

**AGENDA OF RED OAK INDEPENDENT SCHOOL DISTRICT
BOARD OF TRUSTEES SPECIAL MEETING
Thursday, February 19, 2026**

Notice is hereby given that a Special Meeting of the Board of Trustees of the Red Oak Independent School District will be held on Thursday, February 19, 2026 beginning at 5:00 PM at Red Oak ISD Education Service Center, 109 West Red Oak Road, Red Oak, TX 75154.

The subjects to be discussed or considered, or upon which any formal action may be taken, are listed below. Items do not have to be taken in the same order as shown on the meeting notice.

1. CALL TO ORDER / ESTABLISH QUORUM
2. INVOCATION
3. PLEDGES OF ALLEGIANCE
4. OPEN FORUM 3
5. ACTION ITEMS
 - A. Consent Agenda
 1. Resolution to Pay Staff During Emergency Weather Closure 5
 - B. Consideration and Approval of Financial Audit 8
Dr. Bill Johnston, Chief Financial Officer
6. CLOSED SESSION
 - A. Texas Government Code 551.071 - For the purpose of a private consultation with the Board's attorney on any and all subjects or matters authorized by law.
 - B. Texas Government Code 551.072 - For the purpose of discussing the purchase, exchange, lease or value of real property.
 - C. Texas Government Code 551.073 - For the purpose of considering a negotiated contract for a prospective gift or donation.
 - D. Texas Government Code 551.074 - For the purpose of considering the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee.
 - E. Texas Government Code 551.076 - To consider the deployment, or specific occasions for implementation, of security personnel or devices.
 - F. Texas Government Code 551.082 - For the purpose of considering discipline of a public school child or children or to hear a complaint by an employee against another employee if the complaint or charge directly results in a need for a hearing.
 - G. Texas Government Code 551.0821 - Personally identifiable information of Public School students.
 - H. Texas Government Code 551.083 - For the purpose of considering the standards, guidelines, terms or conditions the Board will follow, or instruct its representatives to follow, in consultation with representative of employee groups in connection with consultation agreements provided for by Section 13.901 of the Texas Education Code.
 - I. Texas Government Code 551.084 - For the purpose of excluding witness or witnesses from a hearing during examination of another witness.
 - J. Texas Government Code 551.086 - For the purpose of considering economic development negotiations.
7. RECONVENE IN OPEN SESSION FOR ACTION RELATIVE TO CLOSED SESSION
8. ADJOURNMENT

If, during the course of the meeting, discussion of any item on the agenda should be held in a closed meeting, the Board will convene in such closed meeting in accordance with the Open Meetings Act, Government Code, Chapter 551, Subchapters D and E. Before any closed meeting is convened, the presiding officer will publicly identify the section or sections of the Act authorizing the closed meeting. All final votes, actions or decisions will be taken in open meeting.

Any person with a disability or special accommodation need should call 972-617-2941 no later than 10:00 a.m. on the scheduled meeting date.

This notice was posted in compliance with the Open Meetings Act on February 12, 2026, at 4:00 p.m.

Brenda Sanford, Superintendent
(For the Board of Trustees)

AUDIENCE PARTICIPATION SIGN-UP SHEET

Any person wishing to address the Board about a topic related to District business during the period reserved for public comment at a Board meeting must sign up to be heard, in accordance with District policy BED(LOCAL):

1. Each participant will be limited to two (2) minutes to make comments to the Board.
2. Under the Texas Open Meetings Act, the Board is not permitted to discuss or act upon any issues that are not posted on the agenda for tonight's meeting.
3. The Board has adopted complaint policies that are designed to secure, at the lowest possible administrative level, a prompt and equitable resolution of complaints and concerns. Each of these processes provides that, if a resolution cannot be achieved administratively, the person may appeal the administrative decision to the Board as a properly posted agenda item. For further information on those policies, please contact Cristi Watts, Executive Director of Student Services, for student issues, and Michelle Ailara, Deputy Superintendent, for employee issues at 972-617-2941. If the subject of your comment involves a pending grievance, please continue to seek resolution through the grievance process and address the Board only at the appropriate stage of that process.
4. Under the Texas Open Meetings Act, the Board may exercise its authority to discuss certain subject matters in closed session, including matters involving individual District staff members and individual students. If your comment concerns one of these subjects, please address your concern through the complaint policies described above.
5. Finally, please be aware that rules of decorum will be enforced during the public comment period. Personal attacks, name-calling, and rude or slanderous remarks will not be tolerated. Each participant is legally responsible for the content and consequences of his or her own statements.

Please fill in the information requested below if you wish to address the Board during the public comment period:

Name (please print) _____

Address _____

ROISD Campus Your Child(ren) attends _____

School District of Residence _____ Telephone _____

Topic/ Agenda Item _____

Limit on Participation

Audience participation at a Board meeting is limited to the portion of the meeting designated to receive public comment in accordance with this policy. At all other times during a Board meeting, the audience shall not enter into discussion or debate on matters being considered by the Board, unless requested by the presiding officer.

Public Comment

Regular Meetings

At regular Board meetings, the Board shall permit public comment, regardless of whether the topic is an item on the agenda posted with notice of the meeting.

Special Meetings

At all other Board meetings, public comment shall be limited to items on the agenda posted with notice of the meeting.

Procedures

Individuals who wish to participate during the portion of the meeting designated for public comment shall sign up with the presiding officer or designee before the meeting begins as specified in the Board's procedures on public comment and shall indicate the agenda item or topic on which they wish to address the Board.

Public comment shall occur at the beginning of the meeting.

Except as permitted by this policy and the Board's procedures on public comment, an individual's comments to the Board shall not exceed two minutes per meeting.

Meeting Management

When necessary for effective meeting management or to accommodate large numbers of individuals wishing to address the Board, the presiding officer may make adjustments to public comment procedures, including adjusting when public comment will occur during the meeting, reordering agenda items, deferring public comment on nonagenda items, continuing agenda items to a later meeting, providing expanded opportunity for public comment, or establishing an overall time limit for public comment and adjusting the time allotted to each speaker. However, no individual shall be given less than one minute to make comments.

Board's Response

Specific factual information or recitation of existing policy may be furnished in response to inquiries, but the Board shall not deliberate or decide regarding any subject that is not included on the agenda posted with notice of the meeting.

Complaints and Concerns

The presiding officer or designee shall determine whether an individual addressing the Board has attempted to solve a matter administratively through resolution channels established by policy. If not, the individual shall be referred to the appropriate policy to seek resolution:

- Employee complaints: DGBA
- Student or parent complaints: FNG
- Public complaints: GF

Disruption

The Board shall not tolerate disruption of the meeting by members of the audience. If, after at least one warning from the presiding officer, any individual continues to disrupt the meeting by his or her words or actions, the presiding officer may request assistance from law enforcement officials to have the individual removed from the meeting.

Resolution to Pay Staff During Emergency Weather Closure

Presented for:

Board Action X Report/Review Only _____

Supporting documents:

None _____ Attached X Provided Later _____

Contact Person:

Brenda Sanford, Superintendent

Background Information:

On January 26th, 27th, and 28th 2026, Brenda Sanford, Superintendent of Schools, by her authority granted in Board Policy EB(LOCAL), initiated a district-wide emergency closure for reasons of public health and safety due to extremely low temperatures with added stress and uncertainty on infrastructure of facilities.

The Board approved 2025-2026 calendar has adequate weather-related days that will be converted to student instructional days which results in no need for additional instructional days to be added to the calendar; however, due to the district-wide closures on said date, the district would be required to open additional staff work days or otherwise cause staff to lose pay, unless the Board approves pay via resolution for said closure dates.

The proposed resolution allows the Superintendent, under Board Policy DEA(LOCAL), to pay all employees scheduled to work on said closure dates whose duties could not be completed due to emergency district closure.

Fiscal Implications:

No negative bearing on the operating budget for the 2025-2026 school year, as the budget already assumes full pay for all workdays in the contract year for the employees of the district.

Administrative Recommendation:

The administration recommends the approval of the Resolution to Pay Staff During Emergency Weather Closure.

**Resolution of the Board of Trustees
of the Red Oak Independent School District
to Pay Staff During Emergency Weather Closure**

WHEREAS, the Red Oak Independent School District Board of Trustees (Board) is committed to compensating staff as the school operating budget allows regardless of unexpected district-wide closure or unexpected remote-work status, when financially feasible;

WHEREAS, the Board recognizes that the Superintendent of Schools, by her authority granted in Board Policy EB(LOCAL), initiated a district-wide emergency closure on January 26th, 27th, and 28th of 2026 and for reasons of public health and safety due to inclement winter weather on these dates wherein Red Oak experienced extremely low temperatures with added stress and uncertainty on infrastructure of facilities.

WHEREAS, the Red Oak ISD calendar for the 2025-2026 school year has a surplus of required instruction minutes meaning that no additional instructional days will need to be added to the existing 2025-2026 school calendar;

WHEREAS, the Board recognizes that the district closure would require the district to open for additional **staff** workdays or otherwise cause staff to lose daily pay unless the Board approves pay during the closures so described above;

WHEREAS, pursuant to Board Policy DEA(LOCAL) regarding “pay during closing,” the Board desires to pay all employees whose duties could not be completed due to emergency district closure for said closure days as described above;

WHEREAS, the Board has considered and declares that this decision will have no negative bearing on the operating budget for the 2025-2026 school year, as the budget already assumes full pay for all workdays in the contract year for the employees of the district;

WHEREAS, the Board declares the adoption of such payment will serve the public purpose of supporting the safety, wellness, morale, and retention of district employees which will directly contribute to the success of the district’s educational purpose;

WHEREAS, the Board also declares the adoption of such payment will serve the public purpose of saving money for four full days of operating costs within the district’s operating budget;

WHEREAS, the Board declares that all employees that were scheduled to work on said closure days as described in this resolution are to be paid in full for a scheduled workday, despite the district-wide emergency closure.

NOW THEREFORE BE IT RESOLVED that the Red Oak Independent School District Board of Trustees approves and authorizes the Superintendent of Schools to pay all employees who were scheduled to work on said closure days, whose duties could not be completed due to emergency district closure.

BE IT FURTHER RESOLVED that the Red Oak ISD Board of Trustees finds the individualized determination, through written resolution, to pay employees scheduled to work on above described days provides sufficient controls to ensure the intended public purposes stated herein are sufficiently accomplished and that the district will receive the return benefits as herein described.

The above resolution is passed and adopted this the 19th day of February 2026 by the Board of Trustees of the Red Oak Independent School District.

Melanie Petersen, President, ROISD Board of Trustees

ATTEST:

Sean Kelly, Secretary, ROISD Board of Trustees

2024-2025 Financial Audit Report

Presented for:

Board Action X

Report/Review Only

Supporting documents:

None

Attached X

Provided Later

Contact Person:

Dr. Bill Johnston, CPA, Chief Financial Officer

Background Information:

The Texas Education Code Sec. 44.008 states that each school district shall have its fiscal accounts audited annually by an independent certified or public accountant holding a permit from the Texas State Board of Public Accountancy. Attached is the Annual Financial Report for the Year Ended June 30, 2025, prepared by Hankins, Eastup, Deaton, Tonn, Seay & Scarborough.

