instruction	\$ 1,653,875
Instructional resources and media services	76,698
Curriculum and instructional staff development	19,230
Instructional leadership	27,566
School leadership	24,670
Guidance, counseling, and evaluation services	7,108
Health services	351
Student transportation	301,087
Food services	116,624
Cocurricular/extracurricular activities	445,219
General administration	9,954
Plant maintenance and operations	95,529
Security and monitoring services	55,781
Data processing services	7,465
	<u>7,465</u>

NOTE 5. LONG-TERM DEBT

Long-term debt includes par bonds and capital appreciation (deep discount) serial bonds. All long-term debt represents transactions in the District's governmental activities.

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

**MABANK INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025**

The following is a summary of the changes in the District's Long-term Debt for the year ended August 31, 2025:

	Original Issue	Interest Rate	Beginning Balance	Additions	Retired/ Refunded	Ending Balance	Due Within One Year
<i>Bonded Indebtedness</i>							
2014 Refunding Bonds	\$ 6,705,000	2% - 4%	\$ 5,290,000	\$ -	\$ 5,290,000	\$ -	\$ -
2015 Refunding Bonds	9,020,000	2% - 4%	8,895,000		6,490,000	2,405,000	
2016 Building and Refunding	19,765,000	2% - 5%	15,405,000		1,250,000	14,155,000	1,310,000
2020 Refunding Bonds	3,175,992	0.61% - 4%	438,436		149,131	289,305	104,054
2024 Building and Refunding	117,115,000	4% - 5%		117,115,000	2,925,000	114,190,000	2,425,000
Total Bonded Indebtedness			30,028,436	117,115,000	16,104,131	131,039,305	3,839,054
Accreted Interest - 2020 CAP Bonds			219,081	11,764	25,895	204,950	46,854
Bond Premiums			7,109,365	8,201,697	2,742,599	12,568,463	
Net Pension Liability			11,652,062		356,780	11,295,282	
Net OPEB Liability			5,534,839	2,580,420		8,115,259	
Compensated Absences			1,537,850	499,361		2,037,211	
Total			\$ 56,081,633	\$ 128,408,242	\$ 19,229,405	\$ 165,260,470	\$ 3,885,908

Note: The addition to compensated absences is presented as a net change.

Presented below is a summary of general obligation bond requirements to maturity:

<i>Bonded Indebtedness</i>	Principal	Interest	Total
2026	\$ 3,839,054	\$ 6,553,529	\$ 10,392,583
2027	3,982,973	6,890,852	10,873,825
2028	4,141,165	6,750,182	10,891,347
2029	4,310,860	6,591,490	10,902,350
2030	4,490,253	6,262,952	10,753,205
2031 - 2035	30,580,000	20,618,374	51,198,374
2036 - 2040	24,215,000	15,857,400	40,072,400
2041 - 2045	28,405,000	9,446,150	37,851,150
2046 - 2050	27,075,000	2,760,800	29,835,800
	\$ 131,039,305	\$ 81,731,729	\$ 212,771,034

The 2020 Refunding Bonds include Capital Appreciation Bonds. No interest is paid on these bonds prior to maturity. The bonds mature variously between 2025 and 2030. Interest accrues on these bonds semi-annually even though the interest is not paid until maturity.

General Obligation Bonds are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the District. General Obligation Bonds require the District to compute, at the time taxes are levied, the rate of tax required to provide (in each year bonds are outstanding) a fund to pay interest and principal at maturity. The District is in compliance with this requirement.

There are a number of limitations and restrictions contained in the various general obligation bonds indentures. The District is in compliance with all significant limitations and restrictions at August 31, 2025.

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NOTE 6. PROPERTY TAXES

Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The District levies its taxes on October 1 on the assessed (appraised) value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. The assessed value of the property tax roll upon which the levy for the 2024-25 fiscal year was based was \$2,877,792,457. Taxes are delinquent if not paid by June 30. Delinquent taxes are subject to both penalty and interest charges plus 15% delinquent collection fees for attorney costs.

The tax rates assessed for the year ended August 31, 2025, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$0.6669 and \$0.2800 per \$100 valuation, respectively, for a total of \$0.9469 per \$100 valuation.

Current tax collections for the year ended August 31, 2025, were 95.86% of the year-end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. As of August 31, 2025, property taxes receivable, net of estimated uncollectible taxes, totaled \$2,016,777 and \$732,564 for the General and Debt Service Funds, respectively.

Property taxes are recorded as receivables and unavailable revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected.

NOTE 7. DEFINED BENEFIT PENSION PLAN

Plan Description. The District participates in a multiple-employer cost-sharing 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. Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://www.trs.texas.gov/learning-resources/publications>; by writing to TRS (Attention: Finance Division), P. O. Box 149676, Austin, TX, 78714-0185; or by calling (800) 223-8778.

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

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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' payments beginning with their January 2024 payment:

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

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

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2019 thru 2025. Contribution Rates can be found in the TRS 2024 ACFR, Note 11, on page 87.

Contribution Rates

Member	8.25%
Non-Employer Contributing Entity (State)	8.25%
Employers	8.25%
District FY 2025 Employer Contributions	\$ 1,095,191
District FY 2025 Member Contributions	2,384,641
District FY 2025 NECE On-Behalf Contributions	1,831,068

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

As the non-employer contributing entity for public education, 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

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below which are paid by the employers. Employers including public 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 an employee's salary is paid by federal funding source or a privately sponsored source, from non-educational and general, or local funds.

