

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



PROGRESO I.S.D

PROGRESO INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2025

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CERTIFICATE OF BOARD

PROGRESO INDEPENDENT SCHOOL DISTRICT
Name of School District

108910
County Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) _____ approved _____ disapproved for the year ended August 31, 2025 at a meeting of the Board of Trustees of such school district on the 17 of December, 2025.

Signature of Board Secretary

Signature of Board President

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

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

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 the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension information, and other post-employment benefit information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information and required Texas Education Agency (TEA) schedules, as listed in the table of contents, are presented for additional analysis and are not required parts of the basic financial statements. The accompanying combining and individual non-major fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the

basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.

The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Firm's Signature



Harrington, Texas
December 15, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS PROGRESO INDEPENDENT SCHOOL DISTRICT

The purpose of the Management's Discussion and Analysis (MD&A) is to help the Progreso Independent School District (District) residents and other readers understand what the financial statements and notes in this financial report say about the District's economic health and why it changed since last year. It contains information drawn from those other parts of the report, accompanied by explanations provided by the finance staff's knowledge of the District's finances.

This financial report is designed to give our citizens, taxpayers, customers, investors, and creditors a general overview of the District's finances and demonstrate its accountability. If you have questions about this report or need additional financial information, contact the District's Business Office by mail at 100 Business FM 1015/PO Box 610 Progreso, Texas 78579, or telephone at (956) 260-0209.

Overview Of The Financial Statements

The Financial Section of this Annual Financial Report consists of five parts: (1) *management's discussion and analysis* (this section), (2) the *basic financial statements*, (3) *required supplementary information*, (4) *supplementary information*, and (5) *other information*, which is the section that presents additional information required by the Texas Education Agency.

The basic financial statements include government-wide financial statements, which cover the District's governmental activities and provide readers with a broad overview of the District's finances, like a private-sector business. The District's services are reported in the government-wide financial statements. See the diagram in Figure A-1.

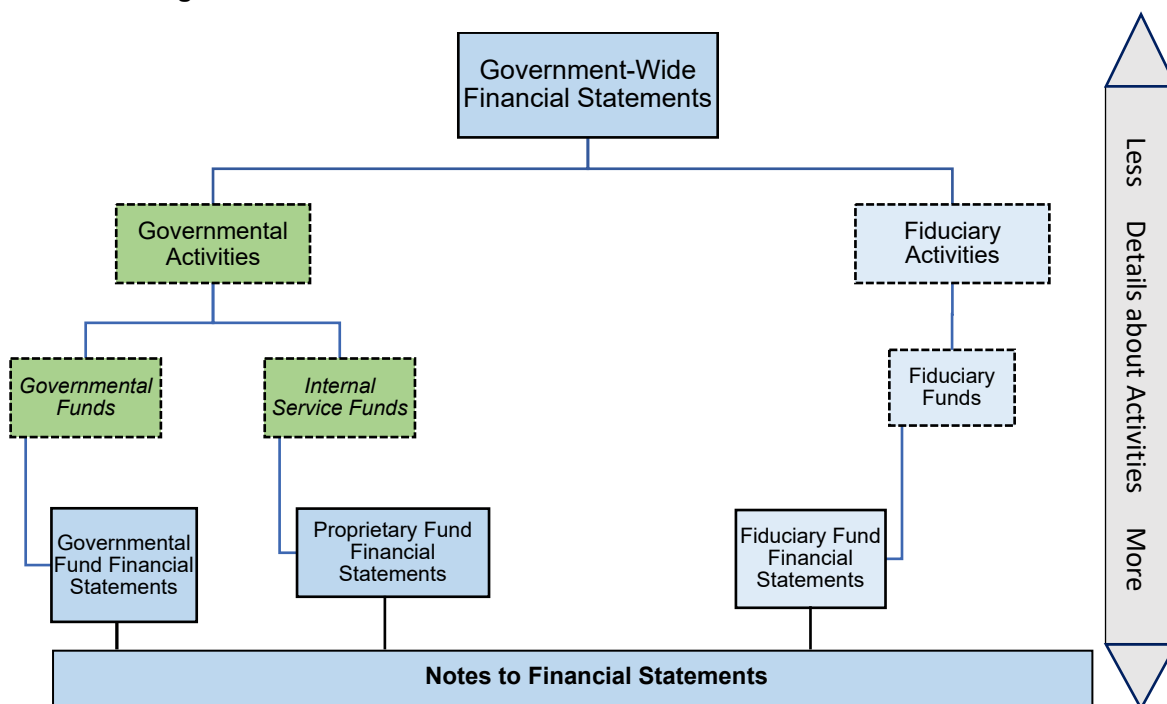
- *Governmental activities* compromise the District's most basic functions, such as instruction, instructional leadership, school leadership, food services, extracurricular activities, and general administration. Governmental activities are primarily financed by property taxes, grants and contributions, and federal and District aid formula grants.

The remaining statements are *fund financial statements* focusing on *individual parts* of the government, reporting the District's operations in more detail than the government-wide statements. As they imply, the *fund financial statements* disaggregate financial information by separate funds to report on the specific purposes for which resources are used or for which they are restricted. The District reports three groups of funds:

- *Governmental fund statements tell how general government services were financed in the short term* and what remains for future spending.
- *Proprietary fund statements offer short- and long-term financial information about the government's activities, such as businesses.*
- *Fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent to benefit others to whom the resources belong.* The District cannot use the resources in those funds to provide services, which is why they are not included in the government-wide financial statements.

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Figure A-1. Contents of the District's Basic Financial Statement



The next section of this financial report contains *notes to financial statements*, which provide a deeper analysis of the District's finances as reported in the financial statements. The information in the notes is as essential to understanding the District's finances as in the financial statements. The District uses notes to (1) present information in greater detail than is possible within the financial statements themselves, (2) explain the nature of amounts reported in the financial statements and how those amounts were determined, and (3) report certain information that does not meet the requirements for inclusion in the financial statements (such as certain contingencies).

The financial statements also include *notes* explaining some of the financial statement information and providing more detailed data. A section of required supplementary information follows that further explains and supports the information in the financial statements. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each Statement.

Types of Information in the Financial Statements

- ***Assets*** — the resources the District controls, from short-term assets such as cash to long-term assets such as land, buildings, furniture, and equipment.
- ***Liabilities*** — amounts the District owes, from short-term liabilities such as salaries payable to long-term liabilities such as outstanding debt and net amounts owed to employees for pensions.
- ***Deferred outflows of resources and deferred inflows of resources*** — flows that occurred during the year or in prior years will not be reported as expenses and revenues until the future year to which they are related.
- ***Revenues and expenses*** — inflows and outflows of economic resources, respectively, related to the current year.

MANAGEMENT'S DISCUSSION AND ANALYSIS
PROGRESO INDEPENDENT SCHOOL DISTRICT

Governmental fund financial statements use the *current financial resources measurement focus and modified accrual basis of accounting* to report the sources, uses, and balances of current financial resources. The governmental funds do not report nonfinancial assets, such as capital assets, or certain other long-term items, such as general obligation bonds, but they do report the flows of current financial resources related to those long-term items; for example, the proceeds from issuing bonds or selling equipment, as well as principal and interest payments on bonds and spending on the construction of a District building.

Figure A-2. Types of Information Reported in the District's Financial Statements

	Financial Statements		
	Government-Wide	Fiduciary Fund	Governmental Fund
Types of assets and liabilities	All assets and liabilities, both financial and non-financial, short and long-term.		Only current financial resources include cash, taxes receivable, and accounts payable.
Types of revenues/additions	All types of revenues/additions that flow into the government during the year and that relate to that year, regardless of when cash is received.		Only revenues that are measurable and available to finance expenditures of that year.
Types of expenses, deductions, expenditures	All types of expenses/deductions that flow out of the government during the year and that relate to that year, regardless of when cash is paid.		Only expenditures for which the related governmental fund liability is incurred in that year.
Types of deferred outflows of resources and deferred inflows of resources	All types of resources that flow into and out of the government during the year that relate to a future year.		Current financial resources that flow into and out of the governmental funds during the year that relate to future years.

The first note to financial statements, the summary of significant accounting policies, begins on page 31 and provides more detail about the measurement focuses and bases of accounting.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
PROGRESO INDEPENDENT SCHOOL DISTRICT

Analysis of the District's Finances

**Table A-1
The District's Net Position**

	Governmental Activities		Total Increase (Decrease)
	2025	2024	2025
Assets:			
Current and Other Assets	\$ 13,938,069	\$ 17,643,331	\$ (3,705,262)
Capital Assets	31,233,024	30,459,158	773,866
Total Assets	45,171,093	48,102,489	(2,931,396)
Deferred Outflows	2,782,993	3,076,561	(293,568)
Liabilities:			
Other Liabilities	1,962,792	3,155,008	(1,192,216)
Long-term liabilities	34,652,302	34,729,515	(77,213)
Total Liabilities	36,615,094	37,884,523	(1,269,429)
Deferred Inflows	5,113,147	9,229,308	(4,116,161)
Net Position:			
Net Investment in Capital Assets	5,084,110	3,500,361	1,583,749
Restricted	574,414	641,964	(67,550)
Unrestricted	567,321	(77,106)	644,427
Totat Net Position	<u>\$ 6,225,845</u>	<u>\$ 4,065,219</u>	<u>\$ 2,160,626</u>

Table A-1 shows that as of August 31, 2025, the District's net position—assets and deferred outflows minus liabilities and deferred inflows was \$6,225,845 an increase of \$2,160,626 or 53.15 percent. This increase is primarily due to a \$1,583,749 million increase in net investment in capital assets and a decrease in current and long-term liabilities of \$1,269,429 or 3.35 percent. Most of the net position increase resulted from the financial performance of the governmental activities.

Governmental Activities

Table A-2 shows that revenues exceed expenses in the current year, increasing the net position. The current year's total net position of the District's governmental activities is \$6,225,845, compared to the prior year's balance of \$4,065,219 increased by \$2,160,626 or 53.15 percent from 2024. Various events contributed to this increase in net position; however, the primary factors affecting the change in net position are as follows:

1. The District's total revenue decreased by \$3,156,802. The decrease was primarily due to:
 - a. The decrease in operating grants and contributions by \$7,321,037 or 57.69 percent, and an increase in federal and state grants and contributions of \$4,635,850 or 44.41 percent.
 - b. Decreases in expenses related to instruction of \$2,400,114 or 20.05 percent, data processing services of \$439,714 or 57.68 percent, and student transportation services of \$727,315 or 52.69 percent.

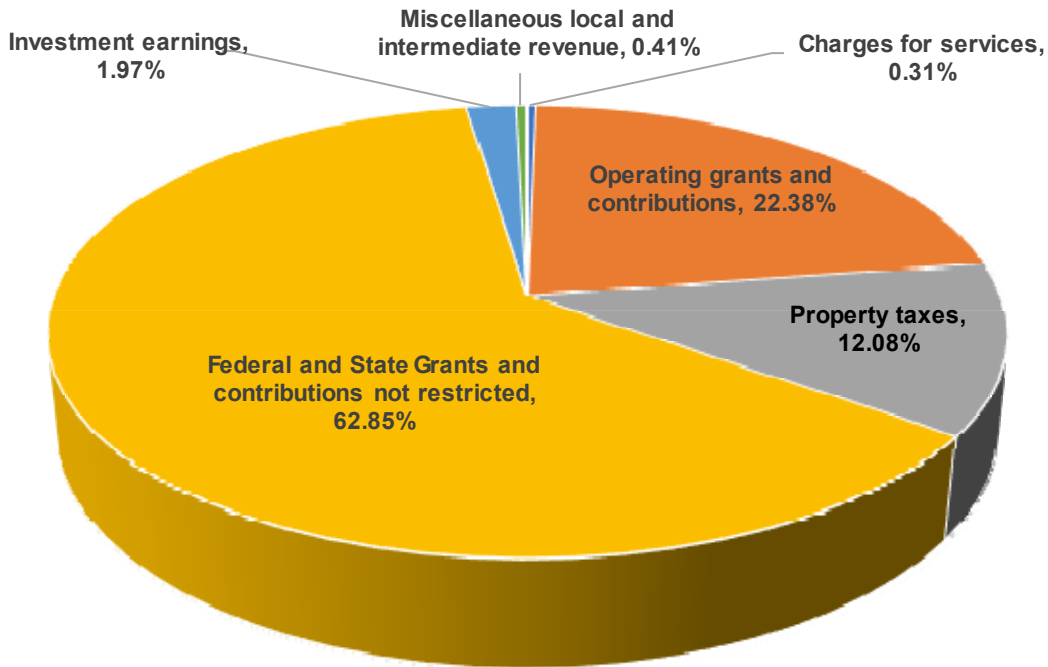
MANAGEMENT'S DISCUSSION AND ANALYSIS
PROGRESO INDEPENDENT SCHOOL DISTRICT

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Table A-2
Changes in the District's Net Position