The report received an unmodified opinion meaning that the financial statements were presented fairly, appropriately and in compliance with generally accepted accounting principles (GAAP). Furthermore, no findings or issues with internal controls were discovered.

Fiscal Implications:

There are no fiscal implications from the audit.

Administrative Recommendation:

Administration recommends formal approval of the Annual Financial Report for the fiscal year ended June 30, 2025.

RED OAK INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT FOR THE
YEAR ENDED JUNE 30, 2025

RED OAK INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025

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CERTIFICATE OF BOARD

Red Oak Independent School District
Name of School District

Ellis
County

070-911
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 June 30, 2024, at a meeting of the Board of Trustees of such school district on the 19^h day of February, 2026.

Signature of Board Secretary

Signature of Board President

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 Auditors' Report

Red Oak Independent School District
Red Oak, Texas

Opinion

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Red Oak Independent School District as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise Red Oak 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 Red Oak Independent School District as of June 30, 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 Financials section of our report. We are required to be independent of Red Oak 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 Matter – Change in Accounting Principle Pertaining to Compensated Absences

As discussed in the notes 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, which 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 Red Oak 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 general 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 Red Oak 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 Red Oak 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 6 through 12 and the Teacher Retirement System schedules on page 53 through 62 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 Red Oak 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 February 19, 2026, on our consideration of Red Oak 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 Red Oak 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 Red Oak Independent School District's internal control over financial reporting and compliance.



Hankins, Eastup, Deaton, Tonn, Seay & Scarborough, LLC
Denton, Texas
February 19, 2026

**RED OAK INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

This section of Red Oak Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2025. Please read it in conjunction with the District's financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources of the District at the close of the most recent fiscal year by \$23,954,110 (*net position*).
- The District's total net position increased by \$3,440,161 during the current fiscal year from the result of current year operations.
- The General Fund reported an ending fund balance of \$21,800,723, an increase of \$31,659 from the prior year.
- The unassigned fund balance in the General Fund as of June 30, 2024 was \$21,757,404, which is 29.25% of the total general fund expenditures for the fiscal year.
- The District reported total ending Governmental Funds fund balances of \$51,589,864, a decrease of \$57,566,008. The amount available for spending at the government's discretion is \$21,757,404 (42.17%).

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of six parts – *management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, an optional section that presents *combining statements* for nonmajor governmental funds, a section containing required TEA schedules, and information regarding federal awards.

The basic financial statements include two kinds of statements that present different views of the District. The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's *overall* financial status. The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in *more detail* than the government-wide statements.

The *governmental funds* statements tell how *general government* services were financed in the *short-term* as well as what remains for future spending.

Proprietary fund statements offer *short-* and *long-term* financial information about the activities the government operates *like businesses*. The District had no proprietary funds in the fiscal year ended June 30, 2025.

Fiduciary fund statements provide information about the financial relationships in which the District acts solely as a *trustee or custodian* for the benefit of others, to whom the resources in question belong.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data.

Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

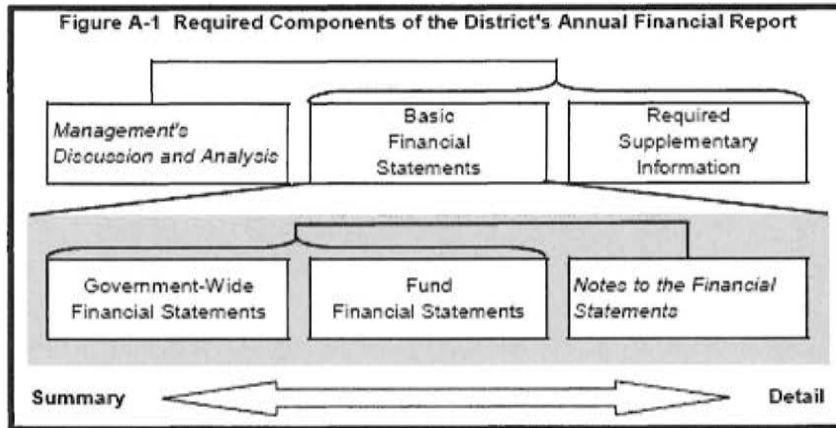


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of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

Type of Statements	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District's government (Except fiduciary funds)	The activities of the District that are not proprietary or fiduciary	Activities the District operates similar to private businesses: self insurance	Instances in which the District is the trustee or custodian for someone else's resources
Required financial statements	*Statement of net position	*Balance Sheet	*Statement of net position	*Statement of fiduciary net position
	*Statement of activities	*Statement of revenues, expenditures & changes in fund balances	*Statement of revenues, expenses and changes in fund net position	*Statement of changes in fiduciary net position
			*Statement of cash flows	
Accounting basis and measurement focus	Accrual accounting and economic resource focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital and short-term and long-term	All assets and liabilities, both short-term and long-term; the District's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the government's assets, deferred inflows of resources, liabilities, and deferred outflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The two government-wide statements report the District's *net position* and how it has changed. Net position, the difference between the District's assets and deferred inflows of resources and the District's liabilities and deferred outflows of resources, is one way to measure the District's financial health or *position*.

Over time, increases or decreases in the District's net position is an indicator of whether its financial health is improving or deteriorating, respectively. To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's tax base. The government-wide financial statements of the District are divided into three categories:

Governmental activities – Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services, and general administration. Property taxes and grants finance most of these activities.

Business-type activities – Account for funds where the District charges fees to customers to help it cover the costs of certain services it provides. The District has no business-type activities.

Component units – These funds would include other entities related to the District. Although legally separate, these – component units would be classified as important because of material relationships with the District. The District has no *component units* for which it is financially accountable.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds* - not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law and by bond covenants. The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants. The District has two kinds of funds:

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

Fiduciary funds - The District is the trustee, or *fiduciary*, for money raised by student activities. The District's custodial activity is reported in a separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position on pages 24 and 25. 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 this fund are used for their intended purposes.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

Net position of the Districts' governmental activities increased from \$20,513,949 to \$23,954,110. 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 (\$76,661,733) at June 30, 2025. See Table I and Table II for more detail.

Table I**NET POSITION**

	Governmental Activities		Change	
	30-Jun	30-Jun	\$	%
	2025	2024		
Current and other assets	\$ 63,071,915	\$ 118,336,608	\$ (55,264,693)	-47%
Capital assets, net	161,225,018	109,507,171	51,717,847	47%
Total assets	224,296,933	227,843,779	(3,546,846)	-2%
Deferred outflows of resources	16,751,659	19,496,477	(2,744,818)	-14%
Total assets and deferred outflows of resources	241,048,592	247,340,256	(6,291,664)	-3%
Current liabilities	17,411,227	10,292,990	7,118,237	69%
Long-term liabilities	185,935,526	198,430,380	(12,494,854)	-6%
Total liabilities	203,346,753	208,723,370	(5,376,617)	-3%
Deferred inflows of resources	13,747,729	18,102,937	(4,355,208)	-24%
Total liabilities and deferred inflows of resources	217,094,482	226,826,307	(9,731,825)	-4%
Net position:				
Net investments in capital assets	83,201,760	20,828,520	62,373,240	299%
Restricted	17,414,083	9,309,237	8,104,846	87%
Unrestricted	(76,661,733)	(9,623,808)	(67,037,925)	697%
Total net position	\$ 23,954,110	\$ 20,513,949	\$ 3,440,161	17%

At the end of the current fiscal year, the District reports a deficit balance in unrestricted net position, while reporting a positive balance in restricted net position and net investment in capital assets. The District's net position increased by \$3,440,161 during the current fiscal year.

Table II

CHANGES IN NET POSITION

	Governmental Activities		Change	
	2025	2024	\$	%
Program revenues:				
Charges for services	\$ 1,303,652	\$ 1,966,914	\$ (663,262)	-34%
Operating grants and contributions	15,766,258	17,076,521	(1,310,263)	-8%
General revenues:				
Maintenance and Operations taxes	29,948,156	26,913,844	3,034,312	100%
Debt service taxes	13,778,624	12,534,144	1,244,480	10%
State aid - formula grants	38,212,221	37,555,013	657,208	2%
Investment earnings	3,155,921	5,289,144	(2,133,223)	-40%
Other	46,929	18,452	28,477	154%
Total revenues	102,211,761	101,354,032	857,729	1%
Expenses:				
Instruction, curriculum and media services	47,276,370	47,023,994	252,376	1%
Instructional and school leadership	6,398,687	5,951,538	447,149	8%
Student support services	9,021,693	8,183,042	838,651	10%
Food services	4,751,388	4,264,021	487,367	11%
Extracurricular activities	3,573,832	3,360,103	213,729	6%
General administration	3,465,011	3,155,121	309,890	10%
Plant maintenance, security and data processing	14,551,309	12,648,322	1,902,987	15%
Community services	1,826,680	1,690,132	136,548	8%
Debt service	6,079,293	5,921,573	157,720	3%
Facilities acquisition and construction	-	55,336	(55,336)	-100%
Payments to Juvenile Justice Alt. Ed. Program	11,040	-	11,040	100%
Other intergovernmental charges	405,434	367,647	37,787	10%
Total expenses	97,360,737	92,620,829	4,739,908	5%
Change in net position	4,851,024	8,733,203	(3,882,179)	-44%
Net position - beginning of period	20,513,949	11,780,746	8,733,203	74%
Restatement per GASB 101	(1,410,863)	-	-	-
Net position - beginning of period, as restated	19,103,086	-	-	-
Net position - end of period	\$ 23,954,110	\$ 20,513,949	\$ 3,440,161	17%

Changes in Net Position

Some of the factors affecting the change in the District's net position can be identified as follows:

- State funding for the 2024-25 fiscal year increased approximately \$3 million due to an increase in the appraised tax values offset by a decrease in the maintenance tax rate.
- Attendance numbers increased 1.52% from the prior year.
- General Fund expenditures increased 9.6% primarily due to increased salaries and an increase in instructional expenditures.
- Local property tax values increased 14%. Tax collections increased due to the maintenance and operations tax rate being decreased by \$0.0023 because of tax rate compression required by state funding legislation.

The total cost of all governmental activities for the current fiscal year increased by \$4,739,908 or 5%, from \$92,620,829 to \$97,360,737. Of this, \$38,212,221 was provided by the state funding formula. Other governments and organizations contributed \$15,766,258. The amount financed by taxpayers was \$43,726,780. The balance of \$4,506,502 relates to charges for services, investment earnings and miscellaneous revenues.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Fund Balance

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements, bond covenants, and segregation for particular purposes.

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements.

In particular, *unassigned fund balance* may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$51.6 million.

Approximately \$21.8 million of this total amount constitutes unassigned fund balance. The remainder of fund balance is *nonspendable* (inventories - \$7,935, prepaids - \$35,384), *restricted* (grant restrictions, capital acquisitions and retirement of long term debt - \$26M) and *committed* (miscellaneous purposes - \$3.7M).