In addition to the employer contributions listed above, there are additional surcharges an employer is subject to:

- All public schools must contribute 1.9 percent of the member's salary beginning in fiscal year 2025, increasing to 2 percent in fiscal year 2026.
- 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%
Municipal Bond Rate as of August 2023	3.87%
Inflation	2.30%
Salary Increases Including Inflation	2.95% to 8.95%
Ad hoc Post Employment Benefit Changes	None

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

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

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

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

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adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2024, (see page 56 of the 2024 TRS ACFR) are summarized below:

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

Discount Rate Sensitivity Analysis. The following schedule shows the impact on the net pension liability if the discount rate used was 1 percentage point lower than and 1 percentage point higher than the discount rate that was used (7.00%) in measuring the net pension liability:

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the net pension liability:	\$18,041,427	\$11,295,282	\$5,705,621

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. On August 31, 2025, the District reported a liability of \$11,295,282 for its proportionate share of the TRS's net pension liability (based on a measurement year ended August 31, 2024). This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's Proportionate share of the collective net pension liability	\$ 11,295,282
State's proportionate share that is associated with the District	<u>17,222,251</u>
Total	<u>\$28,517,533</u>

¹ Target allocations are based on the FY2024 policy model.

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

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

⁴ Absolute Return includes credit sensitive investments.

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

On August 31, 2024, the employer's proportion of the collective net pension liability was 0.0184913392%, an increase of 9.01% from its proportionate share of 0.00169631721% as of August 31, 2023.

Changes in Assumptions and Benefits Since the Prior Actuarial Valuation.

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

The 2023 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 roll forward method, an adjustment was made to reflect the legislation in the rolled forward liabilities for the current measurement year, August 31, 2024. SB 10 and House Joint Resolution 2 (HJR 2) of the 88th Regular Legislative Session appropriated payments of \$1.645 billion for one-time stipends and \$3.355 billion for COLAs. This appropriation is treated as a supplemental contribution and included in other additions. Since the Legislature appropriated funds for this one-time stipend and COLA, there was no impact on the Net Pension Liability of TRS.

The amount of pension expense recognized by the District in the reporting period was \$1,690,551.

For the year ended August 31, 2025, the District recognized pension expense of \$2,058,347 and revenue of \$2,058,347 for support by the State (based on a measurement year ended August 31, 2024).

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$622,581	\$88,188
Changes in actuarial assumptions	583,200	78,187
Difference between projected and actual investment earnings	68,660	-
Changes in proportion and difference between employer contributions and the proportionate share of contributions	1,259,590	395,005
Contributions paid to TRS subsequent to the measurement date of the net pension liability	1,095,191	-
Total	\$3,629,222	\$561,380

The District recognized \$1,095,191 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:

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Fiscal Year Ended August 31:	Pension Expense Amount	Balance of Deferred Outflows (Deferred Inflows)
2026	\$ 106,623	\$ 1,866,028
2027	1,396,302	469,726
2028	401,771	67,955
2029	(61,201)	129,156
2030	129,156	-
Thereafter	-	-

NOTE 8. DEFINED OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLANS

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

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

OPEB Plan Fiduciary Net Position. Detail information about 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 schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

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

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

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

* or surviving spouse

Contributions. Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active

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employees, and school districts based upon active employee compensation. The TRS Board of trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the state’s contribution rate which is 1.25% of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is .65% of salary. 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

Active Employee	0.65%
Non-Employer Contributing Entity (State)	1.25%
Employers	0.75%
Federal/private Funding remitted by Employers	1.25%
District FY25 Employer Contributions	\$ 257,467
District FY25 Member Contributions	187,881
District FY25 NECE On-behalf Contributions	338,819

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

Actuarial Assumptions. The actuarial valuation was performed as of August 31, 2023. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2024. Actuarial Assumptions can be found in the 2024 TRS ACFR, Note 9, page 78.

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

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

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2023, rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%

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Single Discount Rate	3.87%
Aging Factors	Based the Society of Actuaries' 2013 Study, Health Care Costs – From Birth to Death”
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claim costs
Projected Salary Increases	2.95% to 8.95%, including inflation
Election Rates	Normal Retirement: 62% participation prior to age 65 and 25% participation after age 65
Ad hoc post-employment benefit changes	None

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 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% lower than and 1% higher than the discount rate that was used (3.87%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (2.87%)	Current Single Discount Rate (3.87%)	1% Increase in Discount Rate (4.87%)
District’s proportionate share of the Net OPEB Liability:	\$9,641,306	\$8,115,259	\$6,882,189

Healthcare Cost Trend Rates Sensitivity Analysis - The following schedule shows the impact on the net OPEB liability if a healthcare trend rate that is 1% less than or 1% greater than the health trend rates assumed.

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
District’s proportionate share of the Net OPEB Liability:	\$6,608,673	\$8,115,259	\$10,078,489

OPEB Liabilities, OPEB Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. On August 31, 2025, the District reported a liability of \$8,115,259 for its proportionate share of the TRS’s Net OPEB Liability (based on a measurement year ended August 31, 2024). This liability reflects a reduction for State OPEB support provided to the District.

The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District’s Proportionate share of the collective Net OPEB Liability	\$ 8,115,259
State’s proportionate share that is associated with the District	<u>10,168,309</u>

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Total \$18,283,568

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

On August 31, 2024, the employer’s proportion of the collective Net OPEB Liability was 0.0267375583%, an increase of 6.95% compared to the August 31, 2023, proportionate share of 0.0250011889%.

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

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

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

The amount of OPEB expense recognized by the District in the reporting period was \$(796,794).

For the year ended August 31, 2025, the District recognized OPEB expense of (\$1,321,693) and revenue of (\$1,321,693) for support provided by the State (based on a measurement year ended August 31, 2024).