	Governmental Activities		Increase (Decrease)
	2025	2024	
Revenues			
Program revenues			
Charges for services	\$ 74,871	\$ 114,614	\$ (39,743)
Operating grants and contributions	5,368,261	12,689,297	(7,321,036)
General revenues:			-
Property taxes	2,896,404	3,142,712	(246,308)
Grants and contributions not restricted	15,075,614	10,439,764	4,635,850
Investment earnings	471,950	654,357	(182,407)
Miscellaneous local and intermediate revenue	97,836	100,994	(3,158)
Total General Revenues	<u>23,984,936</u>	<u>27,141,738</u>	<u>(3,156,802)</u>
Expenses			
Instruction	9,569,055	11,969,169	(2,400,114)
Instructional resources and media services	137,790	134,622	3,168
Curriculum and staff development	346,313	413,769	(67,456)
Instructional leadership	247,854	604,407	(356,553)
School leadership	921,404	938,723	(17,319)
Guidance, counseling and evaluation services	615,670	716,463	(100,793)
Social Work Services	98,428	195,123	(96,695)
Health Services	185,794	236,838	(51,044)
Student(pupil) transportation	653,093	1,380,408	(727,315)
Food services	1,627,818	1,768,464	(140,646)
Extracurricular activities	935,584	1,111,914	(176,330)
General administration	828,962	1,143,921	(314,959)
Facilities maintenance and security	3,737,927	3,730,630	7,297
Security and monitoring services	323,968	537,639	(213,671)
Data processing services	322,565	762,279	(439,714)
Community services and administrative support	312,449	226,741	85,708
Debt interest on long-term debt	858,066	910,064	(51,998)
Debt service-bond insurance cost and fees	3,350	3,750	(400)
Payments related to Shared Services Agreement	49,105	39,138	9,967
Other intergovernmental charges	49,114	33,822	15,292
Total expenses	<u>21,824,310</u>	<u>26,857,884</u>	<u>(5,033,574)</u>
Change in net position	2,160,626	283,854	1,876,772
Net position at beginning of year	4,065,219	3,781,365	283,854
Prior period adjustment	-	-	-
Net position at end of year	<u>\$ 6,225,845</u>	<u>\$ 4,065,219</u>	<u>\$ 2,160,626</u>

Figure A-3. Governmental Activities Revenues by Source



Changes in Governmental Activities, Programs, and Operating Revenues

The operating and capital grants and contributions of \$5,368,260 accounted for 22.38 percent of the overall revenue and decreased by \$7,321,036 in 2025. Property taxes of \$2,896,404 decreased by \$246,308, representing 12.08 percent of the total revenue. The District's investment earnings decreased by \$182,407 or 27.88 percent, representing 1.97 percent of the total revenues. Federal and state grants of \$15,075,14 increased by \$4,635,850 or 44.41 percent and represent 62.85 percent of the District's total revenues.

In 2025, the charges for services of \$74,871 accounted for 0.31 percent of overall revenues and decreased by \$39,743, or 34.67 percent.

Most of the additional grant revenue was from a federal program to improve basic education programs, migrant education, English acquisition, campus training and recruiting, and career and technical education.

Increases and Decreases in Revenues Due to the Economy

The decreases in the District's most significant revenue sources are attributed to the District and the national economies. Several statewide measures, such as increasing the homestead exemption from \$100,000 to \$140,000 and additional exemptions for seniors/disabled individuals, reduced property taxable values and lowered property tax income. The District mitigated significant decreases in property tax revenue by increasing property tax rates from \$1.1829 in 2024 to \$1.3029 in 2025.

Lastly, earnings from the district's investments, which account for 1.97 percent of government activities revenues, decreased from \$654,357 in the prior year to \$471,950 in 2025. The District's investment

MANAGEMENT'S DISCUSSION AND ANALYSIS
PROGRESO INDEPENDENT SCHOOL DISTRICT

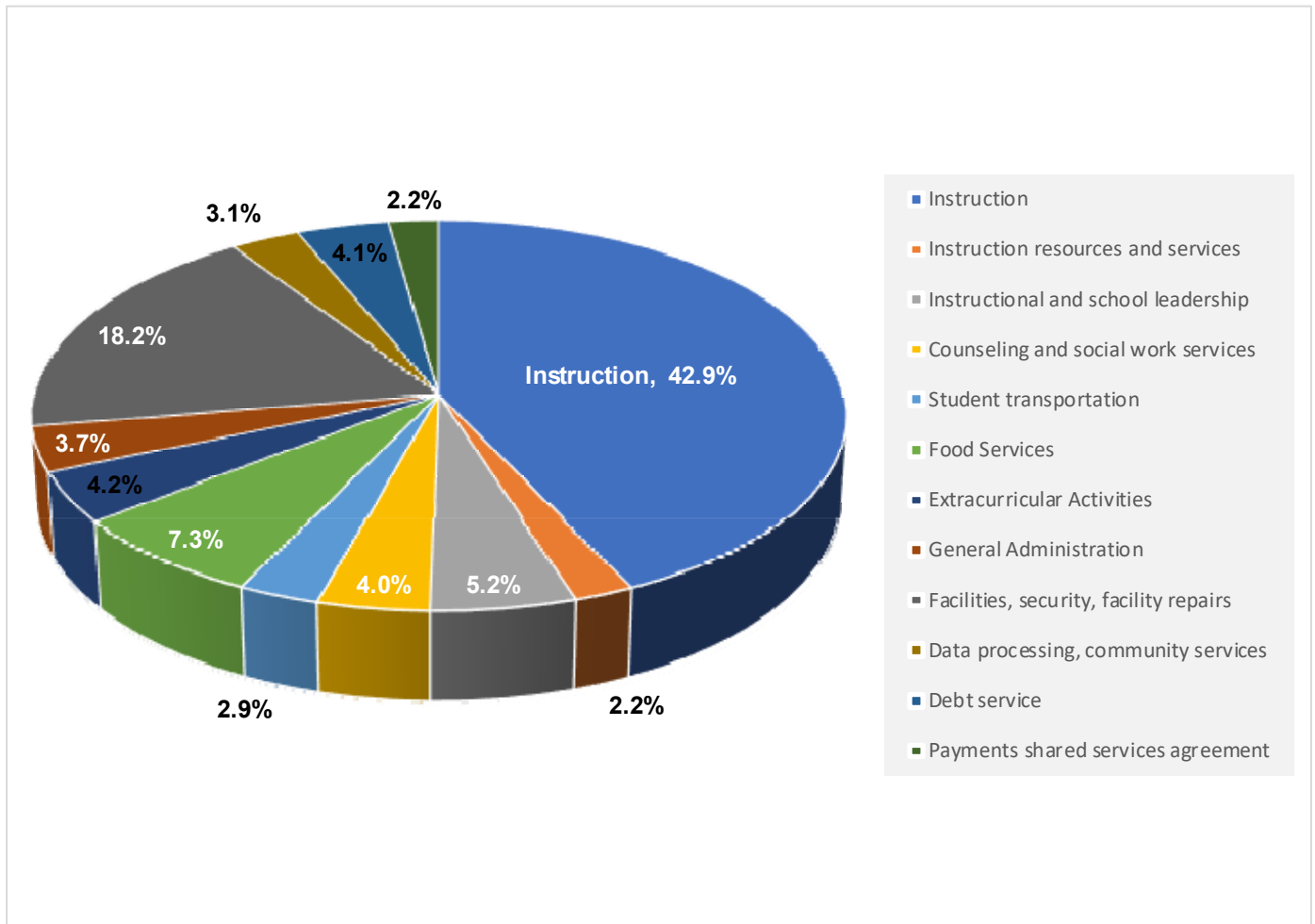
earnings related to governmental activities decreased by \$182,407 in 2025

Federal and State Grants and Contributions

The district's largest sources of revenue in 2025 for governmental activities are the ESEA Title 1 Part A-Improving Basic Programs for the amount of \$1,309,954, and the IDEA-Part B Formula grant, which totaled \$381,821.

Decreases in expenses

Figure A-4. Governmental Activities Expenses by Function



For the year ending August 31, 2025, the District's expenses decreased. Governmental activities expenses decreased 18.74 percent from the prior year's total of \$26,857,884 to an overall total of \$21,824,310 in 2025. Most notably, decreases in expenses related to instruction of \$2,400,114 or 20.05 percent, student transportation of \$727,315 or 52.69 percent, and data processing services of \$439,714 or 57.68 percent.

The overall decrease in governmental activities expenses for most District programs reflects, in part, costs due to cost savings initiatives and the District's increase of its internal services among its various departments and campuses.

MANAGEMENT'S DISCUSSION AND ANALYSIS
PROGRESO INDEPENDENT SCHOOL DISTRICT

Curriculum and staff development expenses represented 2.35 percent of total expenses (see Table A-2); by contrast, they were just 1.54 percent in 2024. The decrease in 2025 was partly related to the District's staff participating in professional staff development offered by Region One Education Service Center and in-house training.

Extracurricular activities accounted for 4.3 percent of the overall expenditures. This function incurred costs and fees for the University Interscholastic League's (UIL) educational events and programs for extracurricular academic, athletic, and music contests. The incurred costs and expenses include personnel costs, supplies, athletic equipment, music instrument repairs, officials for competition events, security, and other related expenses.

Debt service interest payments on long-term debt for governmental activities decreased from \$910,064 in 2024 to \$858,066 in 2025. In 2025, interest on long-term debt for governmental activities approximates 3.9 percent of total expenses. That interest decrease resulted, in part, in decreased principal balances.

By contrast, the function comprising the largest share of governmental activity expenses is Instruction, at 43.8 percent of total expenses, which decreased by 20.05 percent from 2024 to 2025. The decrease resulted from cost saving initiatives implemented during the 2025 school year.

Other Changes in net position

In 2025, the total revenues from governmental activities exceeded total expenses by \$2,160,625. First, the District initiated cost-reduction measures and transferred resources from governmental activities to state and federal grants.

Second, the District's total expenses decreased by \$5,033,574 from \$26,857,884 in 2024 to \$21,824,310.

Governmental funds

The District reports two major funds individually in the governmental fund financial statements: the General Fund and the ESEA Title 1 Part A-Improving Basic Programs. Most of the discussion regarding governmental activities is equally applicable to the finances of those governmental funds. However, certain factors relevant to the District's current financial health are more apparent in the fund's financial statements than in the government-wide financial statements. Those two major funds are shown in Table A-5 and are discussed in more detail below.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
PROGRESO INDEPENDENT SCHOOL DISTRICT

Table A-5
Revenues, Expenditures, and Changes in Fund Balances

	General Fund		ESEA Title 1 Part A Improving Basic Programs	
	2025	2024	2025	2024
Total Revenues	\$ 19,748,363	\$ 18,142,405	\$ 1,309,954	\$ 814,333
Total Expenditures	<u>21,176,759</u>	<u>17,401,344</u>	<u>1,309,954</u>	<u>814,333</u>
Excess (deficiency) of revenues over expenditures	<u>(1,428,396)</u>	<u>741,061</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)				
Proceeds of Right-to-Use Lease	-	-	-	-
Transfers in	-	147,115	-	-
Transfers out	<u>-</u>	<u>(147,115)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1,428,396)	741,061	-	-
Fund balances--beginning of period	<u>12,716,882</u>	<u>11,975,821</u>	<u>-</u>	<u>-</u>
Fund balances--end of period	<u><u>\$ 11,288,486</u></u>	<u><u>\$ 12,716,882</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Fund balance represents the financial standing of a governmental fund as of the end of the fiscal year from a short-term perspective.

General Fund

The District's general fund balance decreased by 11.23 percent, or \$1,428,396. The decrease is attributable to an increase (1) of \$1,605,958 in revenues and (2) expenditures increasing \$3,775,415 from \$17,401,344 in 2024 to \$21,176,759 in 2025. We previously discussed these two items above.

ESEA Title 1 Part A-Improving Basic Programs

In 2025, the District's ESEA Title 1 Part A-Improving Basic Programs revenues totaled \$1,309,954 from federal funding. The District incurred expenses of \$1,309,954. On August 31, 2025, the ESEA Title 1 Part A-Improving Basic Programs fund did not have a fund balance.

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Significant capital asset and long-term financing activity

The discussion thus far has only touched upon certain significant transactions and events during 2025 for capital assets and long-term debt. Overall, the carrying value of capital assets, which is the original cost minus accumulated depreciation, increased by 2.54 percent over 2025. However, that relatively small change does not entirely capture the substantial capital investment activity in 2025.

For the year ending August 31, 2025, the District's construction-in-progress total is \$2,178,910 compared to zero in 2024. Buildings and improvements increased by \$753,028, and the furniture and equipment decreased from \$8,183,958 in 2024 to \$8,090,574 in 2025. Overall capital assets, net of depreciation, increased by \$773,866 in 2025.