General Fund Budgetary Highlights

Over the course of the year, the District recommended and the Board approved several revisions to the budgeted revenues and appropriations. The amendments fall into the following categories:

- Amendments throughout the year for unexpected occurrences.
- Amendments to revise estimates for state program revenues.

After revenues and appropriations were amended as described above, the actual revenues in the General Fund were \$2.4 million less than budgeted revenues. Expenditures for the General Fund were \$2.4 million less than budgeted amounts. This was primarily due to cost savings achieved across all functions during the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2025, the District had \$161,225,018 (net of accumulated depreciation) invested in a broad range of capital assets, including facilities and equipment for instruction, transportation equipment, athletics, administration, and maintenance. The amount represents a net increase of \$51,717,847 or 47% from last year. More detailed information about the District's capital assets is presented in Note 4 to the financial statements.

Debt Administration

The District had \$152,821,286 in bonds, notes outstanding, and compensated absences as of June 30, 2025, a decrease of \$10,059,939 from prior year. The District's 2009 Bond Series was rated AA+ by Fitch as a result of the purchase of a municipal bond insurance policy. The District's other outstanding bonds are rated AAA by Fitch based upon the guarantee of the Texas Permanent School Fund. Additional information on the District's long-term liabilities can be found in Note 5 to the financial statements.

ECONOMIC FACTORS, NEXT YEAR'S BUDGETS, AND TAX RATES

- The District's certified property values for 2025 increased by approximately 6.15%.
- The District's Maintenance and Operations tax rate will be reduced to \$0.7152 per \$100 valuation from \$0.7552 per \$100 valuation. The Debt Service tax rate remained at \$0.3481 per \$100 valuation.
- The adopted 2025-2026 general fund budget has budgeted revenues of \$79.3 million and budgeted expenditures of \$79.3 million.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chief Financial Officer of the District at Red Oak Independent School District, 109 W. Red Oak Road, Red Oak, TX 75154, 972-617-2941.

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BASIC FINANCIAL STATEMENTS

RED OAK INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 31,573,955
1120 Current Investments	17,527,681
1220 Property Taxes - Delinquent	1,542,891
1230 Allowance for Uncollectible Taxes	(77,144)
1240 Due from Other Governments	12,044,086
1250 Accrued Interest	80,088
1260 Internal Balances	36
1290 Other Receivables, Net	337,003
1300 Inventories	7,935
1410 Prepayments	35,384
Capital Assets:	
1510 Land	5,967,901
1520 Buildings, Net	81,660,491
1530 Furniture and Equipment, Net	4,536,268
1580 Construction in Progress	69,060,358
1000 Total Assets	224,296,933
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Charge for Refunding	1,252,262
1705 Deferred Outflow Related to TRS Pension	6,889,118
1706 Deferred Outflow Related to TRS OPEB	8,610,279
1700 Total Deferred Outflows of Resources	16,751,659
LIABILITIES	
2110 Accounts Payable	2,899,484
2140 Interest Payable	2,223,979
2150 Payroll Deductions and Withholdings	43,298
2160 Accrued Wages Payable	6,655,571
2180 Due to Other Governments	28,546
2200 Accrued Expenses	355,536
2300 Unearned Revenue	33,870
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc. Due in More than One Year:	5,170,943
2502 Bonds, Notes, Loans, Leases, etc.	145,884,371
2540 Net Pension Liability (District's Share)	23,069,683
2545 Net OPEB Liability (District's Share)	15,215,500
2000 Total Liabilities	201,580,781
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	644,827
2606 Deferred Inflow Related to TRS OPEB	13,102,902
2600 Total Deferred Inflows of Resources	13,747,729
NET POSITION	
3200 Net Investment in Capital Assets and Right-to-Use Lease Assets Restricted:	27,133,341
3820 Restricted for Federal and State Programs	1,196,241
3850 Restricted for Debt Service	7,338,445
3900 Unrestricted	(11,713,917)
3000 Total Net Position	\$ 23,954,110

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

RED OAK INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes	1	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		3	4	6	
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities	
Primary Government:					
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 43,329,520	\$ 447,506	\$ 5,096,216	\$ (37,785,798)
12	Instructional Resources and Media Services	832,743	16,950	97,988	(717,805)
13	Curriculum and Instructional Staff Development	3,114,107	-	366,232	(2,747,875)
21	Instructional Leadership	906,605	-	106,617	(799,988)
23	School Leadership	5,492,082	-	645,811	(4,846,271)
31	Guidance, Counseling, and Evaluation Services	4,417,560	-	519,546	(3,898,014)
32	Social Work Services	131,808	-	15,502	(116,306)
33	Health Services	1,004,346	-	118,085	(886,261)
34	Student (Pupil) Transportation	3,467,979	-	408,357	(3,059,622)
35	Food Services	4,751,388	362,148	4,225,139	(164,101)
36	Extracurricular Activities	3,573,832	446,618	421,302	(2,705,912)
41	General Administration	3,465,011	-	407,783	(3,057,228)
51	Facilities Maintenance and Operations	9,045,970	30,430	1,066,454	(7,949,086)
52	Security and Monitoring Services	2,101,461	-	247,525	(1,853,936)
53	Data Processing Services	2,205,909	-	259,954	(1,945,955)
61	Community Services	1,826,678	-	214,796	(1,611,882)
72	Debt Service - Interest on Long-Term Debt	6,075,494	-	1,548,951	(4,526,543)
73	Debt Service - Bond Issuance Cost and Fees	3,800	-	-	(3,800)
81	Capital Outlay	1,197,970	-	-	(1,197,970)
95	Payments to Juvenile Justice Alternative Ed. Prg.	11,040	-	-	(11,040)
99	Other Intergovernmental Charges	405,434	-	-	(405,434)
	[TP] TOTAL PRIMARY GOVERNMENT:	\$ 97,360,737	\$ 1,303,652	\$ 15,766,258	(80,290,827)

Data Control Codes	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	29,948,156
DT	Property Taxes, Levied for Debt Service	13,778,624
SF	State Aid - Formula Grants	38,212,221
IE	Investment Earnings	3,155,921
MI	Miscellaneous Local and Intermediate Revenue	46,929
TR	Total General Revenues	85,141,851
CN	Change in Net Position	4,851,024
NB	Net Position - Beginning as Previously Reported	20,513,949
PA	Restatement per GASB 101	(1,410,863)
	Net Position - Beginning as Restated and Adjusted	19,103,086
NE	Net Position - Ending	\$ 23,954,110

RED OAK INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS			
1110 Cash and Cash Equivalents	\$ 16,207,658	\$ 9,159,580	\$ 4,453,477
1120 Investments - Current	-	-	17,527,681
1220 Property Taxes - Delinquent	1,090,428	452,463	-
1230 Allowance for Uncollectible Taxes	(54,521)	(22,623)	-
1240 Due from Other Governments	11,170,803	-	-
1250 Accrued Interest	-	-	80,088
1260 Due from Other Funds	1,043,344	-	-
1290 Other Receivables	337,003	-	-
1300 Inventories	7,935	-	-
1410 Prepayments	35,384	-	-
1000 Total Assets	<u>\$ 29,838,034</u>	<u>\$ 9,589,420</u>	<u>\$ 22,061,246</u>
LIABILITIES			
2110 Accounts Payable	\$ 317,195	\$ -	\$ 2,576,775
2150 Payroll Deductions and Withholdings Payable	42,430	-	-
2160 Accrued Wages Payable	6,265,622	-	-
2170 Due to Other Funds	20,622	-	485,897
2180 Due to Other Governments	-	26,996	-
2200 Accrued Expenditures	355,536	-	-
2300 Unearned Revenue	-	-	-
2000 Total Liabilities	<u>7,001,405</u>	<u>26,996</u>	<u>3,062,672</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	1,035,906	429,840	-
2600 Total Deferred Inflows of Resources	<u>1,035,906</u>	<u>429,840</u>	<u>-</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	7,935	-	-
3430 Prepaid Items	35,384	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	15,711,375
3480 Retirement of Long-Term Debt	-	9,132,584	-
Committed Fund Balance:			
3510 Construction	-	-	3,287,199
3545 Other Committed Fund Balance	-	-	-
3600 Unassigned Fund Balance	21,757,404	-	-
3000 Total Fund Balances	<u>21,800,723</u>	<u>9,132,584</u>	<u>18,998,574</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 29,838,034</u>	<u>\$ 9,589,420</u>	<u>\$ 22,061,246</u>

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

Other Funds	Total Governmental Funds
\$ 1,753,240	\$ 31,573,955
-	17,527,681
-	1,542,891
-	(77,144)
873,283	12,044,086
-	80,088
20,622	1,063,966
-	337,003
-	7,935
-	35,384
<u>\$ 2,647,145</u>	<u>\$ 64,135,845</u>
\$ 5,514	\$ 2,899,484
868	43,298
389,949	6,655,571
557,411	1,063,930
1,550	28,546
-	355,536
33,870	33,870
<u>989,162</u>	<u>11,080,235</u>
-	1,465,746
<u>-</u>	<u>1,465,746</u>
-	7,935
-	35,384
1,196,241	1,196,241
-	15,711,375
-	9,132,584
-	3,287,199
461,742	461,742
-	21,757,404
<u>1,657,983</u>	<u>51,589,864</u>
<u>\$ 2,647,145</u>	<u>\$ 64,135,845</u>

RED OAK INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2025

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$	51,589,864
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. The cost of these assets was \$240,866,007 and the accumulated depreciation was (\$79,660,989). The net effect of including the beginning balances for capital assets (net of depreciation) in the governmental activities is to increase net position by \$161,225,018.		161,225,018
2 Bonds payable of \$137,460,000 , the related bond premiums of \$9,809,005, as well maintenance tax notes of \$3,450,000 and related premiums of \$336,309 are not reported in the fund financial statements. The net effect of including the beginning balances for these long-term debt in the governmental activities is to decrease net position by \$		(151,055,314)
3 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 in the amount of \$23,069,683, Deferred Inflows of Resources related to TRS pension in the amount of \$644,827, and Deferred Outflows of Resources related to TRS pension in the amount of \$6,889,118. This results in a decrease in Net Position in the amount of \$16,825,392.		(16,825,392)
4 The District participates in the TRS-Care plan for retirees through TRS. The District's share of the TRS plan resulted in a net OPEB liability of \$15,215,500, a deferred outflow of \$8,610,279 and a deferred inflow of \$13,102,902. This resulted in a difference between the ending fund balance and the ending net position of (\$19,708,122).		(19,708,122)
5 The deferred charge on refunding of \$1,252,262 is not recorded at the fund level financial statements.		1,252,262
6 Interest on outstanding long term debt is accrued in the government wide financial statements whereas in the fund financial statements interest expenditures are reported when due.		(2,223,979)
7 Property tax revenue reported as unavailable revenue in the fund financial statements is recognized as revenue in the government wide financial statements.		1,465,746
8 Compensated absences are recognized in the fund financial statements.		(1,765,972)
29 Net Position of Governmental Activities	\$	23,954,110