On August 31, 2025, the District reported its proportionate share of the TRS’s deferred outflows of resources and deferred inflows of resources related to other post-employment benefits related to OPEB from the following sources (the amounts shown below will be the cumulative layers for the current and prior years combined):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$1,555,423	\$4,049,954
Changes in actuarial assumptions	1,038,657	2,647,915
Difference between projected and actual investment earnings	-	22,725
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	1,842,405	906,543
Contributions paid to TRS subsequent to the measurement date	257,467	-
Total	\$4,693,952	\$7,627,137

The District recognized \$257,467 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 fiscal year ended August 31, 2025. The other amounts of the employer’s balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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Fiscal Year Ended June 30:	OPEB Expense Amount	Balance of Deferred Outflows (Deferred Inflows)
2026	(\$1,008,026)	(\$2,182,626)
2027	(640,475)	(1,542,151)
2028	(847,236)	(694,915)
2029	(797,721)	102,806
2030	(314,187)	416,993
Thereafter	416,993	-

NOTE 9. SCHOOL DISTRICT RETIREE HEALTH PLAN

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments are recognized as equal revenues and expenditures/expenses by the District. For the year ended August 31, 2025, the contribution made on behalf of the District was \$206,188.

NOTE 10. INTERFUND BALANCES AND TRANSFERS

Interfund receivables and payables at August 31, 2025, represented short-term advances between funds because much activity of the District flows through a pooled bank account. These amounts are expected to be repaid in less than one year from August 31, 2025.

Interfund balances at August 31, 2025, were as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund:		
Special Revenue Fund	\$586,204	\$ -
Special Revenue Fund:		
General Fund	<u>-</u>	<u>586,204</u>
	<u>\$586,204</u>	<u>\$586,204</u>

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

<u>Fund</u>	<u>Transfers to Other Funds</u>	<u>Transfers from Other Funds</u>
General Fund:		
Internal Service Fund	\$ -	\$129,680
Internal Service Fund:		
General Fund	<u>129,680</u>	<u>-</u>
	<u>\$129,680</u>	<u>\$129,680</u>

NOTE 11. HEALTH CARE

During the year ended August 31, 2025, employees of Mabank Independent School District were covered by a health insurance plan (the Plan). The District contributed \$350 per month per exempt employee and \$380 per month per non-exempt employee to the Plan, and employees, at their option, authorized payroll withholdings to pay any additional contribution and contributions for dependents. All contributions were paid to a fully insured plan.

MABANK INDEPENDENT SCHOOL DISTRICT
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NOTE 12. WORKERS COMPENSATION

The District participates in the Texas Educational Insurance Association Workers Compensation Self-Insurance Joint Fund. The District is partially self-funded to a loss fund maximum for the 2024-25 fiscal year. Additionally, the District incurs fixed costs for their share of claims administration, loss control, record keeping, and cost of excess insurance.

Claims Administrative Services, Inc provides claims administration. Reinsurance is provided for aggregate claim losses exceeding \$500,000 for the entire pool. The fixed cost charge is based on total payroll paid by the District. Increases or decreases in the fixed costs will adjust subsequent year charges.

The accrued liability for workers compensation self-insurance of \$279,924 includes incurred but not reported claims. This liability is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," which require that a liability for claims be reported if information indicates that it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. The liability recorded is an undiscounted actuarial calculation.

Changes in workers compensation claims liability amounts in fiscal years 2024 and 2023 are shown below:

Fiscal Year	September 1 Claims Liability	Claims and Changes in Estimates	Claims Payments	August 31 Claims Liability
2025	\$229,208	\$181,074	\$130,358	\$279,924
2024	197,542	123,014	91,348	229,208

NOTE 13. DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation, Per Capita, Existing Debt Allotment, and Instruction Facilities Allotment Programs. Amounts due from federal and state governments as of August 31, 2024, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from Other Governments.

Fund	State Entitlements	Federal Grants	Local Governments	Total
General	\$3,563,332	\$ -	\$ -	\$3,563,332
Special Revenue	164,271	857,977	-	1,022,248
Debt Service	-	-	-	-
Total	<u>\$2,371,613</u>	<u>\$1,972,451</u>	<u>\$ -</u>	<u>\$4,344,064</u>

NOTE 14. LITIGATION AND CONTINGENCIES

Minimum foundation funding received from the Agency is based primarily upon information concerning average daily attendance at the District's schools which is compiled by the District and supplied to the Agency. Federal funding for Food Services under child nutrition programs is based primarily upon the number and type of meals served and on user charges as reported to the USDA. Federal and state funding received related to various grant programs are based upon periodic reports detailing reimbursable expenditures made in compliance with program guidelines to the grantor agencies.

The programs are governed by various statutory rules and regulations of the grantors. Amounts received and receivable under these various funding programs are subject to periodic audit and adjustment by the funding agencies. To the extent, if any, that the District has not complied with all the rules and regulations with respect to performance, financial or otherwise, adjustment to or return of funding monies may be required. In

**MABANK INDEPENDENT SCHOOL DISTRICT
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the opinion of the District’s administration, there are no significant contingent liabilities relating to matters of compliance and, accordingly, no provision has been made in the accompanying financial statements for such contingencies.

NOTE 15. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

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

	General Fund	Debt Service Fund	Capital Projects Fund	Special Revenue Funds	Total
Property taxes	\$ 17,588,323	\$ 7,355,577		\$ -	\$ 24,943,900
Food sales	-			182,596	182,596
Investment income	1,013,505	515,145	5,072,137	70,872	6,671,659
Penalties, interest and other tax related income	354,596	133,656			488,252
Co-curricular student activities	82,258			556,372	638,630
Child Development Center				499,811	
Fitness Center				39,790	
Rental income	181,454				
Other	148,216			43,671	191,887
Total	\$ 19,368,352	\$ 8,004,378	\$ 5,072,137	\$ 1,393,112	\$ 33,116,924

NOTE 16. UNEARNED REVENUE

Unearned revenue at year-end consisted of the following:

	General Fund	Debt Service Fund	Special Revenue Funds	Total
Tuition	\$ 47,843	\$ -	\$ -	\$ 47,843
Other	-	-	-	-
Total	\$ 47,843	\$ -	\$ -	\$ 47,843

NOTE 17. LEASES

In June 2017, GASB issued Statement No. 87 - Leases. This statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The initial adoption date was postponed to fiscal years beginning after June 15, 2021 (FY2022) by GASB Statement No. 95 - Postponement of the Effective Dates of Certain Authoritative Guidance, which was issued in May of 2020.