Table A-6
The District's Capital Assets

	Governmental Activities		
	2025	2024	Increase (Decrease)
Land	\$ 1,323,232	\$ 1,323,232	\$ -
Construction in progress	2,178,910	-	2,178,910
Buildings and improvements	64,017,082	63,264,054	753,028
Furniture and equipment	8,090,574	8,183,958	(93,384)
Right-to-use furniture and equipment	268,667	268,667	-
SBITA Asset	27,965	27,965	-
Total at historical cost	75,906,430	73,067,876	2,838,554
Total accumulated depreciation	(44,673,406)	(42,608,718)	(2,064,688)
Capital Assets, Net of Depreciation	<u>\$ 31,233,024</u>	<u>\$ 30,459,158</u>	<u>773,866</u>

Significant Long-Term Obligations

The Unlimited Tax Refunding Bonds – Series 2020 are due in annual installments ranging from \$120,000 to \$610,000. The serial bonds mature in the years 2017 through 2040 with interest rates ranging from 3.00% to 4.00%. The Unlimited Tax Refunding Bond, Series 2020 in the amount of \$6,625,000 were issued to refund selected maturities of the District's Unlimited Tax School Refunding Bonds, Series 2010 and Unlimited Tax School Building Bonds, Series 2010, for restructuring and debt service savings and to pay costs issuing the Bonds.

On March 30, 2021, the District issued \$4,980,000 of Unlimited Tax Refunding Bonds, Series 2021 to be used to refund selected maturities of the District's Unlimited Tax School Refunding Bonds, Series 2011 of \$3,765,000 and Unlimited Tax Refunding Bonds, Series 2011A of \$1,925,000, for restructuring and debt service savings and to pay costs of issuing the Bonds. The serial bonds mature in the years 2022 through 2033 with interest rates ranging from 4.00% - 5.00% and are due in annual installments ranging from \$145,000 to \$545,000 with the final maturity on February 15, 2040. The refunding transaction resulted in an economic gain of \$869,933. The percentage savings of refunded bonds was 15.29%.

Total bonds, lease liabilities, and other long-term outstanding debt decreased 4.07 percent to \$34,622,971 in 2025 from \$36,092,742 in 2024.

MANAGEMENT'S DISCUSSION AND ANALYSIS
PROGRESO INDEPENDENT SCHOOL DISTRICT

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By contrast, the amount of outstanding general obligation bonds decreased by 5.17 percent to \$22,945,000 from \$24,195,000. Since 2012, the District has conducted bond calls and has refunded significant amounts of general obligation debt, thereby reducing annual debt payments. In 2021, the District called and refunded \$3,765,000 and \$1,925,000 of general obligation bonds. The District has not issued any new general obligation debt since fiscal year 2022.

As of the end of 2025, the District's general obligation and tax-backed bonds continue to possess the highest available rating from the municipal bond ratings services.

Table A-7
The District's Long-Term Debt

	2025	2024	Increase (Decrease)
General Obligation Bonds	\$ 22,945,000	\$ 24,195,000	\$ (1,250,000)
Premium Discounts	2,329,181	2,492,486	(163,305)
Right-to-Use Lease	6,430	90,717	(84,287)
SBITA	10,236	17,289	(7,053)
Net Pension Liability	6,048,793	6,048,793	-
Net OPEB Liability	3,226,570	3,226,570	-
Claims Payable	32,008	-	32,008
Compensated Balances	24,753	21,887	2,866
Total	<u>\$ 34,622,971</u>	<u>\$ 36,092,742</u>	<u>\$ (1,469,771)</u>

Currently known facts, decisions, or conditions

The District is aware of these developments that will have an impact on the District's finances in the future and were therefore considered during the development of next year's budget:

1. Some families are choosing other school options—such as homeschooling, public charter schools, and private schools.
2. The City's decline in population affects the District's school enrollment.
3. A stagnant state funding—basic student allotment of \$6,160 per student has not changed since 2019.
4. Expired COVID-19 funding.
5. Adoption of the District budget
6. Pension plan changes.

Amendments to the District budget

The District amended the budget as necessary throughout the fiscal year and held numerous board meetings in which the Board of Trustees approved budget variances. Other purposes for the budget meetings were to approve budget amendments, investment reports, cash disbursements, and competitive bids. The Board meeting minutes provided by the District did show amendments at the function level.

Recent economic reports

DATA USA published 2023 economic data for Progreso, TX (the City). In 2023, the City had a population of 4.92k people, a median age of 27.3, and a median household income of \$35,938. Between 2022 and 2023, the population of Progreso, TX grew from 4,914 to 4,918, a 0.0814% increase, and its median household income declined from \$38,686 to \$35,938, a -7.1% decrease.

The five largest ethnic groups in Progreso, TX are White (Hispanic) (49.1%), two Races Including Other (Hispanic) (31.5%), Other (Hispanic) (19.3%), White (Non-Hispanic) (0.0407%), and two Races Excluding Other, & Three or More Races (Non-Hispanic) (0.0407%).

None of the households in Progreso, TX reported speaking a non-English language at home as their primary shared language. This does not account for the potential multilingual nature of households, but only for the primary self-reported language spoken by all household members.

84% of the residents in Progreso, TX, are U.S. citizens.

In 2023, the median property value in Progreso, TX was \$59,300, and the homeownership rate was 79.8%.

Adoption of the District's budget

On August 26, 2024, the District adopted its operating budget for the fiscal year ending August 31, 2025. Many parts of the budget affect the District's finances, including collected local revenues, food service expenditures, and instruction expenditures. The District will see an increase of 70 newly enrolled students, which can also affect budget revenue and expenditure allocations.

Pension Plan

The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The Teacher Retirement System of Texas (TRS) administers the plan. It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67, and the 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 the benefit terms.

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PROGRESO I.S.D

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

PROGRESO I.S.D

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

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 997,079
1120 Current Investments	10,564,116
1220 Property Taxes - Delinquent	669,391
1230 Allowance for Uncollectible Taxes	(33,470)
1240 Due from Other Governments	1,224,905
1300 Inventories	17,431
1410 Prepayments	498,617
Capital Assets:	
1510 Land	1,323,232
1520 Buildings, Net	25,235,471
1530 Furniture and Equipment, Net	2,478,745
1550 Right-to-Use Leased Assets, Net	6,430
1553 SBITA Assets, Net	10,236
1580 Construction in Progress	2,178,910
1000 Total Assets	<u>45,171,093</u>
DEFERRED OUTFLOWS OF RESOURCES	
1705 Deferred Outflow Related to TRS Pension	1,113,668
1706 Deferred Outflow Related to TRS OPEB	1,669,325
1700 Total Deferred Outflows of Resources	<u>2,782,993</u>
LIABILITIES	
2110 Accounts Payable	141,452
2123 Other Liabilities-Compensated Absences, WC Health Claims	56,761
2140 Interest Payable	858,066
2160 Accrued Wages Payable	831,323
2180 Due to Other Governments	54,609
2190 Due to Student Groups	400
2200 Accrued Expenses	20,181
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	1,314,013
Due in More than One Year:	
2502 Bonds, Notes, Loans, Leases, etc.	23,976,834
2540 Net Pension Liability (District's Share)	5,135,620
2545 Net OPEB Liability (District's Share)	4,225,835
2000 Total Liabilities	<u>36,615,094</u>
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	551,490
2606 Deferred Inflow Related to TRS OPEB	4,561,657
2600 Total Deferred Inflows of Resources	<u>5,113,147</u>
NET POSITION	
3200 Net Investment in Capital Assets and Right-to-Use Lease Assets	5,084,110
Restricted:	
3820 Restricted for Federal and State Programs	4,852
3850 Restricted for Debt Service	552,131
3890 Restricted for Other Purposes	17,431
3900 Unrestricted	567,321
3000 Total Net Position	<u><u>\$ 6,225,845</u></u>

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

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

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6 Primary Gov. Governmental Activities
		3 Charges for Services	4 Operating Grants and Contributions	
	Expenses			Net (Expense) Revenue and Changes in Net Position
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 9,569,056	\$ 30,048	\$ 1,390,826	\$ (8,148,182)
12 Instructional Resources and Media Services	137,790	-	145,955	8,165
13 Curriculum and Instructional Staff Development	346,313	-	352,191	5,878
21 Instructional Leadership	247,854	-	121,303	(126,551)
23 School Leadership	921,404	-	31,533	(889,871)
31 Guidance, Counseling, and Evaluation Services	615,670	-	307,600	(308,070)
32 Social Work Services	98,428	-	110,031	11,603
33 Health Services	185,794	-	4,837	(180,957)
34 Student (Pupil) Transportation	653,093	-	13,493	(639,600)
35 Food Services	1,627,818	6,424	1,709,094	87,700
36 Extracurricular Activities	935,584	22,120	16,253	(897,211)
41 General Administration	828,962	16,279	59,004	(753,679)
51 Facilities Maintenance and Operations	3,737,927	-	54,465	(3,683,462)
52 Security and Monitoring Services	323,968	-	10,658	(313,310)
53 Data Processing Services	322,565	-	6,672	(315,893)
61 Community Services	312,083	-	186,375	(125,708)
62 School District Administrative Support (ESC)	366	-	-	(366)
72 Debt Service - Interest on Long-Term Debt	858,066	-	-	(858,066)
73 Debt Service - Bond Issuance Cost and Fees	3,350	-	-	(3,350)
81 Capital Outlay	-	-	847,971	847,971
93 Payments Related to Shared Services Arrangements	49,105	-	-	(49,105)
99 Other Intergovernmental Charges	49,114	-	-	(49,114)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 21,824,310	\$ 74,871	\$ 5,368,261	(16,381,178)
Data Control Codes	General Revenues:			
	Taxes:			
MT	Property Taxes, Levied for General Purposes			1,737,272
DT	Property Taxes, Levied for Debt Service			1,159,132
GC	Grants and Contributions not Restricted			15,075,614
IE	Investment Earnings			471,950
MI	Miscellaneous Local and Intermediate Revenue			97,836
TR	Total General Revenues			18,541,804
CN	Change in Net Position			2,160,626
NB	Net Position - Beginning			4,065,219
NE	Net Position - Ending			\$ 6,225,845

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

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

Data Control Codes	10 General Fund	ESEA 1, A Improving Basic Program	Other Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 3,735	\$ -	\$ 966,020	\$ 969,755
1120 Investments - Current	10,564,116	-	-	10,564,116
1220 Property Taxes - Delinquent	425,272	-	244,119	669,391
1230 Allowance for Uncollectible Taxes	(21,264)	-	(12,206)	(33,470)
1240 Due from Other Governments	250,132	465,027	509,746	1,224,905
1260 Due from Other Funds	935,454	-	-	935,454
1300 Inventories	17,431	-	-	17,431
1410 Prepayments	498,617	-	-	498,617
1000 Total Assets	<u>\$ 12,673,493</u>	<u>\$ 465,027</u>	<u>\$ 1,707,679</u>	<u>\$ 14,846,199</u>
LIABILITIES				
2110 Accounts Payable	\$ 102,121	\$ 5,000	\$ 34,331	\$ 141,452
2160 Accrued Wages Payable	795,664	8,060	27,599	831,323
2170 Due to Other Funds	41,773	448,566	445,515	935,854
2180 Due to Other Governments	24,174	2,460	27,975	54,609
2200 Accrued Expenditures	17,268	941	1,972	20,181
2000 Total Liabilities	<u>981,000</u>	<u>465,027</u>	<u>537,392</u>	<u>1,983,419</u>
DEFERRED INFLOWS OF RESOURCES				
2601 Unavailable Revenue - Property Taxes	404,007	-	231,913	635,920
2600 Total Deferred Inflows of Resources	<u>404,007</u>	<u>-</u>	<u>231,913</u>	<u>635,920</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3410 Inventories	17,431	-	-	17,431
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	454,427	-	-	454,427
3480 Retirement of Long-Term Debt	-	-	166,272	166,272
3600 Unassigned Fund Balance	10,816,628	-	772,102	11,588,730
3000 Total Fund Balances	<u>11,288,486</u>	<u>-</u>	<u>938,374</u>	<u>12,226,860</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 12,673,493</u>	<u>\$ 465,027</u>	<u>\$ 1,707,679</u>	<u>\$ 14,846,199</u>

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

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

EXHIBIT C-2

Total Fund Balances - Governmental Funds		\$ 12,226,860
1	The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.	27,324
2	Capital assets and Right-to-Use Assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. These must be entered for their beginning amounts. The net effect is to decrease net position.	2,731,716
3	Long-term debt including bonds payable, and Right-to-Use and SBITA balances are not financial resources and therefore are not reported in governmental funds. In addition, long-term liabilities, including bonds payable, Right-to-Use and SBITAs are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. These must be entered and adjusted at their end of year amounts. The net effect is to decrease net position.	4,786,222
4	Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to pension liability was Deferred Outflow Resource Related to TRS in the amount of \$1,113,668 Deferred Inflow Resource Related to TRS in amount of \$551,490, and the District's share of the pension liability in the amount of \$5,135,620. The net effect is to decrease net position.	(4,573,442)
5	Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. At the end of the year, the net position related to TRS Care OPEB was a Deferred Resource Outflow in the amount of \$930,867, a Deferred Resource Inflow in the amount of \$8,422,360 and a net OPEB liability in the amount of \$3,226,570.	(7,118,167)
6	Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.	635,920
7	The current year depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(2,490,588)
29 Net Position of Governmental Activities		\$ 6,225,845