RED OAK INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 32,338,586	\$ 14,103,872	\$ 1,896,130
5800 State Program Revenues	41,526,894	1,548,951	-
5900 Federal Program Revenues	452,705	-	-
5020 Total Revenues	<u>74,318,185</u>	<u>15,652,823</u>	<u>1,896,130</u>
EXPENDITURES:			
Current:			
0011 Instruction	37,710,613	-	-
0012 Instructional Resources and Media Services	743,667	-	-
0013 Curriculum and Instructional Staff Development	2,158,301	-	-
0021 Instructional Leadership	827,792	-	-
0023 School Leadership	5,002,096	-	-
0031 Guidance, Counseling, and Evaluation Services	4,019,378	-	-
0032 Social Work Services	129,943	-	-
0033 Health Services	943,455	-	-
0034 Student (Pupil) Transportation	3,241,113	-	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	2,650,090	-	-
0041 General Administration	3,316,196	-	-
0051 Facilities Maintenance and Operations	7,421,606	-	1,858,919
0052 Security and Monitoring Services	1,628,451	-	-
0053 Data Processing Services	1,967,161	-	99,769
0061 Community Services	1,761,440	-	-
Debt Service:			
0071 Principal on Long-Term Liabilities	315,000	10,075,000	-
0072 Interest on Long-Term Liabilities	133,250	6,214,988	-
0073 Bond Issuance Cost and Fees	500	3,300	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	-	-	56,441,824
Intergovernmental:			
0095 Payments to Juvenile Justice Alternative Ed. Prg.	11,040	-	-
0099 Other Intergovernmental Charges	405,434	-	-
6030 Total Expenditures	<u>74,386,526</u>	<u>16,293,288</u>	<u>58,400,512</u>
OTHER FINANCING SOURCES (USES):			
8911 Transfers Out (Use)	100,000	-	(100,000)
7080 Total Other Financing Sources (Uses)	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>
1200 Net Change in Fund Balances	31,659	(640,465)	(56,604,382)
0100 Fund Balance - July 1st (Beginning)	21,769,064	9,773,049	75,602,956
3000 Fund Balance - June 30 (Ending)	<u>\$ 21,800,723</u>	<u>\$ 9,132,584</u>	<u>\$ 18,998,574</u>

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

	Other Funds	Total Governmental Funds
\$	1,268,029	\$ 49,606,617
	851,537	43,927,382
	5,956,615	6,409,320
	8,076,181	99,943,319
	2,107,119	39,817,732
	36,896	780,563
	794,391	2,952,692
	-	827,792
	114,891	5,116,987
	136,437	4,155,815
	-	129,943
	-	943,455
	3,158	3,244,271
	4,532,413	4,532,413
	324,075	2,974,165
	34,894	3,351,090
	295,475	9,576,000
	48,702	1,677,153
	-	2,066,930
	550	1,761,990
	-	10,390,000
	-	6,348,238
	-	3,800
	-	56,441,824
	-	11,040
	-	405,434
	8,429,001	157,509,327
	-	-
	-	-
	(352,820)	(57,566,008)
	2,010,803	109,155,872
\$	1,657,983	\$ 51,589,864

RED OAK 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 JUNE 30, 2025

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ (57,566,008)
Current year capital asset additions (net of capital asset disposals) are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The net effect of reclassifying the current year capital asset additions is to increase net position.	57,016,306
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.	(5,298,459)
Current year principal payments on bonds payable and maintenance tax notes are expenditures in the fund financial statements, but are shown as reductions in long-term debt in the government-wide financial statements.	10,390,000
Current year amortization of the premium/discount on bonds payable maintenance tax notes are not amortized in the fund financial statements, but are reported net of amortization in the government-wide financial statements.	1,105,911
Current year amortization of the deferred charge on refundings is not recognized in the fund level financial statements, but is shown as a reduction of the deferred charge in the government wide financial statements.	(1,003,886)
Interest expense on outstanding debt is accrued in the government-wide financial statements, whereas in the fund level financial statements interest expenditures are reported when due, increasing the net position by \$170,719.	170,719
The current year change in the liability recorded under the provisions of GASB 101 for Compensated Absences.	(355,109)
Current year changes due to GASB 68 decreased revenues in the amount of \$392,934, and also increased expenditures in the amount of \$1,151,974. The net effect on the change in the ending net position was a decrease in the amount of \$1,544,908.	(1,544,908)
Current year changes due to GASB 75 increased revenues in the amount of \$2,478,074 but also increased expenditures in the amount of \$724,918. The net effect on the change in the ending net position was a decrease in the amount of \$1,753,156.	1,753,157
Change in Net Position of Governmental Activities	\$ 4,851,024

RED OAK INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 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	\$ 32,534,528	\$ 32,553,528	\$ 32,338,586	\$ (214,942)
5800 State Program Revenues	42,600,887	42,600,887	41,526,894	(1,073,993)
5900 Federal Program Revenues	1,600,000	1,600,000	452,705	(1,147,295)
5020 Total Revenues	76,735,415	76,754,415	74,318,185	(2,436,230)
EXPENDITURES:				
Current:				
0011 Instruction	38,766,906	38,280,468	37,710,613	569,855
0012 Instructional Resources and Media Services	920,836	920,836	743,667	177,169
0013 Curriculum and Instructional Staff Development	2,617,922	2,371,663	2,158,301	213,362
0021 Instructional Leadership	1,032,401	835,977	827,792	8,185
0023 School Leadership	4,706,698	4,975,415	5,002,096	(26,681)
0031 Guidance, Counseling, and Evaluation Services	3,876,583	4,017,864	4,019,378	(1,514)
0032 Social Work Services	197,029	202,029	129,943	72,086
0033 Health Services	1,038,878	1,038,878	943,455	95,423
0034 Student (Pupil) Transportation	3,442,777	3,442,777	3,241,113	201,664
0036 Extracurricular Activities	2,418,342	2,687,265	2,650,090	37,175
0041 General Administration	3,261,349	3,447,849	3,316,196	131,653
0051 Facilities Maintenance and Operations	8,095,307	8,073,007	7,421,606	651,401
0052 Security and Monitoring Services	1,758,432	1,708,432	1,628,451	79,981
0053 Data Processing Services	1,820,534	2,000,534	1,967,161	33,373
0061 Community Services	1,958,671	1,858,671	1,761,440	97,231
Debt Service:				
0071 Principal on Long-Term Liabilities	448,750	315,000	315,000	-
0072 Interest on Long-Term Liabilities	-	133,250	133,250	-
0073 Bond Issuance Cost and Fees	-	500	500	-
Intergovernmental:				
0095 Payments to Juvenile Justice Alternative Ed. Prg.	-	35,000	11,040	23,960
0099 Other Intergovernmental Charges	374,000	409,000	405,434	3,566
6030 Total Expenditures	76,735,415	76,754,415	74,386,526	2,367,889
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(68,341)	(68,341)
OTHER FINANCING SOURCES (USES):				
8911 Transfers Out (Use)	-	-	100,000	100,000
1200 Net Change in Fund Balances	-	-	31,659	31,659
0100 Fund Balance - July 1st (Beginning)	23,147,750	21,769,064	21,769,064	-
3000 Fund Balance - June 30 (Ending)	\$ 23,147,750	\$ 21,769,064	\$ 21,800,723	\$ 31,659

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

RED OAK INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025

	Total Custodial Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 61,998
Total Assets	61,998
LIABILITIES	
Accounts Payable	130
Due to Other Funds	36
Due to Student Groups	61,832
Total Liabilities	61,998

RED OAK INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Total Custodial Funds
ADDITIONS:	
Contributions to Student Groups	\$ 159,930
Total Additions	159,930
DEDUCTIONS:	
Supplies and Materials	163,784
Total Deductions	163,784
Change in Fiduciary Net Position	(3,854)
Total Net Position - July 1st (Beginning)	65,686
Total Net Position - June 30 (Ending)	\$ 61,832

RED OAK INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Red Oak Independent School District's (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, Red Oak 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. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. 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 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.

RED OAK INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 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 governmental 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 governmental fund was established to account for local funds, bond and note proceeds to be used for various construction and renovation projects and equipment acquisitions.

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. **Fiduciary Funds** - These funds are used to account for activities of student groups and other organizational activities on a fiduciary basis. If any unused resources are declared surplus by the student groups, they are transferred to the General Fund with a recommendation to the Board for an appropriate utilization through a budgeted program. No resources were declared surplus in the current fiscal year.

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 are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and deferred outflows of resources; and liabilities (whether current or non-current) and deferred inflows of resources are included on 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.

RED OAK INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

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.

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 pools 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.

RED OAK INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2025

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 was prepared for adoption for required Governmental Fund Types prior to June 20 of the preceding fiscal year for the subsequent fiscal period beginning July 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. Each annual budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles. 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:

	June 30, 2025 Fund Balance
Appropriated Budget Funds - Food Service Special Revenue Fund	\$ 1,103,134
Nonappropriated Budget Funds	554,849
All Special Revenue Funds	\$ 1,657,983

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 June 30 and encumbrances outstanding at that time are either canceled or appropriately provided for in the subsequent year's budget.

RED OAK INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

F. INVENTORIES

The consumption method is used to account for inventories of paper. Under this method, paper is carried in an inventory account of the respective fund at average cost and is subsequently charged to expenditures when consumed. Other supplies are recorded as expenditures when purchased. In the governmental funds, a nonspendable category of fund balance indicates that inventories are unavailable as current expendable financial resources.

G. 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.

H. CAPITAL ASSETS

Capital assets, which includes property, plant, equipment, and infrastructure assets, are reported in the 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	25-40 Years
Furniture and Equipment	10-24 Years

I. 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 position (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 three items that qualify for reporting in this category:

Deferred outflows of resources for refunding - Reported in the government-wide statement of net position, the deferred charge on bond refundings results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The amount of deferred outflows reported in the governmental activities for the deferred charge on bond refundings at June 30, 2025 was \$1,252,262.

Deferred outflows of resources for pension - 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 5.6705 years.

RED OAK INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

A deferred outflow for pension expense also results from payments made to the TRS pension plan by the District after the plan's measurement date. The total amount of deferred outflows reported in the governmental activities for deferred pension expenses at June 30, 2025 was \$6,889,118

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 9.2215 years. The total amount of deferred outflows reported in the governmental activities for deferred OPEB expenses at June 30, 2025 was \$8,610,279.

A deferred inflow of resources is an acquisition of a government's net position (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 June 30, 2025 was \$1,465,746.

Deferred inflows of resources for pension - 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. These amounts will be amortized over a closed five year period. In fiscal year 2025, the District reported deferred inflows of resources for pensions in the governmental activities in the amount of \$644,827.

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 (9.2215 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 \$13,102,902.

J. 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 (e.g., employer Social Security and Medicare payroll taxes).

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

RED OAK INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

K. NET POSITION

Net position represents the difference between assets and deferred outflows of resources; and liabilities and deferred inflows of resources in the government-wide statement of net position. 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 legislation's adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

When both restricted and unrestricted net position is available, restricted net position is expended before unrestricted net position if such use is consistent with the restricted purpose.

L. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the 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.

M. 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.

N. 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.

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.

RED OAK INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

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 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.
- 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 June 30, 2025 for campus activities, local grants, and future construction.
- 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, the Board of Trustees or the Superintendent 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.