Per review of the agreements identified by the District as potential leases, the leases were determined to either not meet the definition of a lease or were immaterial to the financial statements.

NOTE 18. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

In May 2020, GASB issued Statement No. 96 – Subscription-Based Information Technology Arrangements (“SBITA”). This statement increases the usefulness of governments’ financial statements by requiring

MABANK INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

recognition of certain right-to-use subscription assets and corresponding subscription liabilities for SBITAs that were previously recognized as outflows of resources based on the payment provisions of the contract. The statement is effective for fiscal years beginning after June 15, 2022.

Per review of the information technology arrangements identified by the District as potential SBITAs, the arrangements were determined to either not meet the definition of a SBITA or were immaterial to the financial statements.

NOTE 19. CHANGE IN ACCOUNTING PRINCIPLE – COMPENSATED ABSENCES

In June 2022, GASB issued new accounting pronouncement, GASB Statement No. 101, “Compensated Absences,” which was effective for fiscal years beginning after December 15, 2023. In compliance with this new accounting pronouncement, a liability has been recognized in the District’s statements of net position for carry-forward compensated absences more likely than not (a likelihood of more than 50%) to be used by or paid to employees in future periods. The measurement of the liability includes salary-related payments that are directly and incrementally associated with the leave. Texas state law provides a state minimum personal leave program consisting of five days per year personal leave with no limit on accumulation and transferability among Texas school districts; school districts can provide additional personal leave beyond this minimum. The liability for compensated absences in governmental fund financial statements is the amount, if material, that is to be liquidated with expendable available financial resources. This new accounting pronouncement does not apply to holiday leave or projected effects on defined benefit postemployment liabilities. Under previous accounting rules, a liability for compensated absences would have been recorded only if accumulated benefits were to be paid upon employee termination or retirement.

The implementation of this new accounting standard resulted in restating beginning net position in the District’s governmental activities as follows:

<i>Governmental Activities</i>	
Net position as of 8/31/24 as previously reported	\$29,227,952
Restatement – change in accounting principle to record a liability for compensated absences	<u>(1,312,014)</u>
Net position as of 8/31/24 as restated	<u>\$ 27,915,938</u>

REQUIRED SUPPLEMENTARY INFORMATION

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 19,440,000	\$ 19,440,000	\$ 19,368,352	\$ (71,648)
5800 State Program Revenues	23,900,208	23,900,208	24,835,786	935,578
5900 Federal Program Revenues	365,000	100,000	134,993	34,993
5020 Total Revenues	43,705,208	43,440,208	44,339,131	898,923
EXPENDITURES:				
Current:				
0011 Instruction	23,820,127	24,520,127	24,507,179	12,948
0012 Instructional Resources and Media Services	498,877	498,877	432,637	66,240
0013 Curriculum and Instructional Staff Development	874,867	874,867	714,530	160,337
0021 Instructional Leadership	213,621	363,621	329,795	33,826
0023 School Leadership	2,550,363	2,595,363	2,577,462	17,901
0031 Guidance, Counseling, and Evaluation Services	1,154,440	1,254,440	1,203,341	51,099
0033 Health Services	700,817	805,817	778,999	26,818
0034 Student (Pupil) Transportation	2,725,066	3,400,066	3,270,241	129,825
0035 Food Services	1,000	16,000	2,668	13,332
0036 Extracurricular Activities	1,620,370	1,920,370	1,841,930	78,440
0041 General Administration	1,408,030	1,493,030	1,483,574	9,456
0051 Facilities Maintenance and Operations	4,960,058	5,585,058	5,353,027	232,031
0052 Security and Monitoring Services	477,045	652,045	619,704	32,341
0053 Data Processing Services	863,291	1,038,291	1,005,255	33,036
0061 Community Services	42,236	52,236	46,465	5,771
Capital Outlay:				
0081 Facilities Acquisition and Construction	145,000	410,000	212,188	197,812
Intergovernmental:				
0099 Other Intergovernmental Charges	650,000	525,000	511,305	13,695
6030 Total Expenditures	42,705,208	46,005,208	44,890,300	1,114,908
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	1,000,000	(2,565,000)	(551,169)	2,013,831
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	49,800	49,839	39
7915 Transfers In	-	-	129,680	129,680
7080 Total Other Financing Sources (Uses)	-	49,800	179,519	129,719
1200 Net Change in Fund Balances	1,000,000	(2,515,200)	(371,650)	2,143,550
0100 Fund Balance - September 1 (Beginning)	19,877,435	19,877,435	19,877,435	-
3000 Fund Balance - August 31 (Ending)	\$ 20,877,435	\$ 17,362,235	\$ 19,505,785	\$ 2,143,550

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

	FY 2025 Plan Year 2024	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022
District's Proportion of the Net Pension Liability (Asset)	0.018491339%	0.016963172%	0.015343625%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 11,295,282	\$ 11,652,062	\$ 9,109,115
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	17,222,251	19,022,132	17,924,389
Total	<u>\$ 28,517,533</u>	<u>\$ 30,674,194</u>	<u>\$ 27,033,504</u>
District's Covered Payroll	\$ 22,382,025	\$ 24,320,017	\$ 23,209,345
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	50.47%	47.91%	39.25%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.50%	73.15%	75.62%