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

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

Data Control Codes	10 General Fund	ESEA 1, A Improving Basic Program	Prior Major Capital Projects Fund
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 2,585,666	\$ -	\$ -
5800 State Program Revenues	15,411,369	-	-
5900 Federal Program Revenues	1,751,328	1,309,954	-
5020 Total Revenues	19,748,363	1,309,954	-
EXPENDITURES:			
Current:			
0011 Instruction	9,606,931	528,540	-
0012 Instructional Resources and Media Services	8,521	141,036	-
0013 Curriculum and Instructional Staff Development	36,135	340,080	-
0021 Instructional Leadership	160,848	111,014	-
0023 School Leadership	1,026,987	2,531	-
0031 Guidance, Counseling, and Evaluation Services	397,033	57,618	-
0032 Social Work Services	323	44,618	-
0033 Health Services	208,285	-	-
0034 Student (Pupil) Transportation	723,713	-	-
0035 Food Services	1,824,885	-	-
0036 Extracurricular Activities	1,002,199	-	-
0041 General Administration	978,588	22,111	-
0051 Facilities Maintenance and Operations	4,011,826	-	-
0052 Security and Monitoring Services	468,044	-	-
0053 Data Processing Services	362,040	-	-
0061 Community Services	167,754	62,406	-
Debt Service:			
0071 Principal on Long-Term Liabilities	91,340	-	-
0072 Interest on Long-Term Liabilities	3,088	-	-
0073 Bond Issuance Cost and Fees	-	-	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	-	-	-
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	49,105	-	-
0099 Other Intergovernmental Charges	49,114	-	-
6030 Total Expenditures	21,176,759	1,309,954	-
1200 Net Change in Fund Balances	(1,428,396)	-	-
0100 Fund Balance - September 1 (Beginning)	12,716,882	-	2,857,225
1300 Adjustments and Restatements from Major to Non-Maj	-	-	(2,857,225)
3000 Fund Balance - August 31 (Ending)	\$ 11,288,486	\$ -	\$ -

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

	Other Funds	Total Governmental Funds
\$	1,470,143	\$ 4,055,809
	1,668,414	17,079,783
	1,053,589	4,114,871
	4,192,146	25,250,463
	683,581	10,819,052
	4,914	154,471
	12,025	388,240
	5,998	277,860
	3,434	1,032,952
	235,554	690,205
	65,403	110,344
	-	208,285
	-	723,713
	-	1,824,885
	46,649	1,048,848
	17,257	1,017,956
	178,624	4,190,450
	-	468,044
	-	362,040
	119,692	349,852
	1,250,000	1,341,340
	906,975	910,063
	3,350	3,350
	3,170,921	3,170,921
	-	49,105
	-	49,114
	6,704,377	29,191,090
	(2,512,231)	(3,940,627)
	593,380	16,167,487
	2,857,225	-
\$	938,374	\$ 12,226,860

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

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ (3,940,627)
Transactions to record beginning balances related to current year capital outlays, long-term debt and compensated absences are necessary to convert from modified accrual basis of accounting to the accrual basis of accounting,	(21,887)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the current year capital outlays and debt principal payments is to decrease the change net position. Similarly, current year principal payments on Right-to-Use Leases and SIBTAs are also reclassified as reductions to the Right-To-Use Lease Liability and the SBITA liability which will result in a decrease in the change in Net Position.	4,786,222
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.	(2,490,588)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease the change in net position.	91,005
Current year changes due to GASB 68 increased revenues by \$80,926 and decreased expenditures in the amount of \$55,379. The net effect on the change in the ending net position was a increase in the amount of \$136,305.	136,305
Current year changes due to GASB 75 increased revenues in the amount of \$846,705 but also decreased expenditures in the amount of \$4,446,901. The net effect on the change in the ending net position was an increase in the net position.	3,600,196
Change in Net Position of Governmental Activities	<u><u>\$ 2,160,626</u></u>

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

**PROPRIETARY FUND
FINANCIAL STATEMENTS**

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

	Governmental Activities -
	Internal Service Fund
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 27,324
Total Assets	27,324
NET POSITION	
Unrestricted Net Position	27,324
Total Net Position	\$ 27,324

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

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

	Governmental Activities -
	Internal Service Fund
Operating Income	-
Total Net Position - September 1 (Beginning)	27,324
Total Net Position - August 31 (Ending)	\$ 27,324

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

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

EXHIBIT D-3

	Governmental Activities -
	Internal Service Fund
Net Increase in Cash and Cash Equivalents	-
Cash and Cash Equivalents at Beginning of Year	27,324
Cash and Cash Equivalents at End of Year	\$ 27,324
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Provided By (Used For) Operating Activities:</u>	
Operating Income (Loss)	\$ -

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

**FIDUCIARY FUND
FINANCIAL STATEMENTS**

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

	Custodial Fund
ASSETS	
Cash and Cash Equivalents	\$ 91,173
Due from Other Funds	<u>400</u>
Total Assets	<u>91,573</u>
NET POSITION	
Unrestricted Net Position	<u>91,573</u>
Total Net Position	<u><u>\$ 91,573</u></u>

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

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

	Custodial Fund
ADDITIONS:	
Miscellaneous Revenue - Student	\$ 91,014
Total Additions	<u>91,014</u>
DEDUCTIONS:	
Other Deductions	<u>64,710</u>
Total Deductions	<u>64,710</u>
Change in Fiduciary Net Position	26,304
Total Net Position - September 1 (Beginning)	<u>65,269</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 91,573</u></u>

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

NOTES TO FINANCIAL STATEMENTS

PROGRESO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2025

NOTE I. REPORTING ENTITY

The Progreso Independent School District (District) is a public educational agency operating in accordance with the applicable laws and regulations of the State of Texas. The Board of Trustees (the "Board"), a seven-member group constituting an ongoing entity, is the level of government that has governance responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the District. The governing Board derives its powers from the statutes of the State of Texas and the rules and regulations of the Texas State Department of Education. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" defined by the GASB in Statement No. 14, as amended by GASB 61, *"The Reporting Entity."* The District has no component units.

NOTE II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District prepares its basic financial statements in conformity with generally accepted accounting principles accepted in the United States of America as applied to governmental units in conjunction with the Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide"). The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting principles.

New Accounting Pronouncements

GASB Statement No. 100, *Accounting Changes and Error Corrections*, establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting the beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to the financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, the reporting unit should disclose, in a tabular format, the quantitative effects on beginning balances of each accounting change and error correction, reconciling beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). There were no significant impacts of implementing this Statement.

The District adopted GASB Statement No. 101, *Compensated Absences*. This statement aims to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. It achieves that objective by aligning the recognition and measurement guidance under a unified model and amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The District adopted the provisions of this Statement for the fiscal year ending August 31, 2025.

The District provides its employees with compensated absences, including vacation, sick leave, and other paid leave. In accordance with GASB Statement No. 101, the government recognizes a liability for compensated absences for leave that has not been used and for leave that has been used but not yet paid in cash or settled through noncash means.

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A liability is recognized for unused leave that is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

The liability for compensated absences is measured using employees' pay rates in effect as of the financial statement date. It includes salary-related payments such as the employer's share of Social Security and Medicare taxes, as applicable.

For the year ending August 31, 2025, the District adopted and implemented GASB Statement No. 102, Certain Risk Disclosures. This statement requires the District to identify vulnerabilities due to concentrations or constraints that could substantially impact the District's ability to provide services or meet obligations. The nature of each concentration or constraint (e.g., revenues, resources, suppliers, legal/contractual constraints). The magnitude and potential impact of each vulnerability, if known. Any actions taken or planned to mitigate the risks. Any other relevant information necessary for users to understand the risk and its potential effects

A. Basis of Presentation

The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

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

Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

Major individual government funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated by type and reported as non-major funds.

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

Government-wide financial statements and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded as soon as they are both available and measurable. Revenues are considered available when they are collectible within the current period or soon after, to pay current-period liabilities. For this purpose, the District considers revenues to be available if they are collected within the 60 days after year-end, except for Instructional Facilities Allotment and Existing Debt Allotment funding from the Texas Education Agency (TEA), for which the period was extended to 90 days due to delays by TEA in processing amendments related to this funding. Grants and similar revenues, revenues from the State of Texas, and interest income are all considered susceptible to accrual and have been recognized as revenues in the current period. All other revenue items are considered to be measurable and available only when the government receives cash.

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Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to longevity pay, claims, and judgments, are recorded only when payment is due. When the District incurs an expenditure or expense for which restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted ones.

Unearned revenue is reported in the governmental funds when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received before the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or the government has a legal claim to the resources, the liability for unearned revenue is removed, and revenue is recognized.

In the fund financial statements, governmental funds report fund balances based on the following classifications: non-spendable, restricted, committed, assigned, and unassigned. Restricted fund balances are amounts legally restricted by outside parties for use for a specific purpose.

Commitments of fund balance require action from the Board of Trustees. When appropriate, the Board of Trustees delegates the responsibility to assign fund balance to the Superintendent or his designee. Funds will be utilized in the following spending order: restricted, committed, assigned, and unassigned.

The District reports the following major governmental funds:

- **General Fund** - The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
- **ESEA I, Part A, Improving Basic Programs** – The primary purpose is to ensure that all children have a fair, equal, and significant opportunity to obtain a high-quality education and reach, at a minimum, proficiency on challenging state academic standards and assessments.

Additionally, the District reports the following fund types:

Nonmajor Governmental Funds

- **Special Revenue Funds**—The District accounts for resources restricted to, or designated for, specific purposes by the District or grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.
- **Debt Service Fund**—This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.
- **Capital Projects Fund**—The capital projects fund accounts for the proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions.

Proprietary Funds

- **Internal Service Fund** - An internal service fund accounts for revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis. The District's Internal Service Funds are the Worker's Compensation Plan, Unemployment Clearing Account, and Flexible Spending Clearing.

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Fiduciary Funds

- **Custodial Funds**—The District accounts for resources held for others in a custodial capacity in custodial funds. These funds are used to account for assets held by the District as a custodian for students and other organizations. The District's Custodial Funds consist of the Student Activity Fund.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year's end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in the fund financial statements, certain eliminations are made in preparing the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated, leaving only the net amount recorded as internal balances in the business-type activities column.

C. Other Accounting Policies

1. Cash and Cash Equivalents and Investments

The District's cash and cash equivalents are considered cash on hand and short-term investments with original maturities of three months or less from the date of acquisition.

The District reports its investments at fair value. It categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles.

The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: 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. The District's local government investment pools are recorded at amortized cost as permitted by GASB Statement No. 79, *Certain Investment Pools and Pool Participants*.

2. Receivables and Payables

Interfund activities representing lending/borrowing arrangements that are outstanding at the end of the fiscal year are referred to as "due to / due from other funds." All trade and property tax receivables are shown net of allowances for uncollectible balances.

3. Inventories

The District reports inventories of supplies at weighted average cost, including consumable maintenance and food service items. Supplies are recorded as expenditures when they are consumed. Inventories of food commodities are recorded at market values supplied by the Texas Department of Agriculture. Although commodities are received at no cost, their fair market value is determined by the Texas Department of Agriculture and recorded as inventory and unearned revenue upon receipt. When requisitioned, inventory and unearned revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount. A portion of the fund balance is classified as non-spendable to reflect the minimum inventory quantities necessary for the District's continuing operations.

4. Prepaid Items

Certain vendor payments reflect costs applicable to future accounting periods and are recorded as prepaid items in government-wide and fund financial statements.

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5. Capital Assets

Capital assets, including land, buildings, furniture, equipment, and right-to-use leased assets, are reported in the applicable governmental columns in the government-wide financial statements. The District defines capital assets as assets with an initial individual cost that equals or exceeds \$5,000 and an estimated useful life of over two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

Assets	Years
Infrastructure	30
Buildings	50
Building improvements	20
Vehicles	2-15
Office Equipment	3-15
Computer Equipment	3-15

6. Leases

The District is a lessee under non-cancellable equipment leases. In the government-wide and internal service fund financial statements, the District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) with an initial individual value of \$5,000 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the amount of the lease liability at lease commencement, adjusted for lease payments made at or before that date, plus certain initial direct costs. Subsequently, the leased asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) the lease term, and (3) the lease payments.

- The District uses the interest rate the lessor charges as the discount rate. When the interest rate the lessor charges is not provided, the District generally uses the Federal Reserve Bank Prime Interest Rate as the discount rate for leases.
- The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and, if any, the purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require remeasuring its lease and will remeasure the lease asset and liability if specific changes are expected to significantly affect the lease liability.

Lease assets are reported with other capital assets, and lease liabilities are reported with long-term debt on the statement of net position.

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7. Subscription-Based Information Technology Arrangements (SBITA)

The District has identified various contracts for SBITA financial and educational software. During the fiscal year, the District evaluated the SBITA contracts and determined that one contract does not meet GASB 96's SBITA definition and does not meet the requirements for capitalization as a lease or a liability.

8. Compensated Absences

Vacations are taken within the same year they are earned, and unused days at the end of the year are forfeited. Therefore, no liabilities have been accrued in the accompanying general-purpose financial statements. Employees of the District are entitled to sick leave based on the category/class of employment. State sick leave can be accumulated and carried over to the subsequent year. A liability for unused state sick leave has been recorded in the accompanying general-purpose financial statements.

9. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and 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. Refunding gains and losses on bonds are treated as deferred charges and amortized over the shorter term of existing or new related debt.

10. Deferred Outflows and Inflows of Resources

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

A *deferred outflow of resources* is a consumption of a government's net assets (a decrease in assets over any related decrease in liabilities or an increase in liabilities over any related increase in assets) by the government that applies to future reporting periods. 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, this deferred charge on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter life of the refunded or refunding debt.

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 1) changes in the District's actuarial assumptions; 2) differences between expected and actual actuarial experiences and 3) changes in the District's proportional share of pension liabilities.

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The deferred outflows of resources related to pensions resulting from the District contributions after the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year.

The remaining pension-related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive) who receive pensions through the pension plan.

Deferred outflows of resources for post-employment benefits – 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 1) differences between projected and actual earnings on pension plan investments and 2) changes in the District's proportional share of pension liabilities. The deferred outflows of resources related to post-employment benefits resulting from District contributions after the measurement date will be recognized as reducing the net post-employment benefits liability in the next fiscal year.

The deferred outflows resulting from differences between projected and actual earnings on OPEB plan investments will be amortized over a closed five-year period. The remaining deferred outflows will be amortized over the expected remaining lives so that all employees (active and inactive) are provided with post-employment benefits through the post-employment benefit plan.

A *deferred inflow of resources* is an acquisition of a government's net assets (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that applies 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 became available. The District reported property taxes that are unavailable as deferred inflows of resources on the fund financial statements.

Deferred inflows of resources for pension – Reported in the government-wide financial statement of net position, these deferred inflows result primarily from 1) differences between projected and actual earnings on pension plan investments; 2) changes in actuarial assumptions; 3) differences between expected and actual actuarial experiences and 4) changes in the District's proportional share of pension liabilities. The deferred inflows resulting from the differences between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The remaining pension-related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) who are provided with pension through the pension plan.

Deferred inflows of resources for post-employment benefits – Reported in the government-wide financial statement of net position, these deferred inflows result primarily from 1) changes in actuarial assumptions and 2) differences between expected and actual actuarial experiences. These post-employment-related deferred inflows will be amortized over the expected service lives of all employees (active and inactive employees) who are provided with post-employment benefits through the post-employment benefit plan.

11. Fund Balance Classifications

The following classifications describe the relative strength of the spending constraints:

Non-spendable fund balance – amounts not in spendable form or must be maintained intact. The inventory and prepaid items have been classified correctly in the governmental funds' balance sheet (see Exhibit C-1).

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Restricted fund balance – amounts that can only be spent for specific purposes because of local, state, or federal laws or externally imposed conditions by grantors or creditors. The fund balances for the debt service fund, capital projects fund, child nutrition fund, and other grant funds are classified as restricted.

Committed fund balance – amounts constrained to specific purposes by the District itself, using its highest decision-making authority (i.e., the Board of Trustees). To be reported as committed, amounts cannot be used for any other purposes unless the District takes the same highest level of action to remove or change the constraint.

Assigned fund balance – amounts the District intends to use for a specific purpose. Intent can be expressed by the District or by an official or body to which the Board of Trustees delegates the authority.

Unassigned fund balance - amounts that are available for any purpose.

12. Net Position

Net Position on the Statement of Net Position includes the following:

- Net investment in capital assets - this component of net position consists of capital assets and net accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets or related debt will be included in this component of net position.
- Restricted for federal and state programs—This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets, which federal and state granting agencies restrict.
- Restricted for debt service—This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. The assets arise from bond issuances, which are restricted by bond covenants for future debt service payments.
- Unrestricted net position—This component of net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

13. Data Control Codes

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

14. Use of Estimates

The presentation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

PROGRESO INDEPENDENT SCHOOL DISTRICT
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15. Encumbrance Accounting

The District employs encumbrance accounting whereby purchase orders and contracts document encumbrances for goods or purchases. An encumbrance represents a commitment of Board appropriation related to unperformed contracts for goods or services. Issuing a purchase order or signing a contract creates an encumbrance but does not represent an expenditure for the period, only a commitment to expend resources. Appropriations lapse on August 31st, and encumbrances outstanding are either canceled or appropriately provided for in the subsequent year's budget.

NOTE III. RELATED PARTIES

For the year ended August 31, 2025, the District did not have any related parties.

NOTE IV. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Data

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund, and the Child Nutrition Program Fund. The District must present each fund's adopted and final amended budgeted revenues and expenditures. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1, and the Child Nutrition Program Fund and Debt Service Fund budgets are in Exhibits J-2 and J-3, respectively.

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

1. Before August 20th, the District prepares a budget for the next succeeding fiscal year beginning September 1st. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called to adopt the proposed budget. At least ten days' public notice of the meeting must be given.
3. Before September 1st, the budget is legally enacted by passing a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by the approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end. Amendments were necessary during the year.

B. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violations Reported</u>	<u>Actions Taken</u>
None	Not applicable

C. Deficit Fund Balances of Individual Funds or Deficit Net Position

As of August 31, 2025, the District did not have any deficit fund balances.

PROGRESO INDEPENDENT SCHOOL DISTRICT
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D. Excess of Expenditures over Appropriations

As of August 31, 2025, the District's General Fund did not have any excess of expenditures over appropriations.

NOTE V. DEPOSITS AND INVESTMENTS

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

The District's investment policy is in accordance with the Public Funds Investment Act, the Public Funds Collateral Act, and federal and state laws. It contains specific provisions in investment practices, management reports, and the 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, and (9) bid solicitation preferences for certificates of deposit.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, Fair Value Measurement and Application, provides a framework for measuring fair value, establishing a three-level fair value hierarchy that describes the inputs used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs - other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. Suppose a price for an identical asset or liability is not observable. In that case, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes unobservable inputs. Suppose the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy. In that case, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

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) banker's 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.

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 principals, 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

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than AAA or AAAm or an equivalent rating by at least one nationally recognized service; and 3) maintain the market value of its underlying investment portfolio within one-half of one percent of the value of its shares.

For the year ended August 31, 2025, the District invested in TexPool. TexPool is the largest and oldest local government investment pool in the State of Texas. The State Comptroller of Public Accounts oversees TexPool, and Federated Hermes is the full-service provider to the pools. The investment pools seek to maintain a \$1.00 value per share as required by the Texas Public Funds Investment Act. There are no minimum balance requirements for TexPool, and there is no limit on the number of accounts a participant can have. TexPool's service fee is 4.5 basis points annually and is calculated daily on each pool's fund balance. The fees are deducted from the pool's interest earnings, so there is no direct reduction to the client account. Interest accrues daily and is paid monthly and can be left in the client's account or withdrawn. Deposits and withdrawals can be made on any business day.

On August 31, 2025, the District's investment balances and weighted average maturity of these investments were as follows:

		Quoted Prices In Active Markets for August 31, 2025	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Percent of Total Investments	Weighted Average Maturity (Days)	Credit Rating
Investments Measured at Amortized Cost Not Subject to Level Reporting							
Investment pools:							
TexPool - Local Maintenance	\$ 7,685,024	\$ 7,685,024	\$ -	\$ -	71.52%	30	AAAm
Lonestar-General fund	3,060,019	3,060,019	-	-	28.5%	30	AAAm
Total Investments	\$ 10,745,043	<u>\$10,745,043</u>	<u>\$ -</u>	<u>\$ -</u>	<u>100.00%</u>		
Cash and Checking Accounts	3,762,501						
Total Cash and Cash Equivalents and Investments	<u>\$ 14,507,544</u>						

The following is a reconciliation of the District's total cash and investments as of August 31, 2025:

<u>Governmental activities</u>	<u>Total</u>
Deposits and petty cash	\$ 969,755
Investments	10,745,043
Total governmental activities	<u>11,714,798</u>
 <u>Fiduciary Funds</u>	
Student Activity Funds	63,112
Superintendent's Scholarship Fund	28,061
Total fiduciary funds	<u>91,173</u>
Total	<u>\$ 11,805,971</u>

PROGRESO INDEPENDENT SCHOOL DISTRICT
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Credit Risk

This is the risk that a security issuer may default on interest or principal payment. State law limits investments in local government pools to those rated AAA or equivalent by at least one Nationally Recognized Statistical Rating Organization (NRSRO).

The District controls and monitors this risk by purchasing quality-rated instruments evaluated by agencies such as Standard and Poor's (S&P) or Moody's Investors Service, or by investing in public fund investment pools rated no lower than AAA or AAAM. The District's investments for the current fiscal year met the required rating.

Interest-Rate Risk

This type of risk occurs when potential purchases of debt securities do not agree to pay face value for those securities if interest rates rise. In accordance with state law and the District's investment policy, the District does not purchase any investments greater than five (5) years for its operating funds.

Concentration Risk

The investment portfolio is diversified in terms of investment instruments and maturity scheduling to reduce the risk of loss resulting from over-concentration of assets in a specific class of investments, specific maturity, or specific issuer.

Custodial Credit Risk – Deposits

State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the District complies with this law, it has no custodial risk for deposits.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investments in the external investment pool are not exposed to custodial risk. External investment pools are not subject to custodial risk because investments are not evidenced by securities in physical or book entry form. State law limits investments in public funds investment pools to those rated no lower than AAA or AAAM or an equivalent rating by at least one nationally recognized rating service. As of August 31, 2025, the District's investments are held in the District's name and have met the required rating.

NOTE VI. Cash Deficit and Funds in Transit

On August 31, 2025, the General Fund had a cash deficit of \$180,927. The deficit resulted from the timing of cash transfers between the District's investment account and its primary operating bank account. As of year-end, \$180,927 was in transit from the District's TEXPOOL investment account and was deposited into the operating account subsequent to year-end. The District expects that the cash deficit will be eliminated once the funds in transit are received. Refer to Note VII. Payroll clearing Funding's Cash Balance.

NOTE VII. Payroll Clearing Fund's Cash Balance

GASB Implementation Guide 2015-1, Question 7.81.1, requires the payroll clearing fund to be reported in the general fund rather than as a separate fund type as a fiduciary or agency/custodial fund. As a result, the District reported the payroll clearing fund's cash balance of \$3,735 in the general fund.

PROGRESO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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Management monitors cash balances daily and has procedures in place to ensure timely transfers between accounts to meet operating needs.

NOTE VIII. Certain Risk Disclosures: Concentrations and Constraints

Concentration in State Funding

For the fiscal year ended August 31, 2025, the District received approximately 67.40% of its total revenues from the State of Texas under the Foundation School Program, as provided by the Texas Education Code. This significant reliance on state funding represents a concentration of inflows of resources. The District is therefore exposed to the risk that changes in state appropriations, funding formulas, or eligibility criteria could materially affect its financial position and operations.

Statutory and Regulatory Constraints

State funding for Texas school districts is subject to biennial appropriations by the Texas Legislature. The Legislature may change funding formulas, appropriations levels, or eligibility criteria during each legislative session. The District is also subject to recapture provisions ("Robin Hood") that may require the remittance of local tax revenue to the state for redistribution. Additionally, the Texas Constitution requires a balanced state budget, and state revenue shortfalls may result in reductions to public education appropriations. Statutory caps and mandates may further limit the District's ability to increase expenditures or respond to funding changes.

Events and Vulnerability

During the fiscal year and through the date of issuance of these financial statements, the State of Texas has experienced budgetary pressures that have resulted in delayed or reduced appropriations to school districts. If such events continue or worsen, the District could experience a substantial impact on its ability to fund operations and programs.

Mitigating Actions

The District has established a budget stabilization reserve to address potential shortfalls in state funding, implemented expenditure controls, and put in place contingency plans. It engages through the Texas Association of School Boards and other public-school organizations in ongoing communication with state officials and legislative representatives on the importance of timely and adequate funding for public education.

NOTE IX. PROPERTY TAX

Property taxes are levied by October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which they were imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due, are receivable within the current period, and are expected to be collected 60 days after the close of the school fiscal year. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. The District's 2024 tax rate was \$0.7892 for maintenance and operations and \$0.5137 for debt service per \$100 assessed valuation. The 2025 assessed valuation was \$278,670,558. Allowances for uncollectible within the general and debt service funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

On August 31, 2025, the property tax receivables for the general and debt service funds were \$669,391, with a corresponding allowance for doubtful accounts of \$33,470.

PROGRESO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2025

NOTE X. Receivables and Unearned Revenues

Receivables as of year-end for the District's individual major and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Title 1, Pt. A Improving Basic Pgms	Debt Service Fund	Nonmajor Governmental Funds	Total Receivables
Property taxes	\$ 425,272	\$ -	\$ 244,119	\$ -	\$ 669,391
Due from other funds	935,454	-	-	-	935,454
Due from other governments	250,132	465,027	-	509,746	1,224,905
Gross Receivables	1,610,858	465,027	244,119	509,746	2,829,750
Less: Allowance for Uncollectible	21,264	-	12,206	-	33,470
Net Total Receivables	<u>\$ 1,589,594</u>	<u>\$ 465,027</u>	<u>\$ 231,913</u>	<u>\$ 509,746</u>	<u>\$ 2,796,280</u>

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period or in connection with resources that have been received but not yet earned. As of August 31, 2025, the District did not have unearned revenues.