General Fund

The General Fund has unassigned fund balance of \$21,757,404 at June 30, 2025. Inventories of \$7,935 and Prepaid Items of \$35,384 are considered nonspendable fund balances.

Other Major Funds

The Debt Service Fund has restricted funds of \$9,132,584 at June 30, 2025 consisting primarily of property tax collections that are restricted for debt service payments on bonded debt.

RED OAK INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2025

The local Capital Projects Fund has \$3,287,199 committed for future construction and \$15,711,375 of restricted funds for Capital Acquisition.

Other Funds

The fund balance of \$427,907 of the Campus Activity Fund, \$30,834 of the Education Foundation Grants Fund, and \$3,001 of other local grant funds (all special revenue funds) are shown as committed due to Board policy committing those funds to campus activities and grant activities. The following special revenue funds fund balances are restricted by federal or state grant restrictions:

National Breakfast & Lunch Program	\$	1,103,134
Summer Feeding Program		67,970
Advanced Placement Incentives		20,313
Other State Programs		4,824
Total		\$ 1,196,241

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 June 30, 2025, the carrying amount of the District’s deposits (checking accounts and interest-bearing demand accounts) and petty cash was \$1,042,665 and the bank balance was \$2,103,402. The District’s cash deposits at June 30, 2025 were entirely covered by FDIC insurance or by pledged collateral held by the District’s agent bank in the District’s name.

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 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.

RED OAK INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

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 June 30, 2025, the District’s cash deposits totaled \$2,103,402. 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 June 30, 2025, the District held investments in four public funds investment pools. 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 Lone Star Investment Pool, TexPool Investment Pool, and TexSTAR Investment Pool at year-end was AAAM (Standard & Poor’s).
- 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 the District’s investments in external 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 June 30, 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. Investment pools are excluded from the 5 percent disclosure requirement.

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) maintain the fair 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.

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The District's investments at June 30, 2025, are shown below:

Name	Carrying Amount	Fair Value
UMB Investment Pool	\$ 17,527,681	\$ 17,527,681
Lone Star Investment Pool	30,576,810	30,576,810
TexPool Investment Pool	4,461	4,461
TexSTAR Investment Pool	12,017	12,017
	<u>\$ 48,120,969</u>	<u>\$ 48,120,969</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 investments in public funds investment pools are not required to be measured at fair value but are measured at amortized cost.

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025, was as follows:

	Balance July 1 st , 2024	Additions/ Completions	Retirements/ Adjustments	Balance June 30, 2025
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 5,967,901	\$ -	\$ -	\$ 5,967,901
Construction in Progress	14,215,344	56,232,190	(1,387,176)	69,060,358
Total capital assets not being depreciated	<u>20,183,245</u>	<u>56,232,190</u>	<u>(1,387,176)</u>	<u>75,028,259</u>
Capital assets, being depreciated				
Building and improvements	152,359,111	1,538,369	-	153,897,480
Furniture and equipment	11,724,419	632,923	(397,075)	11,960,267
Total capital assets being depreciated	<u>164,083,530</u>	<u>2,171,292</u>	<u>(397,075)</u>	<u>165,857,747</u>
Less accumulated depreciation for:				
Buildings and improvements	(67,786,442)	(4,450,548)	-	(72,236,990)
Furniture and equipment	(6,973,162)	(847,911)	397,075	(7,423,998)
Total accumulated depreciation	<u>(74,759,604)</u>	<u>(5,298,459)</u>	<u>397,075</u>	<u>(79,660,988)</u>
Total capital assets, being depreciated, net	89,323,926	(3,127,167)	-	86,196,759
Governmental activities capital assets, net	<u>\$ 109,507,171</u>	<u>\$ 53,105,023</u>	<u>\$ (1,387,176)</u>	<u>\$ 161,225,018</u>

**RED OAK INDEPENDENT SCHOOL DISTRICT
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Depreciation expense was charged as direct expense to programs of the District as follows:

Governmental activities:	
Instruction	\$ 2,255,203
Instructional Resources & Media Services	30,964
Curriculum & Staff Development	31,068
Instructional Leadership	63,539
School Leadership	220,016
Guidance, Counseling & Evaluation Services	157,184
Health Services	30,964
Transportation	618,269
Food Services	169,617
Extracurricular Activities	563,421
General Administration	38,907
Plant Maintenance and Operations	571,699
Security & Monitoring Services	394,318
Data Processing Services	120,174
Community Services	33,116
Total depreciation expense - Governmental activities	<u>\$ 5,298,459</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.

The following is a summary of the changes in the District's Long-term Debt for the year ended June 30, 2025:

Description	Interest Rate Payable	Original Issue Amount	Amounts Outstanding 7/1/2024	Additions	Retired	Amounts Outstanding 6/30/2025	Due Within One Year
Bonded Indebtedness:							
2015 School Refunding	1.30-3.75%	8,770,000	6,060,000	-	6,060,000	-	-
2016 School Refunding	2.00-4.00%	8,780,000	8,550,000	-	30,000	8,520,000	30,000
2017 School Refunding	3.25-5.00%	45,775,000	41,485,000	-	1,065,000	40,420,000	1,115,000
2019 School Refunding	3.00-4.00%	8,225,000	7,225,000	-	275,000	6,950,000	285,000
2019A School Refunding	3.00-5.00%	8,900,000	7,880,000	-	285,000	7,595,000	305,000
2023 School Building	4.00-5.00%	76,335,000	76,335,000	-	2,360,000	73,975,000	2,495,000
Total Bonded Indebtedness		156,785,000	147,535,000	-	10,075,000	137,460,000	4,230,000
Premiums on Bonds			10,884,209	-	1,075,204	9,809,005	-
Premiums on Maintenance Tax Notes			367,016	-	30,707	336,309	-
Maintenance Tax Notes - 2019	3.00-5.00%		3,765,000	-	315,000	3,450,000	330,000
Compensated Absences			1,410,863	355,109	-	1,765,972	610,943

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 bond indentures. Management has indicated the District is in compliance with all significant limitations and restrictions at June 30, 2025.

RED OAK INDEPENDENT SCHOOL DISTRICT
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Presented below is a summary of general obligation bond requirements to maturity:

Year Ended June 30,	Principal	Interest	Total Requirements
2026	\$4,230,000	\$ 5,784,937	\$10,014,937
2027	3,680,000	5,576,187	9,256,187
2028	4,605,000	5,376,013	9,981,013
2029	4,170,000	5,146,837	9,316,837
2030	5,050,000	4,922,538	9,972,538
2031-2035	31,755,000	20,760,881	52,515,881
2036-2040	39,325,000	13,187,325	52,512,325
2041-2045	14,410,000	7,997,200	22,407,200
2046-2050	17,750,000	4,684,000	22,434,000
2051-2054	12,485,000	1,012,200	13,497,200
	<u>\$137,460,000</u>	<u>\$ 74,448,118</u>	<u>\$211,908,118</u>

NOTE 6. DEFERRED CHARGE ON BOND REFUNDINGS

The District's deferred charge on bond refundings as of June 30, 2025 is as follows:

Balance - June 30, 2024	\$ 2,256,148
Current year amortization	<u>(1,003,886)</u>
Balance - June 30, 2025	<u>\$ 1,252,262</u>

NOTE 7. NOTES PAYABLE

The District issued \$5,225,000 of Maintenance Tax Notes on August 20, 2019. The notes were issued with interest rates from 3.0% to 5.0%. The net proceeds of \$5,650,000 (\$5,225,000 par amount of notes plus \$509,338 of net premium received on the notes, less \$84,338 of underwriting fees and other issuance costs) were to be used for construction, renovations, and equipment acquisition.

Future maintenance tax notes debt service requirements to maturity are as follows:

Year Ended June 30,	Principal	Interest	Total Requirements
2026	\$ 330,000	\$ 117,500	\$447,500
2027	345,000	104,300	449,300
2028	355,000	90,500	445,500
2029	370,000	76,300	446,300
2030	-	-	-
2030-2034	2,050,000	188,100	2,238,100
	<u>\$3,450,000</u>	<u>\$ 576,700</u>	<u>\$4,026,700</u>

RED OAK INDEPENDENT SCHOOL DISTRICT
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NOTE 8. 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 period was based on was \$4,290,868,583. 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 June 30, 2025, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$0.7552 and \$0.3481 per \$100 valuation, respectively, for a total of \$1.1033 per \$ 100 valuation.

Current tax collections for the year ended June 30, 2025 were 97.85% of the June 30, 2025 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 June 30, 2025, property taxes receivable, net of estimated uncollectible taxes, totaled \$1,035,906 and \$429,840 for the General and Debt Service Funds, respectively.

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

NOTE 9. PROPERTY TAX ABATEMENT AGREEMENT

The District entered into an agreement with Triumph Aerostructures, LLC in 2013 to assist in the development of their new facilities and the economic development of the region. The Agreement limits the appraised value on their property for the maintenance and operations (M&O) taxes on their property and started in the 2016 tax year.

Starting with the 2020 tax year, the taxable assessed value of Triumph was below the limitation thresholds so there was no variance between the M&O taxable value and the I&S taxable value. The same is true for the 2024-2025 tax year. In the spring of 2021, Triumph sold the Red Oak facility to Arlington Capital and the facility was renamed Qarbon Aerospace.

NOTE 10. DEFINED BENEFIT PENSION PLAN

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

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

RED OAK INDEPENDENT SCHOOL DISTRICT
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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://trs.texas.gov/pages/aboutpublications.aspx>, by writing to TRS at attention Finance Division, PO BOX 149676, Austin, TX, 78714-0185, or by calling 1-800-223-8778.

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

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% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% 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 2020 thru 2025.

RED OAK INDEPENDENT SCHOOL DISTRICT
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	<u>Contribution Rates</u>	
	<u>2024</u>	<u>2025</u>
Member	8.25%	8.25%
Non-Employer Contributing Entity (State)	8.25%	8.25%
Employers	8.25%	8.25%
Red Oak ISD FY2025 Employer Contributions	\$	2,208,767
Red Oak ISD FY2025 Member Contributions	\$	4,425,428
Red Oak ISD FY2025 NECE On-Behalf Contributions	\$	3,149,233

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 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 of 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 2.0 percent of the member's salary beginning in fiscal year 2025..
- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

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

Valuation Date	August 31, 2023 rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term expected Investment Rate of Return	7.00%
Municipal Bond Rate as of August 2024	3.87%
Inflation	2.30%
Salary Increases Including Inflation	2.95% to 8.95%
Benefit Changes During the Year	None
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.

RED OAK INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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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 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 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%	1.0%
Non-U.S. Developed	13%	4.2%	0.8%
Emerging Markets	9%	5.2%	0.7%
Private Equity	14%	6.7%	1.2%
Stable Value			
Government Bonds	16%	1.9%	0.4%
Absolute Return ⁴	0%	4.0%	0.2%
Stable Value Hedge Funds	5%	3.0%	0.0%
Real Return			
Real Estate	15%	6.6%	1.2%
Energy, Natural Resources	6%	5.6%	0.4%
Commodities	0%	2.5%	0.0%
Risk Parity			
Risk Parity	8%	4.0%	0.4%
Leverage			
Cash	2%	1.0%	0.0%
Asset Allocation Leverage	-6%	1.3%	-0.1%
Inflation Expectation	-		2.4%
Volatility Drag ³	-		-0.7%
Total	<u>100%</u>		<u>8.00%</u>

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

¹ Target allocations are based on the FY23 policy model.