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

<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>
0.01483097%	0.01547622%	0.0186487%	0.01778314%	0.017383815%	0.015854544%	0.0180143%
\$ 3,776,923	\$ 8,288,747	\$ 9,694,178	\$ 9,788,272	\$ 5,558,407	\$ 5,991,196	\$ 6,367,815
8,253,955	16,682,776	15,156,004	16,339,552	9,695,318	12,194,118	11,493,476
<u>\$ 12,030,878</u>	<u>\$ 24,971,523</u>	<u>\$ 24,850,182</u>	<u>\$ 26,127,824</u>	<u>\$ 15,253,725</u>	<u>\$ 18,185,314</u>	<u>\$ 17,861,291</u>
\$ 22,382,025	\$ 21,654,613	\$ 20,960,736	\$ 20,077,322	\$ 19,403,922	\$ 18,763,139	\$ 18,219,667
16.87%	38.28%	46.25%	48.75%	28.65%	31.93%	34.95%
88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Contractually Required Contribution	\$ 1,095,191	\$ 1,040,792	\$ 871,948
Contribution in Relation to the Contractually Required Contribution	(1,095,191)	(1,040,792)	(871,948)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 28,904,745	\$ 26,739,123	\$ 24,320,017
Contributions as a Percentage of Covered Payroll	3.79%	3.89%	3.59%

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

	2022	2021	2020	2019	2018	2017	2016
\$	715,918	\$ 631,458	\$ 639,399	\$ 644,851	\$ 597,074	\$ 562,367	\$ 556,785
	(715,918)	(631,458)	(639,399)	(644,851)	(597,074)	(562,367)	(556,785)
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$	23,209,345	\$ 22,382,025	\$ 21,654,613	\$ 20,960,736	\$ 20,077,322	\$ 19,403,922	\$ 18,763,139
	3.08%	2.82%	2.95%	3.08%	2.97%	2.90%	2.97%

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

	FY 2025 Plan Year 2024	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.026737558%	0.025001189%	0.023812892%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 8,115,259	\$ 5,534,839	\$ 5,701,760
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	10,168,309	6,678,635	6,955,251
Total	<u>\$ 18,283,568</u>	<u>\$ 12,213,474</u>	<u>\$ 12,657,011</u>
District's Covered Payroll	\$ 22,382,025	\$ 24,320,017	\$ 23,209,345
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	36.26%	22.76%	24.57%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	13.70%	14.94%	11.52%

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

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

<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>
0.02389587%	0.02423948%	0.026901615%	0.025228849%	0.02381549%
\$ 9,217,704	\$ 9,214,522	\$ 12,722,103	\$ 12,596,995	\$ 10,356,463
12,349,669	12,382,108	16,904,830	16,705,552	14,818,390
<u>\$ 21,567,373</u>	<u>\$ 21,596,630</u>	<u>\$ 29,626,933</u>	<u>\$ 29,302,547</u>	<u>\$ 25,174,853</u>
\$ 22,382,025	\$ 21,654,613	\$ 20,960,736	\$ 20,077,322	\$ 19,403,922
41.18%	42.55%	60.69%	62.74%	53.37%
6.18%	4.99%	2.66%	1.57%	0.91%

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

	2025	2024	2023
Contractually Required Contribution	\$ 257,467	\$ 242,312	\$ 216,879
Contribution in Relation to the Contractually Required Contribution	(257,467)	(242,312)	(216,879)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 28,904,745	\$ 26,739,123	\$ 24,320,017
Contributions as a Percentage of Covered Payroll	0.89%	0.91%	0.89%

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

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

	2022	2021	2020	2019	2018
\$	195,635	\$ 186,681	\$ 182,844	\$ 189,313	\$ 170,832
	(195,635)	(186,681)	(182,844)	(189,313)	(170,832)
\$	-	\$ -	\$ -	\$ -	\$ -
\$	23,209,345	\$ 22,382,025	\$ 21,654,613	\$ 20,960,736	\$ 20,077,322
	0.84%	0.83%	0.84%	0.90%	0.85%

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

PENSION LIABILITY:

Changes of benefit terms:

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

Changes of assumptions:

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

OPEB LIABILITY:

Changes of benefit terms:

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

Changes of assumptions:

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

- The discount rate changed from 4.13 percent as of August 31, 2023, to 3.87 percent as of August 31, 2024.
- Since the plan is a pay-as-you-go plan, the single discount rate is equal to the prevailing municipal bond rate.

COMBINING SCHEDULES

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

Data Control Codes	205 Head Start	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
ASSETS				
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1240 Due from Other Governments	70,434	176,176	134,285	5,196
1290 Other Receivables	-	-	-	-
1000 Total Assets	<u>\$ 70,434</u>	<u>\$ 176,176</u>	<u>\$ 134,285</u>	<u>\$ 5,196</u>
LIABILITIES				
2110 Accounts Payable	\$ -	\$ -	\$ -	\$ -
2160 Accrued Wages Payable	17,498	96,676	92,190	2,435
2170 Due to Other Funds	52,936	79,500	42,095	2,761
2180 Due to Other Governments	-	-	-	-
2000 Total Liabilities	<u>70,434</u>	<u>176,176</u>	<u>134,285</u>	<u>5,196</u>
FUND BALANCES				
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	-	-
3490 Other Restricted Fund Balance	-	-	-	-
Assigned Fund Balance:				
3590 Other Assigned Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 70,434</u>	<u>\$ 176,176</u>	<u>\$ 134,285</u>	<u>\$ 5,196</u>