A. Disaggregation of Receivables and Payables

Payables on August 31, 2025, were as follows:

	General Fund	Title 1, Pt. A Improving Basic Pgms	Debt Service Fund	Nonmajor Governmental Funds	Total Payable
Accounts payable	\$ 102,121	\$ 5,000	\$ -	\$ 34,331	\$ 141,452
Due to other funds	41,773	448,566	-	445,515	935,854
Due to other governments	24,174	2,460	27,646	329	54,609
Total Governmental Funds	<u>\$ 168,068</u>	<u>\$ 456,026</u>	<u>\$ 27,646</u>	<u>\$ 480,175</u>	<u>\$ 1,131,915</u>

B. Interfund Receivables and Payables

The composition of interfund balances as of August 31, 2025, is as follows:

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 41,373	\$ 41,773
Major Special Revenue Fund	448,566	448,566
Nonmajor Governmental Funds	445,515	445,515
Total Governmental Funds	935,454	935,854
Fiduciary Funds	400	-
Total Fiduciary Funds	400	-
Total	<u>\$ 935,854</u>	<u>\$ 935,854</u>

Interfund transfers are defined as "flows of assets without equivalent flow of assets in return and without a requirement for repayment." Transfers are the use of funds collected in one fund and are transferred to finance various programs accounted for in other funds. The outstanding balance between funds resulted mainly from the time lag between the dates transactions are recorded in the accounting system, and

PROGRESO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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payments between the funds are made. Amounts payable are scheduled for repayment within one year.

NOTE XI. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Governmental Activities:					
Capital Assets, Not Being Depreciated					
Land	\$ 1,323,232	\$ -	\$ -	\$ -	\$ 1,323,232
Construction in progress	-	2,178,910	-	-	2,178,910
Total capital assets, not being depreciated	<u>1,323,232</u>	<u>2,178,910</u>	<u>-</u>	<u>-</u>	<u>3,502,142</u>
Capital assets, being depreciated					
Buildings and improvements	63,264,054	753,028	-	-	64,017,082
Vehicles	2,045,971	184,230	(375,662)	-	1,854,539
Equipment	6,137,987	148,286	(45,041)	(5,197)	6,236,035
Right to Use Assets					-
Leased Furniture and Equipment	268,667	-	-	-	268,667
Subscription Software (SBITA)	27,965	-	-	-	27,965
Total capital assets being depreciated	<u>71,744,644</u>	<u>1,085,544</u>	<u>(420,703)</u>	<u>(5,197)</u>	<u>72,404,288</u>
Total capital assets	<u>73,067,876</u>	<u>3,264,454</u>	<u>(420,703)</u>	<u>(5,197)</u>	<u>75,906,429</u>
Less accumulated depreciation for:					
Buildings and improvements	(36,789,243)	(1,992,368)	-	-	(38,781,611)
Vehicles	(1,160,653)	(152,360)	375,662	-	(937,351)
Equipment	(4,470,196)	(254,520)	50,238	-	(4,674,478)
Right to Use Assets					
Leased Furniture and Equipment	(177,950)	(84,287)	-	-	(262,237)
Subscription Software (SBITA)	(10,676)	(7,053)	-	-	(17,729)
Total accumulated depreciation	<u>(42,608,718)</u>	<u>(2,490,588)</u>	<u>425,900</u>	<u>-</u>	<u>(44,673,406)</u>
Governmental activities capital assets, net	<u>\$ 30,459,158</u>	<u>\$ 773,866</u>	<u>\$ 5,197</u>	<u>\$ (5,197)</u>	<u>\$ 31,233,023</u>

The calculation of Net Investments in Capital Assets, as presented in Exhibit A-1, is as follows:

Capital Assets, Net of Depreciation and Amortization	\$ 31,233,023
Less capital-related debt and interest	(26,148,913)
Net Investment in Capital Assets per Exhibit A-1	<u>\$ 5,084,110</u>

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PROGRESO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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The District allocated a net depreciation expense of \$2,490,588 to the following functions:

Depreciation Allocation 2024-2025	
Instruction	1,138,529
Instructional Resources and Media Services	16,256
Curriculum and Instructional Staff Developme	40,856
Instructional Leadership	29,240
School Leadership	108,701
Guidance, Counseling and Evaluation Service	72,633
Social Work Services	11,612
Health Services	21,919
Student (Pupil) Transportation	76,159
Food Services	192,040
General Administration	110,374
Facilities Maintenance and Operations	107,123
Security and Monitoring Services	440,977
Extracurricular Activities	49,254
Data Processing Services	38,099
Community Services	36,816
	<u>\$ 2,490,588</u>

NOTE XII. LONG-TERM OBLIGATIONS

Long-term obligations include bonds payable, capital lease payable, claims payable, net pension and OPEB liability. Changes in long-term obligations for the year ended August 31, 2025, are as follows:

Governmental Activities:	Interest						
<i>Bonds Payable</i>	Rate	Beginning			Ending	Due in	Interest
General Obligation Bonds	Payable	Balance	Increase	Decrease	Balance	One Year	Payable
Unlimited Tax Refunding Bonds							
Series 2012	2.5% - 4%	\$ 2,015,000	\$ -	\$ 180,000	\$ 1,835,000	\$ 180,000	\$ 51,900
Series 2016	2% - 4%	3,900,000	-	265,000	3,635,000	275,000	132,325
Series 2020	3% - 4%	4,900,000	-	225,000	4,675,000	235,000	182,300
Series 2021	4% - 5%	3,920,000	-	405,000	3,515,000	425,000	132,100
Series 2022	3.5% - 5%	9,460,000	-	175,000	9,285,000	185,000	358,925
Total Series Bonds		24,195,000	-	1,250,000	22,945,000	1,300,000	857,550
Premium on issuance of bonds		2,492,486	-	163,305	2,329,181	163,305	-
Right-to-use Lease Liability	3.94%	90,717	-	84,287	6,430	6,430	21
SBITA Liability	7.27%	17,289	-	7,053	10,236	7,583	495
Net Pension Liability		6,048,793	-	913,173	5,135,620	-	-
Net OPEB Liability		3,226,570	999,265	-	4,225,835	-	-
Compensated Absences		-	24,753		24,753	24,753	
WC Claims		21,887	10,121	-	32,008	32,008	-
Total Governmental Activities		<u>\$ 36,092,742</u>	<u>\$ 1,034,139</u>	<u>\$ 2,417,818</u>	<u>\$ 34,709,063</u>	<u>\$ 1,534,079</u>	<u>\$ 858,066</u>

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PROGRESO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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A. Advance Refunding in Prior Years

The Unlimited Tax Refunding Bonds – Series 2020 are due in annual installments ranging from \$120,000 to \$610,000. The serial bonds mature in the years 2017 through 2040 with interest rates ranging from 3.00% to 4.00%. The Unlimited Tax Refunding Bond, Series 2020 in the amount of \$6,625,000 were issued to refund selected maturities of the District's Unlimited Tax School Refunding Bonds, Series 2010 and Unlimited Tax School Building Bonds, Series 2010, for restructuring and debt service savings and to pay costs issuing the Bonds.

On March 30, 2021, the District issued \$4,980,000 of Unlimited Tax Refunding Bonds, Series 2021 to be used to refund selected maturities of the District's Unlimited Tax School Refunding Bonds, Series 2011 of \$3,765,000 and Unlimited Tax Refunding Bonds, Series 2011A of \$1,925,000, for restructuring and debt service savings and to pay costs of issuing the Bonds. The serial bonds mature in the years 2022 through 2033 with interest rates ranging from 4.00% - 5.00% and are due in annual installments ranging from \$145,000 to \$545,000 with the final maturity on February 15, 2040. The refunding transaction resulted in an economic gain of \$869,933. The percentage savings of refunded bonds was 15.29%.

B. Bond Debt Service Requirements

Bond debt service requirements for bonds are as follows:

	August 31,	Principal	Interest	Total Requirements
2026	\$	1,300,000	\$ 857,550	\$ 2,157,550
2027		1,345,000	806,425	2,151,425
2028		1,400,000	751,425	2,151,425
2029		1,455,000	695,675	2,150,675
2030		1,515,000	696,650	2,211,650
2031-2035		6,705,000	2,266,050	8,971,050
2036-Thereafter		9,225,000	2,523,903	11,748,903
		<u>\$ 22,945,000</u>	<u>\$ 8,597,678</u>	<u>\$ 31,542,678</u>

C. Right-to-Use Liability and SBITA Requirements

Right-to-Use Liability and SBITA requirements are as follows:

Xerox Right-to-Use Lease Liability			
August 31,	Principal	Interest	Total Requirements
2026	6,430	21	6,451
	<u>\$ 6,430</u>	<u>\$ 21</u>	<u>\$ 6,451</u>

PowerSchool SBITA			
August 31,	Principal	Interest	Total Requirements
2026	7,583	495	\$ 8,078
2027	2,652	40	\$ 2,693
	<u>\$ 10,236</u>	<u>\$ 535</u>	<u>\$ 10,771</u>

PROGRESO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2025

NOTE XIII. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

Revenues from local and intermediate sources consisted of the following:

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
Property taxes	\$ 2,058,204	\$ 1,337,948	\$ -	3,396,152
Penalties and Interest	64,386	46,212	-	110,598
Investment Earnings	400,967	-	70,983	471,950
Other Revenues	30,097	-	47,012	77,109
Total	<u>\$ 2,553,654</u>	<u>\$ 1,384,160</u>	<u>\$ 117,995</u>	<u>\$ 4,055,809</u>

NOTE XIV. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

In the fiscal year, the District reported deferred outflows and inflows of resources in connection with its employee pension plan and other employee benefit pension plans. Governmental funds report deferred inflows in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition for resources that have been received but not yet earned. The deferred outflows and inflows are as follows:

	Statement of Net Position	Balance Sheet - Governmental Funds			
		ESEA			
		Title 1, Pt. A Improving Basic Pgms	Debt Service Fund	Total Governmental Funds	
	Governmental Activities	General Fund			
<u>Deferred outflows of resources:</u>					
Deferred outflows from TRS Pension	\$ 1,113,668	\$ -	\$ -	\$ -	\$ 1,113,668
Deferred outflows from TRS OPEB	<u>1,669,325</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,669,325</u>
Total deferred outflows of Resources	<u>\$ 2,782,993</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,782,993</u>
<u>Deferred inflows of resources:</u>					
Deferred inflows from TRS Pension	\$ 551,490	\$ -	\$ -	\$ -	\$ 551,490
Deferred inflows from TRS OPEB	4,561,657	-	-	-	4,561,657
Unavailable property taxes	-	404,007	-	231,913	635,920
Unearned SHARS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>\$ 5,113,147</u>	<u>\$ 404,007</u>	<u>\$ -</u>	<u>\$ 231,913</u>	<u>\$ 5,749,067</u>

NOTE XV. CONTINGENT AND CONTINGENCIES

The District participates in numerous state and federal grant programs governed by various rules and regulations of the grantor agencies.

Audits of these programs for the period ending August 31, 2025, have not been conducted. Accordingly, the District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures that the granting agencies may disallow cannot be determined at this time, although the District expects such amounts to be immaterial.

PROGRESO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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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. The collectability of any related receivable at August 31, 2025, may be impaired. In the district's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants.

The District is a party to various legal actions, none of which the administration believes will have a material effect on its financial condition. Accordingly, no provision for losses has been recorded in the accompanying financial statements for such contingencies.

The District does not have active construction projects as of August 31, 2025.

NOTE XVI. DEFINED BENEFIT RETIREMENT PLAN

Summary of Significant Accounting Policies

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

A. Plan Description

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

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

B. Pension Plan Fiduciary Net Position

Detail information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at https://www.trs.texas.gov/Pages/about_publications.aspx; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

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PROGRESO INDEPENDENT SCHOOL DISTRICT
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C. Benefits Provided

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

Accordingly, the 2023 Texas Legislature passed Senate Bill (SB) 10 and House Joint Resolution (HJR) 2 to provide eligible retirees with a one-time stipend and an ad hoc cost-of-living-adjustment (COLA).

One-Time Stipends

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

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

Cost-of-Living Adjustment

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

- 2% COLA for eligible retirees who retired between September 1, 2013, and August 31, 2020.
- 4% COLA for eligible retirees who retired between September 1, 2001, and 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. The System's actuary determines the actuarial implications of the funding provided in this manner.

D. Contributions

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

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

PROGRESO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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	Contribution Rates
	<u>2024</u>
Member (Employee)	8.25%
Employers (District)	8.25%
Non-employer contributing entity (State)	8.25%

As of August 31, 2025, the District and employee contributions are as follows:

Current fiscal year employer contributions	\$ 521,611
Current fiscal year member contributions	\$ 1,138,251
2024 measurement year NECE on-behalf contributions	\$ 819,477

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

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

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

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

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

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PROGRESO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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E. Actuarial Assumptions

The total pension liability in the August 31, 2023, actuarial valuation was determined using the following actuarial assumptions: Actuarial Assumptions can be found in the 2024 TRS ACFR, Note 11, page 88.