² Capital Market Assumptions come from Aon Hewitt (as of 06/30/2023).

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

⁴ Absolute Return includes credit sensitive investments.

RED OAK INDEPENDENT SCHOOL DISTRICT
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	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
Red Oak ISD's proportionate share of the net pension liability:	\$36,848,129	\$23,069,683	\$11,653,261

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2025, Red Oak Independent School District reported a liability of \$24,828,565 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to Red Oak Independent School District. The amount recognized by Red Oak Independent School District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with Red Oak Independent School District were as follows:

District's Proportionate share of the collective net pension liability	\$ 23,069,683
State's proportionate share that is associated with the District	<u>31,428,233</u>
Total	<u>\$54,497,916</u>

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 thru August 31, 2024.

At June 30, 2025 the employer's proportion of the collective net pension liability was 0.0377670371%, an increase of 4.49% from its proportionate share of 0.0361456372% at June 30, 2024.

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 Texas 2023 Legislature passed legislation that provides a one-time stipend to certain retired teachers. The stipend was paid to retirees beginning in September of 2023. The Legislature appropriated funds to pay for this one-time stipend so there will be no impact on the net pension liability of TRS. In addition, the Legislature also provided for a cost of living adjustment (COLA) to retirees which was approved during the November 2023 elections which will be paid in January, 2025. Therefore, this contingent liability was not reflected as of August 31, 2023. The amount of pension expense recognized by Red Oak Independent School District in the reporting period was \$7,530,155. For the year ended June 30, 2025 Red Oak Independent School District recognized pension expense of \$3,756,199 and revenue of \$3,756,199 for support by the State.

At June 30, 2025, Red Oak Independent School District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (The amounts shown below will be 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	\$ 1,271,569	\$ 180,117
Changes in actuarial assumptions	1,191,137	159,691
Difference between projected and actual investment earnings	140,232	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	2,422,981	305,019
Contributions paid to TRS subsequent to the measurement date	1,863,199	-
Total	\$6,889,118	\$644,827

RED OAK INDEPENDENT SCHOOL DISTRICT
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The net amounts of the District's balances of deferred outflows and inflows of resources (not including the deferred contribution paid subsequent to the measurement date) related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Pension Expense Amount	Balance of Deferred Outflows (Deferred Inflows)
2026	584,566	3,796,528
2027	3,084,690	711,838
2028	793,904	(82,066)
2029	(256,444)	174,378
2030	174,378	
Thereafter	-	-

NOTE 11. DEFINED OTHER POST-EMPLOYMENT BENEFIT 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 the TRS-Care's fiduciary net position is available in the separately-issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.texas.gov/pages/aboutpublications.aspx>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

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	
	Medicare	Non-Medicare
Retiree*	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree* and Children	468	408
Retiree and Family	1,020	999

* or surviving spouse

RED OAK INDEPENDENT SCHOOL DISTRICT
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 FOR THE YEAR ENDED JUNE 30, 2025

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

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

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

	<u>Contribution Rates</u>	
	<u>2024</u>	<u>2025</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
Red Oak ISD FY25 Employer Contributions		\$460,219
Red Oak ISD FY25 Member Contributions		\$348,672
Red Oak ISD FY25 NECE On-behalf Contributions		\$1,025,668

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.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$21.3 million in fiscal year 2023 provided by Rider 14 of the Senate Bill GAA of the 87th Legislature. These amounts were re-appropriated from amounts received by the pension and TRS-Care funds in excess of the state’s actual obligation and then transferred to TRS-Care.

Actuarial Assumptions. The actuarial valuation was performed as of August 31, 2023. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2024.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2021.

The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2022 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

RED OAK INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

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%
Single Discount Rate	3.87%
Aging Factors	Based on specific plan experience
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 an increase of 0.26 percent in the discount rate since the previous year. Since the plan is a pay-as-you-go plan, the single discount rate is equal to the prevailing municipal bond rate.

The source of the municipal bond rate is the Fidelity “20-year Municipal GO AA Index” as of August 31, 2024 using the fixed-income market data/yield curve/data municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

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

	1% Decrease in Discount Rate (2.87%)	Current Single Discount Rate (3.87%)	1% Increase in Discount Rate (4.87%)
District’s proportionate share of the Net OPEB Liability:	\$18,076,725	\$15,215,500	\$12,903,587

Healthcare Cost Trend Rates Sensitivity Analysis - The following schedule shows the impact of the net OPEB liability if a healthcare trend rate that is one-percentage less than or one-percentage point greater than the health trend rates is 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:	\$12,390,766	\$15,215,500	\$18,896,410

RED OAK INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

OPEB Liabilities, OPEB Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At June 30, 2025, the District reported a liability of \$11,050,590 for its proportionate share of the TRS’s Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District.

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

District’s Proportionate share of the collective Net OPEB Liability	\$ 15,215,500
State’s proportionate share that is associated with the District	<u>\$ 19,064,815</u>
Total	<u>\$ 34,280,315</u>

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 thru August 31, 2024.

At August 31, 2024 the employer’s proportion of the collective Net OPEB Liability was 0.0501309128%, an increase of 0.43% compared to the August 31, 2023 proportionate share of 0.0499161506%.

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

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

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 \$1,169,413.

For the year ended August 31, 2023, the District recognized OPEB expense of \$2,478,074 and revenue of \$2,478,074 for support provided by the State.

At June 30, 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	\$ 2,916,301	\$7,593,359
Changes in actuarial assumptions	1,947,404	4,964,642
Difference between projected and actual investment earnings		-
Changes in proportion and difference between the employer’s contributions and the proportionate share of contributions	3,360,326	502,293
Contributions paid to TRS subsequent to the measurement date	386,248	-
Total	\$8,610,279	\$13,102,902

RED OAK INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

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

Year ended June 30:	OPEB Expense Amount	Balance of Deferred Outflows (Deferred Inflows)
2026	\$ (1,704,707)	\$ (3,174,164)
2027	(1,015,577)	(2,158,587)
2028	(1,353,079)	(805,508)
2029	(1,126,873)	321,365
2030	(416,458)	737,823
Thereafter	737,823	-

NOTE 12. MEDICARE PART D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. Under Medicare Part D, TRS-Care receives drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the years ended June 30, 2025, 2024 and 2023, the subsidy payments received by TRS-Care on behalf of the District were \$385,765, \$276,795, and \$244,355, respectively. These payments are recorded as equal revenues and expenditures in the governmental funds financial statement of the District.

NOTE 13. INTERFUND PAYABLES, RECEIVABLES AND TRANSFERS

Interfund receivables and payables at June 30, 2025 represented short-term advances between funds. These amounts are expected to be repaid in less than one year from June 30, 2025.

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Major Governmental Funds:		
General Fund:		
Special Revenue Funds	\$ 557,411	\$ 20,622
Capital Projects Fund	485,897	-
Fiduciary Fund	-	36
Total Major Governmental Funds	<u>1,043,308</u>	<u>20,658</u>
Nonmajor Governmental Funds		
Special Revenue Funds:		
General Fund	20,622	557,411
Capital Projects Fund:		
General Fund	-	485,897
Fiduciary Fund:		
General Fund	36	
Total Nonmajor Governmental Funds	<u>20,658</u>	<u>1,043,308</u>
Total	<u>1,063,966</u>	<u>1,063,966</u>

During the year ended June 30, 2025, the District transferred \$100,000 from the local Capital Projects Fund to the General Fund as an equity transfer.

**RED OAK INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 14. HEALTH CARE

During the year ended June 30, 2025, employees of Red Oak Independent School District were covered by a health insurance plan (the Plan). The District contributed \$325 per month per 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.

NOTE 15. 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 of \$344,843 for the 24-25 fiscal year. Additionally, the District incurred in fixed costs of \$77,368 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. 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 \$355,530 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 the workers' compensation claims liability amount for fiscal years 2025 and 2024 are shown below:

Fiscal Period	Beginning Claims Liability	Claims and Changes in Estimates	Claims Payments	Ending Claims Liability
2025	\$375,190	\$388,228	\$407,888	\$355,530
2024	\$402,152	\$192,002	\$218,964	\$375,190

NOTE 16. DUE FROM OTHER GOVERNMENTS

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

Amounts due from federal and state governments as of June 30, 2025, are summarized below. All federal grants shown below are passed through the TEA and are reported on the financial statements as Due from Other Governments.

	State Fund	Federal Grants	Local Governments	Total
General Fund	11,170,803	\$ -	\$ -	\$ 11,170,803
Special Revenue Funds	321,214	552,069	-	873,283
Debt Service Fund	-	-	-	-
Total	<u>11,492,017</u>	<u>552,069</u>	<u>-</u>	<u>12,044,086</u>

NOTE 17. LITIGATION AND CONTINGENCIES

**RED OAK INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

The District participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at June 30, 2025 may be impaired.

In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

NOTE 18. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

During the year ended June 30, 2025, revenues from local and intermediate sources in the fund financial statements consisted of the following:

	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total
Property Taxes	29,652,611	-	13,646,179	-	43,298,790
Food Sales	-	300,262	-	-	300,262
Investment Income	865,761	47,700	383,080	1,859,380	3,155,921
Penalties, interest, and other tax related income	170,076	-	74,613	-	244,689
Co-curricular student activities	100,005	705,418	-	-	805,423
Other	1,550,130	214,649	-	36,750	1,801,529
Total	32,338,583	1,268,029	14,103,872	1,896,130	49,606,614

NOTE 19. CONSTRUCTION COMMITMENTS

As of June 30, 2025, the District had entered into a \$4.44 million contract for architectural services on a new middle school. At June 30, 2025, there was \$155K remaining costs under this contract. This project is to be paid from Capital Projects Fund's fund balance.

NOTE 20. EXCESS OF EXPENDITURES OVER APPROPRIATIONS BY FUNCTION

The Texas Education Agency requires the budgets for the Governmental fund types to be filed with the TEA. The budget should not be exceeded in any functional category under TEA requirements. Expenditures exceeded appropriations in one functional category in the Child Nutrition Fund for the year ended June 30, 2025.

NOTE 21. 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.