240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	272 Medicaid Admin. Claim MAC	289 Other Federal Special Revenue Funds	410 State Instructional Materials	422 Matching Fund for Library Purchases
\$ 1,192,120	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
222,666	-	119,734	7,394	-	122,092	162,499	-
1,045	-	-	-	-	-	-	-
<u>\$ 1,415,831</u>	<u>\$ -</u>	<u>\$ 119,734</u>	<u>\$ 7,394</u>	<u>\$ -</u>	<u>\$ 122,092</u>	<u>\$ 162,499</u>	<u>\$ -</u>
\$ 65,492	\$ -	\$ 175	\$ -	\$ -	\$ 3,000	\$ -	\$ -
77,508	-	-	2,709	-	-	-	-
1,305	-	119,559	4,685	-	119,092	162,499	-
-	-	-	-	-	-	-	-
<u>144,305</u>	<u>-</u>	<u>119,734</u>	<u>7,394</u>	<u>-</u>	<u>122,092</u>	<u>162,499</u>	<u>-</u>
1,271,526	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,271,526</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 1,415,831</u>	<u>\$ -</u>	<u>\$ 119,734</u>	<u>\$ 7,394</u>	<u>\$ -</u>	<u>\$ 122,092</u>	<u>\$ 162,499</u>	<u>\$ -</u>

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

Data Control Codes	424 Safe Cycle I	425 Safe Cycle II	429 Other State Special Revenue Funds	461 Campus Activity Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 405,678
1240 Due from Other Governments	-	1,772	-	-
1290 Other Receivables	-	-	-	5,000
1000 Total Assets	<u>\$ -</u>	<u>\$ 1,772</u>	<u>\$ -</u>	<u>\$ 410,678</u>
LIABILITIES				
2110 Accounts Payable	\$ -	\$ -	\$ -	\$ 32,112
2160 Accrued Wages Payable	-	-	-	-
2170 Due to Other Funds	-	1,772	-	-
2180 Due to Other Governments	-	-	-	7,082
2000 Total Liabilities	<u>-</u>	<u>1,772</u>	<u>-</u>	<u>39,194</u>
FUND BALANCES				
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	-	-
3490 Other Restricted Fund Balance	-	-	-	-
Assigned Fund Balance:				
3590 Other Assigned Fund Balance	-	-	-	371,484
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>371,484</u>
4000 Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 1,772</u>	<u>\$ -</u>	<u>\$ 410,678</u>

480 Child Development Center	486 MISD Educ. Foundation Grant	488 Other Local Grants	489 Scholarship Fund	490 MISD Fitness Center	Total Nonmajor Governmental Funds
\$ 90	\$ 28,285	\$ 183	\$ 36,973	\$ 243,540	\$ 1,906,869
-	-	-	-	-	1,022,248
45,086	-	-	-	-	51,131
<u>\$ 45,176</u>	<u>\$ 28,285</u>	<u>\$ 183</u>	<u>\$ 36,973</u>	<u>\$ 243,540</u>	<u>\$ 2,980,248</u>
\$ 90	\$ -	\$ -	\$ -	\$ -	\$ 100,869
45,086	-	-	-	-	334,102
-	-	-	-	-	586,204
-	-	-	-	-	7,082
<u>45,176</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,028,257</u>
-	-	-	-	-	1,271,526
-	28,285	183	36,973	-	65,441
-	-	-	-	243,540	615,024
-	28,285	183	36,973	243,540	1,951,991
<u>\$ 45,176</u>	<u>\$ 28,285</u>	<u>\$ 183</u>	<u>\$ 36,973</u>	<u>\$ 243,540</u>	<u>\$ 2,980,248</u>

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

Data Control Codes	205 Head Start	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	203,955	1,141,736	904,178	23,378
5020 Total Revenues	203,955	1,141,736	904,178	23,378
EXPENDITURES:				
Current:				
0011 Instruction	203,955	848,894	68,176	23,378
0013 Curriculum and Instructional Staff Development	-	292,842	-	-
0031 Guidance, Counseling, and Evaluation Services	-	-	695,496	-
0033 Health Services	-	-	140,506	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0061 Community Services	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	203,955	1,141,736	904,178	23,378
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	272 Medicaid Admin. Claim MAC	289 Other Federal Special Revenue Funds	410 State Instructional Materials	422 Matching Fund for Library Purchases
\$ 253,468	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
19,948	-	-	-	-	-	301,996	9,836
2,893,975	52,067	133,564	28,523	10,660	123,455	-	-
3,167,391	52,067	133,564	28,523	10,660	123,455	301,996	9,836
-	51,718	-	28,323	-	106,015	301,996	-
-	349	133,564	200	-	17,440	-	-
-	-	-	-	10,660	-	-	-
-	-	-	-	-	-	-	-
3,323,953	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	9,836
3,323,953	52,067	133,564	28,523	10,660	123,455	301,996	9,836
(156,562)	-	-	-	-	-	-	-
1,428,088	-	-	-	-	-	-	-
\$ 1,271,526	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

Data Control Codes	424	425	429	461
	Safe	Safe	Other State Special	Campus Activity
	Cycle I	Cycle II	Revenue Funds	Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 556,372
5800 State Program Revenues	701,437	165,030	700	-
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	<u>701,437</u>	<u>165,030</u>	<u>700</u>	<u>556,372</u>
EXPENDITURES:				
Current:				
0011 Instruction	-	-	6,775	-
0013 Curriculum and Instructional Staff Development	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	-	-	-
0033 Health Services	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	595,839
0051 Facilities Maintenance and Operations	-	138,060	-	-
0052 Security and Monitoring Services	60,270	26,970	-	-
0061 Community Services	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	641,167	-	-	-
6030 Total Expenditures	<u>701,437</u>	<u>165,030</u>	<u>6,775</u>	<u>595,839</u>
1200 Net Change in Fund Balance	-	-	(6,075)	(39,467)
0100 Fund Balance - September 1 (Beginning)	-	-	6,075	410,951
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 371,484</u>