Valuation Date	August 31, 2023, rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term Expected Rate	7.00%
Municipal Bond Rate as of August 2024	3.87%--The source for the rate is the Bond Buyers 20 index which represents the estimated yield of a portfolio of 20 general obligation bonds maturing in 20 years based on a survey of municipal bond traders.
Last year ending August 31 in Projection Period (100 Years)	2123
Inflation	2.30%
Salary Increases	2.95% to 8.95% including inflation

The actuarial methods and assumptions used to determine the total pension liability are the same as those 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 22, 2023.

Discount Rates

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

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PROGRESO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2025

<u>Asset Class *</u>	<u>Target Allocation % **</u>	<u>Long-Term Expected Geometric Real Rate of Return ***</u>	<u>Expected Contribution to Long-Term Portfolio Returns</u>
Global Equity			
USA	18.0%	4.4%	1.0%
Non-US Developed	13.0%	4.2%	0.8%
Emerging Markets	9.0%	5.2%	0.7%
Private Equity*	14.0%	6.7%	1.2%
Stable Value			
Government Bonds	16.0%	1.9%	0.4%
Absolute Return*	0.0%	4.0%	0.0%
Stable Value Hedge Funds	5.0%	3.0%	0.2%
Real Return			
Real Estate	15.0%	6.6%	1.2%
Energy, Natural Resources & Infrastructure	6.0%	5.6%	0.4%
Commodities	0.0%	2.5%	0.0%
Risk Parity	8.0%	4.0%	0.4%
Asset Allocation Leverage			
Cash	2.0%	1.0%	0.0%
Asset Allocation Leverage	-6.0%	1.3%	-0.1%
Inflation Expectation			2.3%
Volatility Drag****			-0.7%
Expected Return	100.0%		7.9%

* Absolute return includes credit sensitive investments.

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

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

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

F. Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportional share of the net pension liability	\$ 8,202,887	\$ 5,135,620	\$ 2,594,172

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PROGRESO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2025

G. Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources Related to Pensions

On August 31, 2024, the District reported a liability of \$5,135,620 for its proportionate share of the TRS net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

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

District's proportionate share of the collective net pension liability	\$ 5,135,620
State's proportionate share that is associated with the District	<u>8,882,690</u>
Total	<u><u>\$ 14,018,310</u></u>

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

On August 31, 2024, the employer's proportion of the collective net pension liability was 0.0084074480%, a decrease of -0.00039984369% from its proportion measured as of August 31, 2023.

Changes in Assumptions and Benefits Since the Prior Actuarial Valuation

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

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

For the year ended August 31, 2024, the District recognized pension expense of \$1,061,630 and revenue of \$1,061,630 for support provided by the State. (Refer to the 2024 Allocation (Schedule) of Non-Employer Contributing Entity On-Behalf Payments (Contributions) for this information posted on the TRS website under GASB Statements 67 & 68.)

On August 31, 2024, the District reported its proportionate share of the TRS 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 for the current and prior years combined.) The current year amounts can be found on the GASB 68 Plan Level Schedule of Deferred Inflows and Outflows file, collective plan totals (future amortization) in columns G and H.

PROGRESO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2025

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experiences	\$ 283,068	\$ 40,096
Changes in actuarial assumptions	265,163	35,549
Differences between projected and actual investment earnings	31,218	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	12,608	475,845
Contributions paid to TRS subsequent to the measurement date	521,611	-
Total as of fiscal year-end	<u>\$ 1,113,668</u>	<u>\$ 551,490</u>

The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows

<u>Fiscal year ended August 31</u>	Pension Expense Amount
2025	\$ (214,171)
2026	\$ 424,982
2027	\$ 2,509
2028	\$ (166,300)
2029	\$ (6,454)
Thereafter	-

NOTE XVII. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN

Summary of Significant Accounting Policies

Other Post-Employment Benefits. (OPEB) 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 OPEB, 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.

A. 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 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.

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PROGRESO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2025

B. OPEB Plan Fiduciary Net Position

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

C. Benefits Provided

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

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

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

		Non
	Medicare	Medicare
Retiree*	\$ 135	\$ 200
Retiree and spouse	529	689
Retiree* and children	468	408
Retiree and family	1,020	999

D. Contributions

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate, which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee's rate, which is 0.65 percent of salary. Section 1575.204 establishes a public school contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the employer. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act, which is 0.75 percent of each active employee's pay for fiscal year 2024.

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PROGRESO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2025

The following tables show contributions to the TRS-Care plan by type of contributor.

Contribution Rates		
	2024	2025
Member	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%

Current fiscal year employer contributions	\$ 129,451
Current fiscal year member contributions	\$ 89,679
2023 measurement year NECE on-behalf contributions	\$ 158,464

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

E. Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2023. Update procedures were used to roll forward the total OPEB liability to August 31, 2024. The actuarial valuation was determined using the following actuarial assumptions: Actuarial Assumptions can be found in the 2024 TRS ACFR, Note 9, page 78.

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

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

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

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PROGRESO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2025

Additional Actuarial Methods and Assumptions:

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

Discount Rate

A single discount rate of 3.87 percent was used to measure the total OPEB liability. This was a 0.26 percent decrease in the discount rate from the previous year. The Discount Rate can be found on page 79 of the 2024 TRS ACFR. Because the investments are held in cash and there is no intentional objective to advance fund the benefits, the Single Discount Rate is equal to the prevailing municipal bond rate.

The source of the municipal bond rate is the Bond Buyer's "20-Bond GO Index" as of August 31, 2024, which uses fixed-income municipal bonds with 20 years to maturity and includes only federally tax-exempt municipal bonds.

F. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1 percentage point lower than and 1 percentage point higher than the discount rate that was used in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (2.87%)	Discount Rate (3.87%)	1% Increase in Discount Rate (4.87%)
Proportionate share of the net OPEB liability	\$ 5,020,490	\$ 4,225,835	\$ 3,583,743

G. Healthcare Trend Rate Sensitivity Analysis

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Proportionate share of net OPEB liability	\$ 3,441,316	\$ 4,225,835	\$ 5,248,143

PROGRESO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2025

NOTE XVIII. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs.

On August 31, 2024 (measurement year), the District reported a liability of \$4,225,835 for its proportionate share of the TRS 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 was as follows:

District's proportionate share of the collective net OPEB liability	\$ 4,225,835
State's proportionate share that is associated with the District	5,294,914
Total	<u>\$ 9,520,749</u>

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

On August 31, 2024, the employer's proportion of the collective Net OPEB Liability was 0.0139229722%, a decrease of 0.0006516308% from August 31, 2023.

Changes Since the Prior Actuarial Valuation

The following were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability (TOL) since the prior measurement period: These can be found in the 2024 TRS ACFR on page 79.

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

Changes of Benefit Terms Since the Prior Measurement Date

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

For the year ended August 31, 2024, the District recognized OPEB expenses of \$5,441,728 and State support revenue of \$(688,241). (Refer to the 2024 Allocation (Schedule) of Non-Employer Contributing Entity On-Behalf Payments (Contributions) for this information posted on the TRS website under GASB Statements 74 & 75.)

On August 31, 2024, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources: (The amounts shown below will be the cumulative layers for the current and prior years combined.) The current year amounts can be found on the GASB 75 Plan Level Schedule of Deferred Inflows and Outflows file, collective plan totals (future amortization) in columns G and H.

PROGRESO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2025

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experiences	\$ 809,951	\$ 2,108,921
Changes in actuarial assumptions	540,857	1,378,841
Differences between projected and actual investment earnings	-	11,834
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	189,066	3,170,982
Total as of August 31, 2024 measurement date	\$ 1,539,874	\$ 6,670,578
Contributions paid to TRS subsequent to the measurement date	129,451	-
Total as of fiscal year-end	<u>\$ 1,669,325</u>	<u>\$ 6,670,578</u>

The District recognized \$1,669,325 as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the measurement year ended August 31, 2025. The other amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal year ended August 31,	OPEB Expense Amount
2025	\$ (1,472,891)
2026	\$ (1,281,497)
2027	\$ (954,523)
2028	\$ (797,479)
2029	\$ (434,312)
Thereafter	\$ (190,002)

Medicare Part D – On Behalf Payments

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants.

For the year ended August 31, 2025, TRS-Care received \$67,287, \$69,584, and \$96,677 in subsidy payments on behalf of the District for fiscal years 2023, 2024, and 2025, respectively.

NOTE XIX. Subsequent Events

Management has evaluated subsequent events through December 15, 2025, when the financial statements were available to be issued. No subsequent events after this date have been evaluated for inclusion in these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 2,360,065	\$ 2,594,634	\$ 2,585,666	\$ (8,968)
5800 State Program Revenues	15,114,298	15,822,577	15,411,369	(411,208)
5900 Federal Program Revenues	1,875,000	2,068,366	1,751,328	(317,038)
5020 Total Revenues	19,349,363	20,485,577	19,748,363	(737,214)
EXPENDITURES:				
Current:				
0011 Instruction	6,800,000	9,621,712	9,606,931	14,781
0012 Instructional Resources and Media Services	200,000	10,000	8,521	1,479
0013 Curriculum and Instructional Staff Development	190,000	37,876	36,135	1,741
0021 Instructional Leadership	240,000	164,500	160,848	3,652
0023 School Leadership	670,000	1,030,000	1,026,987	3,013
0031 Guidance, Counseling, and Evaluation Services	450,000	400,000	397,033	2,967
0032 Social Work Services	-	323	323	-
0033 Health Services	300,000	210,000	208,285	1,715
0034 Student (Pupil) Transportation	900,000	770,000	723,713	46,287
0035 Food Services	1,600,000	1,828,000	1,824,885	3,115
0036 Extracurricular Activities	1,000,000	1,146,030	1,002,199	143,831
0041 General Administration	1,030,000	1,030,000	978,588	51,412
0051 Facilities Maintenance and Operations	3,350,000	4,180,000	4,011,826	168,174
0052 Security and Monitoring Services	480,000	470,000	468,044	1,956
0053 Data Processing Services	609,300	369,300	362,040	7,260
0061 Community Services	150,000	168,200	167,754	446
Debt Service:				
0071 Principal on Long-Term Liabilities	85,000	95,000	91,340	3,660
0072 Interest on Long-Term Liabilities	-	15,000	3,088	11,912
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	45,000	49,110	49,105	5
0099 Other Intergovernmental Charges	48,000	49,115	49,114	1
6030 Total Expenditures	18,147,300	21,644,166	21,176,759	467,407
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	1,202,063	(1,158,589)	(1,428,396)	(269,807)
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	800,000	-	(800,000)
8911 Transfers Out (Use)	-	(800,000)	-	800,000
7080 Total Other Financing Sources (Uses)	-	-	-	-
1200 Net Change in Fund Balances	1,202,063	(1,158,589)	(1,428,396)	(269,807)
0100 Fund Balance - September 1 (Beginning)	12,716,882	12,716,882	12,716,882	-
3000 Fund Balance - August 31 (Ending)	\$ 13,918,945	\$ 11,558,293	\$ 11,288,486	\$ (269,807)

PROGRESO I.S.D

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

	FY 2025 Plan Year 2024	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022
District's Proportion of the Net Pension Liability (Asset)	0.008407448%	0.008805885%	0.008763383%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 5,135,620	\$ 6,048,793	\$ 5,202,595
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	8,882,690	11,649,275	9,412,071
Total	<u>\$ 14,018,310</u>	<u>\$ 17,698,068</u>	<u>\$ 14,614,666</u>
District's Covered Payroll	\$ 14,022,030	\$ 13,534,746	\$ 12,086,093
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	36.63%	44.69%	43.05%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.51%	73.15%	75.62%

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

FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015
0.008769236%	0.009521144%	0.011005507%	0.012964858%	0.013352713%	0.013383573%	0.0140278%
\$ 2,233,214	\$ 5,099,330	\$ 5,721,006	\$ 7,136,168	\$ 4,269,478	\$ 5,057,453	\$ 4,958,641
4,303,821	9,962,085	10,522,826	11,265,942	7,127,087	8,816,982	7,060,066
\$ 6,537,035	\$ 15,061,415	\$ 16,243,832	\$ 18,402,110	\$ 11,396,565	\$ 13,874,435	\$ 12,018,707
\$ 11,831,002	\$ 12,544,226	\$ 12,962,504	\$ 13,448,483	\$ 14,626,381	\$ 13,645,670	\$ 12,018,707
18.88%	40.65%	44.14%	53.06%	29.19%	37.06%	41.26%
88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%

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

	2025	2024	2023
Contractually Required Contribution	\$ 521,611	\$ 462,087	\$ 454,433
Contribution in Relation to the Contractually Required Contribution	(521,611)	(462,087)	(454,433)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 13,796,956	\$ 14,022,030	\$ 13,534,746
Contributions as a Percentage of Covered Payroll	3.78%	3.30%	3.36%