RED OAK INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

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:

Governmental Activities	
Net position as of 8/31/2024 as previously reported	\$20,513,949
Restatement - change in accounting principle to record a liability for compensated absences	<u>(1,410,863)</u>
Net position as of 8/31/2024 as restated	<u>\$19,103,086</u>

NOTE 22. SUBSEQUENT EVENTS

The District's management has evaluated subsequent events through February 19, 2026, the date which the financial statements were available to be issued and has determined that no subsequent events require recognition or disclosure in the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

RED OAK INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 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)	0.037767037%	0.03614564%	0.032705222%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 23,069,683	\$ 24,828,565	\$ 19,416,249
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	31,428,233	35,650,619	32,134,649
Total	<u>\$ 54,497,916</u>	<u>\$ 60,479,184</u>	<u>\$ 51,550,898</u>
District's Covered Payroll	\$ 51,586,861	\$ 48,360,462	\$ 45,057,084
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	44.72%	51.30%	43.09%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.51%	73.15%	75.62%

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

<u>FY 2022</u> <u>Plan Year 2021</u>	<u>FY 2021</u> <u>Plan Year 2020</u>	<u>FY 2020</u> <u>Plan Year 2019</u>	<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year 2017</u>	<u>FY 2017</u> <u>Plan Year 2016</u>	<u>FY 2016</u> <u>Plan Year 2015</u>
0.031340646%	0.0289716%	0.0323693%	0.0313381%	0.0310394%	0.0266819%	0.0326901%
\$ 7,981,353	\$ 15,516,609	\$ 16,826,596	\$ 17,249,246	\$ 9,924,734	\$ 10,082,687	\$ 11,555,515
14,462,630	31,194,241	29,619,459	31,457,583	18,692,496	24,696,717	22,028,279
<u>\$ 22,443,983</u>	<u>\$ 46,710,850</u>	<u>\$ 46,446,055</u>	<u>\$ 48,706,829</u>	<u>\$ 28,617,230</u>	<u>\$ 34,779,404</u>	<u>\$ 33,583,794</u>
\$ 43,084,258	\$ 41,236,006	\$ 39,609,164	\$ 37,473,564	\$ 36,130,933	\$ 3,531,762	\$ 34,890,278
18.52%	37.63%	42.48%	46.03%	27.47%	28.55%	33.12%
88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%

RED OAK INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Contractually Required Contribution	\$ 2,208,767	\$ 2,076,556	\$ 1,809,539
Contribution in Relation to the Contractually Required Contribution	(2,208,767)	(2,076,556)	(1,809,539)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 53,641,552	\$ 50,861,419	\$ 47,948,806
Contributions as a Percentage of Covered Payroll	4.12%	4.08%	3.77%

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

	2022	2021	2020	2019	2018	2017	2016
\$	1,411,773	\$ 1,305,132	\$ 1,179,164	\$ 1,132,623	\$ 1,039,028	\$ 991,363	\$ 971,446
	(1,411,773)	(1,305,132)	(1,179,164)	(1,132,623)	(1,039,028)	(991,363)	(971,446)
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$	44,830,408	\$ 42,387,934	\$ 40,977,144	\$ 39,427,555	\$ 37,140,348	\$ 36,081,222	\$ 35,196,159
	3.15%	3.08%	2.88%	2.87%	2.80%	2.75%	2.76%

RED OAK INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 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	0.050130913%	0.049916%	0.044779583%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 15,215,500	\$ 11,050,590	\$ 10,722,026
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	19,064,815	13,334,235	13,079,187
Total	<u>\$ 34,280,315</u>	<u>\$ 24,384,825</u>	<u>\$ 23,801,213</u>
District's Covered Payroll	\$ 51,586,861	\$ 48,360,462	\$ 45,057,084
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	29.49%	22.85%	23.80%
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>
0.043461241%	0.434976%	0.0452261%	0.0440646%	0.0421796%
\$ 16,764,943	\$ 16,535,394	\$ 21,387,970	\$ 22,001,876	\$ 18,342,308
22,461,287	22,219,606	28,419,826	32,634,849	28,878,835
<u>\$ 39,226,230</u>	<u>\$ 38,755,000</u>	<u>\$ 49,807,796</u>	<u>\$ 54,636,725</u>	<u>\$ 47,221,143</u>
\$ 43,084,258	\$ 41,236,006	\$ 39,609,164	\$ 37,473,564	\$ 36,130,933
38.91%	40.10%	54.00%	58.56%	50.77%
6.18%	4.99%	2.66%	1.57%	0.91%

RED OAK INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
 TEACHER RETIREMENT SYSTEM OF TEXAS
 FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024	2023
Contractually Required Contribution	\$ 460,219	\$ 468,644	\$ 425,859
Contribution in Relation to the Contractually Required Contribution	(460,219)	(468,644)	(425,859)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 53,641,552	\$ 50,861,419	\$ 47,948,806
Contributions as a Percentage of Covered Payroll	0.86%	0.92%	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
\$	362,961	\$ 336,462	\$ 329,016	\$ 310,971	\$ 284,109
	(362,961)	(336,462)	(329,016)	(310,971)	(284,109)
\$	-	\$ -	\$ -	\$ -	\$ -
\$	44,830,408	\$ 42,387,934	\$ 40,977,144	\$ 39,427,555	\$ 37,140,348
	0.81%	0.79%	0.80%	0.79%	76.00%

RED OAK INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2025

PENSION LIABILITY:

Changes of benefit terms:

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

Changes of assumptions:

There were no 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 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. This change decreased the Total OPEB Liability.

COMBINING SCHEDULES

RED OAK INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2025

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program
ASSETS				
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 1,208,534
1240 Due from Other Governments	153,118	189,270	5,820	62,404
1260 Due from Other Funds	3,201	3,810	131	12,019
1000 Total Assets	<u>\$ 156,319</u>	<u>\$ 193,080</u>	<u>\$ 5,951</u>	<u>\$ 1,282,957</u>
LIABILITIES				
2110 Accounts Payable	\$ -	\$ -	\$ -	\$ 4,644
2150 Payroll Deductions and Withholdings Payable	-	-	-	-
2160 Accrued Wages Payable	100,941	94,325	3,967	135,555
2170 Due to Other Funds	55,378	98,755	1,984	10,185
2180 Due to Other Governments	-	-	-	769
2300 Unearned Revenue	-	-	-	28,670
2000 Total Liabilities	<u>156,319</u>	<u>193,080</u>	<u>5,951</u>	<u>179,823</u>
FUND BALANCES				
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	-	1,103,134
Committed Fund Balance:				
3545 Other Committed Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,103,134</u>
4000 Total Liabilities and Fund Balances	<u>\$ 156,319</u>	<u>\$ 193,080</u>	<u>\$ 5,951</u>	<u>\$ 1,282,957</u>

EXHIBIT H-1 (Cont'd)

242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	282 ESSER III ARP Act	289 Other Federal Special Revenue Funds	397 Advanced Placement Incentives	410 State Instructional Materials
\$ 52,518	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,313	\$ -
32,221	-	36,678	23,060	-	49,498	-	19,295
130	-	652	222	-	243	-	-
<u>\$ 84,869</u>	<u>\$ -</u>	<u>\$ 37,330</u>	<u>\$ 23,282</u>	<u>\$ -</u>	<u>\$ 49,741</u>	<u>\$ 20,313</u>	<u>\$ 19,295</u>
\$ 283	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	868	-	-	-	-	-
16,616	-	20,553	6,995	-	7,617	-	-
-	-	15,909	16,287	-	42,124	-	19,295
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>16,899</u>	<u>-</u>	<u>37,330</u>	<u>23,282</u>	<u>-</u>	<u>49,741</u>	<u>-</u>	<u>19,295</u>
67,970	-	-	-	-	-	20,313	-
-	-	-	-	-	-	-	-
<u>67,970</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,313</u>	<u>-</u>
<u>\$ 84,869</u>	<u>\$ -</u>	<u>\$ 37,330</u>	<u>\$ 23,282</u>	<u>\$ -</u>	<u>\$ 49,741</u>	<u>\$ 20,313</u>	<u>\$ 19,295</u>

RED OAK INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2025

Data Control Codes	423 Lease Funds	429 Other State Special Revenue Funds	461 Campus Activity Funds	481 Education Foundation Grant
ASSETS				
1110	\$ 978	\$ -	\$ 431,862	\$ 30,834
1240	-	301,919	-	-
1260	-	25	189	-
1000	<u>\$ 978</u>	<u>\$ 301,944</u>	<u>\$ 432,051</u>	<u>\$ 30,834</u>
LIABILITIES				
2110	\$ -	\$ -	\$ 587	\$ -
2150	-	-	-	-
2160	-	-	3,380	-
2170	-	297,317	177	-
2180	-	781	-	-
2300	-	-	-	-
2000	<u>-</u>	<u>298,098</u>	<u>4,144</u>	<u>-</u>
FUND BALANCES				
Restricted Fund Balance:				
3450	978	3,846	-	-
Committed Fund Balance:				
3545	-	-	427,907	30,834
3000	<u>978</u>	<u>3,846</u>	<u>427,907</u>	<u>30,834</u>
4000	<u>\$ 978</u>	<u>\$ 301,944</u>	<u>\$ 432,051</u>	<u>\$ 30,834</u>

483 Project Lead The Way	Total Nonmajor Governmental Funds
\$ 8,201	\$ 1,753,240
-	873,283
-	20,622
<u>\$ 8,201</u>	<u>\$ 2,647,145</u>
\$ -	\$ 5,514
-	868
-	389,949
-	557,411
-	1,550
5,200	33,870
<u>5,200</u>	<u>989,162</u>
-	1,196,241
3,001	461,742
<u>3,001</u>	<u>1,657,983</u>
<u>\$ 8,201</u>	<u>\$ 2,647,145</u>

RED OAK INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 362,148
5800 State Program Revenues	-	-	-	130,401
5900 Federal Program Revenues	713,580	1,137,347	23,977	3,632,583
5020 Total Revenues	<u>713,580</u>	<u>1,137,347</u>	<u>23,977</u>	<u>4,125,132</u>
EXPENDITURES:				
Current:				
0011 Instruction	276,096	940,102	23,977	-
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	416,170	98,450	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	98,795	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	4,509,276
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	21,314	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0061 Community Services	-	-	-	-
6030 Total Expenditures	<u>713,580</u>	<u>1,137,347</u>	<u>23,977</u>	<u>4,509,276</u>
1200 Net Change in Fund Balance	-	-	-	(384,144)
0100 Fund Balance - July 1st (Beginning)	-	-	-	1,487,279
3000 Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,103,135</u>

	242	244	255	263	282	289	397	410
	Summer	Career and	ESEA II,A	Title III, A	ESSER III	Other Federal	Advanced	State
	Feeding	Technical -	Training and	English Lang.	ARP Act	Special	Placement	Instructional
	Program	Basic Grant	Recruiting	Acquisition		Revenue Funds	Incentives	Materials
\$	42	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	1,412	-	-	-	-	-	204	316,397
	32,221	64,853	176,047	74,259	1,414	100,334	-	-
	33,675	64,853	176,047	74,259	1,414	100,334	204	316,397
	-	64,853	8,145	72,109	1,425	3,351	-	316,397
	-	-	-	-	-	-	-	-
	-	-	167,902	2,150	(11)	95,459	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	204	-
	-	-	-	-	-	1,524	-	-
	23,137	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	23,137	64,853	176,047	74,259	1,414	100,334	204	316,397
	10,538	-	-	-	-	-	-	-
	57,431	-	-	-	-	-	20,313	-
\$	67,969	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,313	\$ -