	480 Child Development Center	486 MISD Educ. Foundation Grant	488 Other Local Grants	489 Scholarship Fund	490 MISD Fitness Center	Total Nonmajor Governmental Funds
\$	499,811	\$ 19,789	\$ -	\$ 23,882	\$ 39,790	\$ 1,393,112
	35,745	-	-	-	-	1,234,692
	-	-	-	-	-	5,515,491
	535,556	19,789	-	23,882	39,790	8,143,295
	-	-	-	-	-	1,639,230
	-	-	-	-	-	444,395
	-	-	-	-	-	706,156
	-	-	-	-	-	140,506
	-	-	-	-	-	3,323,953
	-	28,381	-	17,750	1,545	643,515
	-	-	-	-	-	138,060
	-	-	-	-	-	87,240
	535,556	-	-	-	-	535,556
	-	-	-	-	-	651,003
	535,556	28,381	-	17,750	1,545	8,309,614
	-	(8,592)	-	6,132	38,245	(166,319)
	-	36,877	183	30,841	205,295	2,118,310
\$	\$ -	\$ 28,285	\$ 183	\$ 36,973	\$ 243,540	\$ 1,951,991

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REQUIRED T.E.A. SCHEDULES

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

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2016 and prior years	Various	Various	\$ 1,061,727,457
2017	1.040000	0.325000	1,073,017,867
2018	1.040000	0.325000	1,102,458,426
2019	1.040000	0.325000	1,177,138,635
2020	0.970000	0.325000	1,295,749,112
2021	0.897800	0.282200	1,464,894,831
2022	0.872000	0.253000	1,697,034,311
2023	0.854600	0.221100	2,241,536,488
2024	0.669200	0.280000	2,448,503,371
2025 (School year under audit)	0.666900	0.280000	2,877,792,457
1000 TOTALS			
8000 Total Taxes Refunded Under Section 26.1115, Tax Code			

(10) Beginning Balance 9/1/2024	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2025	(99) Taxes Refunded Under Section 26.1115c
\$ 394,820	\$	\$ 17,031	\$ 5,322	\$ (41,575)	\$ 330,892	
53,482		2,989	934	-	49,559	
57,335		4,514	1,410	-	51,411	
68,847		5,561	1,738	-	61,548	
81,050		8,603	2,883	(225)	69,339	
134,572		34,274	10,773	1,237	90,762	
193,519		28,475	8,262	2,715	159,497	
557,503		109,824	28,413	(357)	418,909	
1,023,219		208,364	87,181	(133,954)	593,720	
	25,844,444	17,169,556	7,208,691	(414,276)	1,051,921	
<u>\$ 2,564,347</u>	<u>\$ 25,844,444</u>	<u>\$ 17,589,191</u>	<u>\$ 7,355,607</u>	<u>\$ (586,435)</u>	<u>\$ 2,877,558</u>	

\$ 11,477

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 215,000	\$ 215,000	\$ 253,468	\$ 38,468
5800 State Program Revenues	10,000	17,500	19,948	2,448
5900 Federal Program Revenues	2,311,000	2,661,000	2,893,975	232,975
5020 Total Revenues	<u>2,536,000</u>	<u>2,893,500</u>	<u>3,167,391</u>	<u>273,891</u>
EXPENDITURES:				
Current:				
0035 Food Services	3,304,132	3,604,132	3,323,953	280,179
6030 Total Expenditures	<u>3,304,132</u>	<u>3,604,132</u>	<u>3,323,953</u>	<u>280,179</u>
1200 Net Change in Fund Balances	(768,132)	(710,632)	(156,562)	554,070
0100 Fund Balance - September 1 (Beginning)	1,428,088	1,428,088	1,428,088	-
3000 Fund Balance - August 31 (Ending)	<u>\$ 659,956</u>	<u>\$ 717,456</u>	<u>\$ 1,271,526</u>	<u>\$ 554,070</u>

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 7,900,000	\$ 7,925,000	\$ 8,004,378	\$ 79,378
5800 State Program Revenues	400,000	550,000	504,740	(45,260)
5020 Total Revenues	8,300,000	8,475,000	8,509,118	34,118
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Liabilities	1,800,000	4,675,650	4,324,131	351,519
0072 Interest on Long-Term Liabilities	5,600,000	6,969,350	6,553,528	415,822
0073 Bond Issuance Cost and Fees	-	55,000	52,116	2,884
6030 Total Expenditures	7,400,000	11,700,000	10,929,775	770,225
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	900,000	(3,225,000)	(2,420,657)	804,343
OTHER FINANCING SOURCES (USES):				
7911 Capital Related Debt Issued	-	7,385,000	7,385,000	-
7916 Premium or Discount on Issuance of Bonds	-	991,281	998,721	7,440
8949 Other (Uses)	-	(11,806,172)	(11,806,172)	-
7080 Total Other Financing Sources (Uses)	-	(3,429,891)	(3,422,451)	7,440
1200 Net Change in Fund Balances	900,000	(6,654,891)	(5,843,108)	811,783
0100 Fund Balance - September 1 (Beginning)	11,362,320	11,362,320	11,362,320	-
3000 Fund Balance - August 31 (Ending)	\$ 12,262,320	\$ 4,707,429	\$ 5,519,212	\$ 811,783

MABANK INDEPENDENT SCHOOL DISTRICT
STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2025

Section A: Compensatory Education Programs

AP1	Did your district expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
<hr/>		
AP2	Does the district have written policies and procedures for its state compensatory education program?	Yes
<hr/>		
AP3	Total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$4,294,213
<hr/>		
AP4	Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24,26,28,29,30)	\$2,625,920
<hr/>		

Section B: Bilingual Education Programs

AP5	Did your district expend any bilingual education program state allotment funds during the district's fiscal year?	Yes
<hr/>		
AP6	Does the district have written policies and procedures for its bilingual education program?	Yes
<hr/>		
AP7	Total state allotment funds received for bilingual education programs during the district's fiscal year.	\$220,105
<hr/>		
AP8	Actual direct program expenditures for bilingual education programs during the district's fiscal year. (PIC 25)	\$139,130
<hr/>		

FEDERAL AWARDS SECTION

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**HANKINS, EASTUP, DEATON,
TONN, SEAY & SCARBOROUGH**

A Limited Liability Company

CERTIFIED PUBLIC ACCOUNTANTS

902 NORTH LOCUST
P.O. BOX 977
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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees
Mabank Independent School District
Mabank, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mabank Independent School District, as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise Mabank Independent School District's basic financial statements, and have issued our report dated January 10, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results

of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Hankins Eastup Deaton Tonn Seay & Scarborough".