RED OAK INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes	423 Leose Funds	429 Other State Special Revenue Funds	461 Campus Activity Funds	481 Education Foundation Grant
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ 828,927	\$ 72,112
5800 State Program Revenues	2,615	397,686	2,822	-
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	<u>2,615</u>	<u>397,686</u>	<u>831,749</u>	<u>72,112</u>
EXPENDITURES:				
Current:				
0011 Instruction	-	46,461	281,352	72,851
0012 Instructional Resources and Media Services	-	-	36,896	-
0013 Curriculum and Instructional Staff Development	-	8,685	783	-
0023 School Leadership	-	-	114,891	-
0031 Guidance, Counseling, and Evaluation Services	-	-	37,438	-
0034 Student (Pupil) Transportation	-	-	1,634	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	324,075	-
0041 General Administration	-	-	13,580	-
0051 Facilities Maintenance and Operations	-	295,475	-	-
0052 Security and Monitoring Services	1,637	47,065	-	-
0061 Community Services	-	-	550	-
6030 Total Expenditures	<u>1,637</u>	<u>397,686</u>	<u>811,199</u>	<u>72,851</u>
1200 Net Change in Fund Balance	978	-	20,550	(739)
0100 Fund Balance - July 1st (Beginning)	-	3,846	407,357	31,573
3000 Fund Balance - June 30 (Ending)	<u>\$ 978</u>	<u>\$ 3,846</u>	<u>\$ 427,907</u>	<u>\$ 30,834</u>

	483 Project Lead The Way	Total Nonmajor Governmental Funds
\$	4,800	\$ 1,268,029
	-	851,537
	-	5,956,615
	4,800	8,076,181
	-	2,107,119
	-	36,896
	4,803	794,391
	-	114,891
	-	136,437
	-	3,158
	-	4,532,413
	-	324,075
	-	34,894
	-	295,475
	-	48,702
	-	550
	4,803	8,429,001
	(3)	(352,820)
	3,004	2,010,803
\$	3,001	\$ 1,657,983

REQUIRED T.E.A. SCHEDULES

RED OAK INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2025

Last 10 Years Ended	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2016 and prior years	Various	Various	\$ 1,463,857,755
2017	1.170000	0.370000	1,595,173,935
2018	1.170000	0.370000	1,747,735,130
2019	1.170000	0.370000	1,921,143,807
2020	1.068400	0.370000	2,192,586,347
2021	0.993900	0.365300	2,399,823,473
2022	0.960300	0.365300	2,762,907,727
2023	0.942900	0.348100	3,327,988,150
2024	0.757500	0.348100	3,762,120,416
2025 (School year under audit)	0.755200	0.348100	4,290,868,583
1000 TOTALS			
8000 Total Taxes Refunded Under Section 26.1115, Tax Code			

(10) Beginning Balance 7/1/2024	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2025	(99) Taxes Refunded Under Section 26.1115c
\$ 118,051	\$	\$ 6,945	\$ 2,138	\$ (4,813)	\$ 104,155	
26,923		1,620	512	(1,029)	23,762	
34,106		1,627	515	(1,011)	30,953	
42,766		1,688	534	(519)	40,025	
58,227		4,946	1,713	(418)	51,150	
76,907		38,926	14,307	52,548	76,222	
116,782		50,127	19,068	58,760	106,347	
271,338		127,549	47,088	86,757	183,458	
604,841		72,862	33,482	(281,722)	216,775	
	44,249,309	29,346,322	13,526,822	(666,121)	710,044	
<u>\$ 1,349,941</u>	<u>\$ 44,249,309</u>	<u>\$ 29,652,612</u>	<u>\$ 13,646,179</u>	<u>\$ (757,568)</u>	<u>\$ 1,542,891</u>	
						<u>\$ 47,891</u>

RED OAK INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED JUNE 30, 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	\$ 477,472	\$ 477,472	\$ 362,148	\$ (115,324)
5800 State Program Revenues	62,500	62,500	130,401	67,901
5900 Federal Program Revenues	2,868,000	2,868,000	3,632,583	764,583
5020 Total Revenues	3,407,972	3,407,972	4,125,132	717,160
EXPENDITURES:				
Current:				
0035 Food Services	4,407,972	4,407,972	4,509,276	(101,304)
6030 Total Expenditures	4,407,972	4,407,972	4,509,276	(101,304)
1200 Net Change in Fund Balances	(1,000,000)	(1,000,000)	(384,144)	615,856
0100 Fund Balance - July 1st (Beginning)	1,483,174	1,483,174	1,487,279	4,105
3000 Fund Balance - June 30 (Ending)	\$ 483,174	\$ 483,174	\$ 1,103,135	\$ 619,961

RED OAK INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 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	\$ 14,171,724	\$ 14,171,724	\$ 14,103,872	\$ (67,852)
5800 State Program Revenues	1,389,017	1,389,017	1,548,951	159,934
5020 Total Revenues	15,560,741	15,560,741	15,652,823	92,082
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Liabilities	10,076,701	10,076,701	10,075,000	1,701
0072 Interest on Long-Term Liabilities	6,214,987	6,214,987	6,214,988	(1)
0073 Bond Issuance Cost and Fees	3,300	3,300	3,300	-
6030 Total Expenditures	16,294,988	16,294,988	16,293,288	1,700
1200 Net Change in Fund Balances	(734,247)	(734,247)	(640,465)	93,782
0100 Fund Balance - July 1st (Beginning)	-	-	9,773,049	9,773,049
3000 Fund Balance - June 30 (Ending)	\$ (734,247)	\$ (734,247)	\$ 9,132,584	\$ 9,866,831

RED OAK INDEPENDENT SCHOOL DISTRICT
STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2025

Section A: Compensatory Education Programs

AP1	Did your district expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the district have written policies and procedures for its state compensatory education program?	Yes
AP3	Total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$5,900,976
AP4	Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24,26,28,29,30)	\$3,773,956

Section B: Bilingual Education Programs

AP5	Did your district expend any bilingual education program state allotment funds during the district's fiscal year?	Yes
AP6	Does the district have written policies and procedures for its bilingual education program?	Yes
AP7	Total state allotment funds received for bilingual education programs during the district's fiscal year.	\$611,273
AP8	Actual direct program expenditures for bilingual education programs during the district's fiscal year. (PIC 25)	\$520,714

FEDERAL AWARDS SECTION

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

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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
Red Oak Independent School District
Red Oak, 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 Red Oak Independent School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Red Oak Independent School District's basic financial statements, and have issued our report dated February 19, 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.



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

February 19, 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
Red Oak Independent School District
Red Oak, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Red Oak 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 Red Oak Independent School District's major federal programs for the year ended June 30, 2025. Red Oak 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, Red Oak 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 June 30, 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 Red Oak 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 Red Oak 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 Red Oak 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 Red Oak 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 Red Oak 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 Red Oak 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 Red Oak 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 Red Oak 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

February 19, 2026

RED OAK INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 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 weakness(es) identified: None
Significant deficiency(ies) identified that are not considered to be material weaknesses: None reported
3. Noncompliance which is material to the financial statements: None
4. Internal controls over major federal programs:
Material weakness(es) identified: None
Significant deficiency(ies) identified that are not considered to be material weaknesses: None reported
5. Type of auditor's report on compliance for major federal programs: Unmodified
6. Did the audit disclose findings which are required to be reported in accordance with 2 CFR 200.516(a)?: No
7. Major programs include:
Child Nutrition Cluster:
FALN 84.027A IDEA – Part B, Formula
FALN 84.173A IDEA – Part B, Preschool
FALN 84.048A Career and Technical – Basic Grant
8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.
9. Low risk auditee: Yes

II. Findings Related to the Financial Statements

None

III. Other Findings

None

RED OAK INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal Assistance Listing No.	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through Education Service Center Region 10</u>			
Title III, Part A - English Language Acquisition	84.365 A	25671001057950	\$ 74,259
ESEA, Title II, Part A, Teacher Principal Training	84.367 A	24694501057950	26,450
ESEA, Title II, Part A, Teacher Principal Training	84.367 A	25694501057950	149,597
Total Assistance Listing Number 84.367			<u>176,047</u>
Total Passed Through Education Service Center Region 10			<u>250,306</u>
<u>Passed Through Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010 A	24610101070911	750
ESEA, Title I, Part A - Improving Basic Programs	84.010 A	25610101070911	712,830
Total Assistance Listing Number 84.010			<u>713,580</u>
*IDEA - Part B, Formula	84.027 A	246600010709116	101,583
*IDEA - Part B, Formula	84.027 A	256600010709116	1,035,764
Total Assistance Listing Number 84.027			<u>1,137,347</u>
*IDEA - Part B, Preschool	84.173 A	256610010709116	23,977
Total Special Education Cluster (IDEA)			<u>1,161,324</u>
Career and Technical - Basic Grant	84.048 A	23420006070911	133
Career and Technical - Basic Grant	84.048 A	24420006070911	580
Career and Technical - Basic Grant	84.048 A	25420006070911	64,140
Total Assistance Listing Number 84.048			<u>64,853</u>
Summer School LEP	84.369 A	69552402	4,090
ESEA Title IV, Part A - Students Groups	84.424 A	24680101070911	188
ESEA Title IV, Part A - Students Groups	84.424 A	25680101070911	96,057
Total Assistance Listing Number 84.424			<u>96,245</u>
COVID 19 - ESSER III - School Emergency Relief	84.425 D	25521001070911	1,414
Total Passed Through Texas Education Agency			<u>2,041,506</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>2,291,812</u>
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the Texas Department of Agriculture</u>			
*School Breakfast Program	10.553	VLP6JA2Q3L9	694,181
*National School Lunch Program - Cash Assistance	10.555	VLP6JA2Q3L9	2,682,105
*National School Lunch Prog. - Non-Cash Assistance	10.555	VLP6JA2Q3L9	256,297
Total Assistance Listing Number 10.555			<u>2,938,402</u>
*Summer Feeding Program - Cash Assistance	10.559	806780706	32,221
Total Child Nutrition Cluster			<u>3,664,804</u>
Total Passed Through the Texas Department of Agriculture			<u>3,664,804</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>3,664,804</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 5,956,616</u>
*Clustered Programs			

RED OAK INDEPENDENT SCHOOL DISTRICT
 NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2025

- For all Federal programs, the District uses the fund types specified in Texas Education Agency's *Financial Accountability System Resource Guide*.
 - **General Fund** - is used to account for among other things, resources related to the United States Department of Defense ROTC program and the United States Department of Education's Impact Aid.
 - **Special Revenue Funds** - are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.
- The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund or, in some instances, in the General Fund which are Governmental Fund type funds.

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

- The period of performance for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 90 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Performance of Federal Funds, 3 CFR Section 200.343 (b).
- FALN numbers for commodity assistance are the FALN numbers of the programs under which USDA donated the commodities.
- Indirect cost reimbursement for federal programs for this fiscal year was received in the amount of \$171,432.
- Reconciliation Information:

Amount reported on the Schedule of Expenditures of Federal awards	\$5,956,616
TMHP Medicaid	171,431
SHARS Revenue reported in the General Fund	<u>281,273</u>
Total Federal Program Revenue	<u>\$6,409,320</u>