Hankins, Eastup, Deaton, Tonn, Seay & Scarborough, LLC
Denton, Texas

January 10, 2026

Members:
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Trustees
Mabank Independent School District
Mabank, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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



Hankins, Eastup, Deaton, Tonn, Seay & Scarborough, LLC
Denton, Texas

January 10, 2026

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

I. Summary of Auditor's Results

- | | | |
|----|--|------------|
| 1. | Type of auditor's report issued on the financial statements: | Unmodified |
| 2. | Internal control over financial reporting: | |
| | Material weaknesses identified: | None |
| | Significant deficiencies identified: | None |
| 3. | Noncompliance that is material to the financial statements: | None |
| 4. | Internal controls over major federal programs: | |
| | Material weaknesses identified: | None |
| | Significant deficiencies identified: | None |
| 5. | Type of auditor's report on compliance for each major federal program: | Unmodified |
| 6. | Findings that are required to be reported in accordance with 2 CFR 200.516(a): | None |
| 7. | Major programs: | |
| | Child Nutrition Cluster: | |
| | School Breakfast Program (ALN 10.553) | |
| | National School Lunch Program (ALN 10.555) | |
| | Special Education Cluster: | |
| | IDEA – Part B, Formula (ALN 84.027) | |
| | IDEA – Part B, Preschool (ALN 84.173) | |
| 8. | Dollar threshold used to distinguish between Type A and Type B programs: | \$750,000 |
| 9. | Low risk auditee: | Yes |

II. Findings Relating to the Financial Statements

None

III. Findings and Questioned Costs for Federal Award Programs

None

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

No prior year findings.

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

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through Region 10 Education Service Center</u>			
Title III, Part A - English Language Acquisition	84.365 A	25671001057950	\$ 25,814
Title III, Part A - English Language Acquisition	84.365 A	26671001057950	2,709
Total Assistance Listing Number 84.365			28,523
ESEA, Title II, Part A, Teacher Principal Training	84.367 A	25694501057950	133,564
Total Passed Through Region 10 Education Service Center			162,087
<u>Passed Through Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010 A	24610101129905	36,000
ESEA, Title I, Part A - Improving Basic Programs	84.010 A	25610101129905	1,001,429
ESEA, Title I, Part A - Improving Basic Programs	84.010 A	26610101129905	104,307
Total Assistance Listing Number 84.010			1,141,736
*IDEA - Part B, Formula	84.027	256600011299056600	803,437
*IDEA - Part B, Formula	84.027	266600011299056600	100,741
Total Assistance Listing Number 84.027			904,178
*IDEA - Part B, Preschool	84.173	25661001129905	20,944
*IDEA - Part B, Preschool	84.173	26661001229905	2,434
Total Assistance Listing Number 84.173			23,378
Total Special Education Cluster (IDEA)			927,556
ESEA, Title II, Part A, Teacher Principal Training	84.424 A	25680101129905	123,455
Career and Technical - Basic Grant	84.048	26420006129905	52,067
Total Passed Through Texas Education Agency			2,244,814
TOTAL U.S. DEPARTMENT OF EDUCATION			2,406,901
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Region 10 Education Service Center</u>			
Head Start	93.600	06CH010655	203,955
Total Passed Through Region 10 Education Service Center			203,955
<u>Passed Through Texas Education Agency</u>			
Medicaid Administrative Claiming Program - MAC	93.778	HHS000537900215	10,660
Total Passed Through Texas Education Agency			10,660
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			214,615
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the Texas Department of Agriculture</u>			
*School Breakfast Program	10.553	71402501	706,781
*National School Lunch Program - Cash Assistance	10.555	71302501	2,058,923
*National School Lunch Prog. - Non-Cash Assistance	10.555	71302501	128,271
Total Assistance Listing Number 10.555			2,187,194
Total Child Nutrition Cluster			2,893,975
Total Passed Through the Texas Department of Agriculture			2,893,975
TOTAL U.S. DEPARTMENT OF AGRICULTURE			2,893,975
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 5,515,491

*Clustered Programs

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

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

NOTE 1 – BASIS OF PRESENTATION

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement.

The District uses fund types for financial reporting that are specified in Texas Education Agency's *Financial Accountability System Resource Guide*:

- Special revenue funds are used to account for resources restricted to specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.

Federal grant fund expenditures include expenditures up to 90 days beyond the grant project period if expenditures are made to liquidate outstanding obligations made on or before the ending date of the grant project period in accordance with provisions in Section H, Period of Performance of Federal Funds, 3 CFR Section 200.343(b).

NOTE 3 – INDIRECT COST REIMBURSEMENT

No indirect cost reimbursements were included in federal grants during the fiscal year.

NOTE 4 – RECONCILIATION OF FEDERAL PROGRAM REVENUE TO SEFA EXPENDITURES

Reconciliation Information:

Amount reported on the Schedule of Expenditures of Federal awards	\$5,515,491
SHARS Revenue reported in the General Fund	<u>134,993</u>
Total Federal Program Revenue	<u>\$5,650,484</u>

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