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
\$ 414,125	\$ 376,912	\$ 389,784	\$ 403,578	\$ 430,376	\$ 439,185	\$ 425,229
(414,125)	(376,912)	(389,754)	(403,578)	(430,376)	(439,185)	(425,229)
\$ -	\$ -	\$ 30	\$ -	\$ -	\$ -	\$ -
\$ 12,086,093	\$ 11,831,002	\$ 12,544,226	\$ 12,962,504	\$ 13,448,483	\$ 14,626,381	\$ 13,645,670
3.43%	3.19%	3.11%	3.11%	3.20%	3.00%	3.12%

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

	FY 2025 Plan Year 2024	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.013922972%	0.014574603%	0.014139197%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 4,225,835	\$ 3,226,570	\$ 3,385,490
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	5,294,914	3,893,353	4,129,766
Total	<u>\$ 9,520,749</u>	<u>\$ 7,119,923</u>	<u>\$ 7,515,256</u>
District's Covered Payroll	\$ 14,022,030	\$ 13,534,746	\$ 12,086,093
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	30.14%	23.84%	28.01%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	13.70%	14.94%	11.52%

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

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

FY 2022 Plan Year 2021		FY 2021 Plan Year 2020		FY 2020 Plan Year 2019		FY 2019 Plan Year 2018		FY 2018 Plan Year 2017	
0.015232958%		0.016842662%		0.019972575%		0.020811847%		0.026702385%	
\$	5,876,033	\$	6,402,656	\$	9,445,275	\$	10,391,546	\$	11,611,866
7,872,574		8,603,636		12,550,659		10,617,476		9,807,042	
\$	13,748,607	\$	15,006,292	\$	21,995,934	\$	21,009,022	\$	21,418,908
\$	11,731,002	\$	12,544,226	\$	12,962,504	\$	13,448,483	\$	14,626,381
18.26%		19.02%		29.35%		31.79%		37.36%	
6.18%		4.99%		2.66%		1.57%		0.91%	

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

	2025	2024	2023
Contractually Required Contribution	\$ 129,451	\$ 127,540	\$ 127,669
Contribution in Relation to the Contractually Required Contribution	(129,451)	(127,540)	(127,669)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 13,796,956	\$ 14,022,030	\$ 13,534,746
Contributions as a Percentage of Covered Payroll	0.94%	0.91%	0.94%

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
\$ 118,824	\$ 121,679	\$ 130,184	\$ 152,721	\$ 163,022
(118,824)	(121,679)	(130,184)	(152,721)	(163,022)
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 12,086,093	\$ 11,731,002	\$ 12,544,226	\$ 12,962,504	\$ 13,448,483
0.98%	1.04%	1.04%	1.18%	1.21%

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

NOTE A. BUDGET

1. Budgetary Information

Each school district in Texas is required by law to prepare an annual budget of anticipated revenues and expenditures for the general fund, the debt service fund, and the National School Breakfast and Lunch Program special revenue fund. The Texas Education Code requires the budget to be prepared no later than August 20 and adopted by August 31 of each year. The budgets are prepared using accounting principles used for reporting in accordance with generally accepted accounting principles. The following procedures are followed in establishing the budgetary data reflected in the fund's financial schedules:

- a. Before August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
- c. Before September 1, the budget is formally approved and adopted by the Board.

The appropriate budget is prepared by fund and function. The District's campus/department heads may make transfers of appropriations within a campus or department. Transfers of appropriations between campuses or departments require the approval of the District's management. Increasing any one of the functional spending categories, revenue object accounts, and other resources and uses requires the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level within a fund. All annual appropriations lapse at the end of the fiscal year.

NOTE B. NOTES TO SCHEDULES FOR THE TRS PENSION

Changes of Benefit terms.

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

Changes of Assumptions. There were no changes in assumptions.

NOTE C. NOTES TO SCHEDULES FOR THE TRS OPEB PLAN

Changes in Benefits. There were no changes in benefits.

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

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

COMBINING FUND FINANCIAL STATEMENTS

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

Data Control Codes		212	224	225
		ESEA Title I	IDEA - Part B	IDEA - Part B
		Part C	Formula	Preschool
		Migrant		
ASSETS				
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -
1220	Property Taxes - Delinquent	-	-	-
1230	Allowance for Uncollectible Taxes	-	-	-
1240	Due from Other Governments	58,851	71,168	-
1000	Total Assets	<u>\$ 58,851</u>	<u>\$ 71,168</u>	<u>\$ -</u>
LIABILITIES				
2110	Accounts Payable	\$ 341	\$ -	\$ -
2160	Accrued Wages Payable	9,186	15,008	-
2170	Due to Other Funds	47,920	55,830	-
2180	Due to Other Governments	329	-	-
2200	Accrued Expenditures	1,075	330	-
2000	Total Liabilities	<u>58,851</u>	<u>71,168</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
2601	Unavailable Revenue - Property Taxes	-	-	-
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted Fund Balance:				
3480	Retirement of Long-Term Debt	-	-	-
3600	Unassigned Fund Balance	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 58,851</u>	<u>\$ 71,168</u>	<u>\$ -</u>

244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	274 GEAR UP	282 ESSER III ARP Act	289 Title IV Part A SSAEP	410 State Instructional Materials	429 School Safety Standards Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,174	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,358	31,626	66,734	-	-	22,019	-	256,990
<u>\$ 2,358</u>	<u>\$ 31,626</u>	<u>\$ 66,734</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,019</u>	<u>\$ 1,174</u>	<u>\$ 256,990</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,990
-	-	3,405	-	-	-	-	-
2,358	31,626	62,762	-	-	22,019	-	223,000
-	-	-	-	-	-	-	-
-	-	567	-	-	-	-	-
<u>2,358</u>	<u>31,626</u>	<u>66,734</u>	<u>-</u>	<u>-</u>	<u>22,019</u>	<u>-</u>	<u>256,990</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,174	-
-	-	-	-	-	-	1,174	-
<u>\$ 2,358</u>	<u>\$ 31,626</u>	<u>\$ 66,734</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,019</u>	<u>\$ 1,174</u>	<u>\$ 256,990</u>

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

Data Control Codes		470 Communities Fund Texas	481 Emerson BlackBaud Giving Fund	Total Nonmajor Special Revenue Funds	599 Debt Service Fund
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ 5,084	\$ 6,258	\$ 579,777
1220	Property Taxes - Delinquent	-	-	-	244,119
1230	Allowance for Uncollectible Taxes	-	-	-	(12,206)
1240	Due from Other Governments	-	-	509,746	-
1000	Total Assets	<u>\$ -</u>	<u>\$ 5,084</u>	<u>\$ 516,004</u>	<u>\$ 811,690</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ 34,331	\$ -
2160	Accrued Wages Payable	-	-	27,599	-
2170	Due to Other Funds	-	-	445,515	-
2180	Due to Other Governments	-	-	329	27,646
2200	Accrued Expenditures	-	-	1,972	-
2000	Total Liabilities	<u>-</u>	<u>-</u>	<u>509,746</u>	<u>27,646</u>
DEFERRED INFLOWS OF RESOURCES					
2601	Unavailable Revenue - Property Taxes	-	-	-	231,913
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>231,913</u>
FUND BALANCES					
Restricted Fund Balance:					
3480	Retirement of Long-Term Debt	-	-	-	166,272
3600	Unassigned Fund Balance	-	5,084	6,258	385,859
3000	Total Fund Balances	<u>-</u>	<u>5,084</u>	<u>6,258</u>	<u>552,131</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ -</u>	<u>\$ 5,084</u>	<u>\$ 516,004</u>	<u>\$ 811,690</u>

699	Total
Construction	Nonmajor
Bond	Governmental
	Funds
\$ 379,985	\$ 966,020
-	244,119
-	(12,206)
-	509,746
<u>\$ 379,985</u>	<u>\$ 1,707,679</u>
\$ -	\$ 34,331
-	27,599
-	445,515
-	27,975
-	1,972
<u>-</u>	<u>537,392</u>
-	231,913
<u>-</u>	<u>231,913</u>
-	166,272
379,985	772,102
<u>379,985</u>	<u>938,374</u>
<u>\$ 379,985</u>	<u>\$ 1,707,679</u>

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

Data Control Codes	212 ESEA Title I Part C Migrant	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
REVENUES:			
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -
5800 State Program Revenues	-	13,624	-
5900 Federal Program Revenues	192,218	368,197	2,047
5020 Total Revenues	192,218	381,821	2,047
EXPENDITURES:			
Current:			
0011 Instruction	121,009	226,435	2,047
0012 Instructional Resources and Media Services	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-
0021 Instructional Leadership	5,349	649	-
0023 School Leadership	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	154,737	-
0032 Social Work Services	65,403	-	-
0036 Extracurricular Activities	-	-	-
0041 General Administration	-	-	-
0051 Facilities Maintenance and Operations	-	-	-
0061 Community Services	457	-	-
Debt Service:			
0071 Principal on Long-Term Liabilities	-	-	-
0072 Interest on Long-Term Liabilities	-	-	-
0073 Bond Issuance Cost and Fees	-	-	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	-	-	-
6030 Total Expenditures	192,218	381,821	2,047
1200 Net Change in Fund Balance	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-
1300 Adjustments and Restatements from Major to Non-Maj	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -

244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	274 GEAR UP	282 ESSER III ARP Act	289 Title IV Part A SSAEP	410 State Instructional Materials	429 School Safety Standards Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	10,634	-	-	22,908	881,418
18,322	136,492	100,397	72,924	98,231	64,761	-	-
18,322	136,492	100,397	83,558	98,231	64,761	22,908	881,418
16,405	-	99,897	183	98,231	57,711	21,734	30,013
-	-	-	-	-	-	-	-
1,917	-	500	2,558	-	7,050	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	3,434
-	-	-	80,817	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	17,257	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	119,235	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	847,971
18,322	136,492	100,397	83,558	98,231	64,761	21,734	881,418
-	-	-	-	-	-	1,174	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,174	\$ -

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

Data Control Codes	470 Communities Fund Texas	481 Emerson BlackBaud Giving Fund	Total Nonmajor Special Revenue Funds	599 Debt Service Fund
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ 15,000	\$ 15,000	\$ 1,384,160
5800 State Program Revenues	-	-	928,584	739,830
5900 Federal Program Revenues	-	-	1,053,589	-
5020 Total Revenues	-	15,000	1,997,173	2,123,990
EXPENDITURES:				
Current:				
0011 Instruction	-	9,916	683,581	-
0012 Instructional Resources and Media Services	4,914	-	4,914	-
0013 Curriculum and Instructional Staff Development	-	-	12,025	-
0021 Instructional Leadership	-	-	5,998	-
0023 School Leadership	-	-	3,434	-
0031 Guidance, Counseling, and Evaluation Services	-	-	235,554	-
0032 Social Work Services	-	-	65,403	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	17,257	-
0051 Facilities Maintenance and Operations	-	-	-	-
0061 Community Services	-	-	119,692	-
Debt Service:				
0071 Principal on Long-Term Liabilities	-	-	-	1,250,000
0072 Interest on Long-Term Liabilities	-	-	-	906,975
0073 Bond Issuance Cost and Fees	-	-	-	3,350
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	847,971	-
6030 Total Expenditures	4,914	9,916	1,995,829	2,160,325
1200 Net Change in Fund Balance	(4,914)	5,084	1,344	(36,335)
0100 Fund Balance - September 1 (Beginning)	4,914	-	4,914	588,466
1300 Adjustments and Restatements from Major to Non-Maj	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ 5,084	\$ 6,258	\$ 552,131

699		Total	
Construction		Nonmajor	
Bond		Governmental	
		Funds	
\$	70,983	\$	1,470,143
	-		1,668,414
	-		1,053,589
	70,983		4,192,146
	-		683,581
	-		4,914
	-		12,025
	-		5,998
	-		3,434
	-		235,554
	-		65,403
	46,649		46,649
	-		17,257
	178,624		178,624
	-		119,692
	-		1,250,000
	-		906,975
	-		3,350
	2,322,950		3,170,921
	2,548,223		6,704,377
	(2,477,240)		(2,512,231)
	-		593,380
	2,857,225		2,857,225
\$	379,985	\$	938,374

INTERNAL SERVICE FUNDS

PROGRESO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 AUGUST 31, 2025

	771 Internal Service Fund Payroll	772	773	Internal Service Fund
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 27,324	\$ -	\$ -	\$ 27,324
Total Assets	<u>27,324</u>	<u>-</u>	<u>-</u>	<u>27,324</u>
NET POSITION				
Unrestricted Net Position	<u>27,324</u>	<u>-</u>	<u>-</u>	<u>27,324</u>
Total Net Position	<u><u>\$ 27,324</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 27,324</u></u>

PROGRESO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2025

	771	772	773	
	Internal			Internal
	Service			Service Fund
	Fund Payroll			
Operating Income	-	-	-	-
Total Net Position - Sept. 1 (Beginning)	27,324	-	-	27,324
Total Net Position - August 31 (Ending)	<u>\$ 27,324</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,324</u>

PROGRESO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2025

	771	772	773	
	Internal			Internal
	Service			Service
	Fund Payroll			Fund
Net Increase in Cash and Cash Equivalents	-	-	-	-
Cash and Cash Equivalents at Beginning of Year	27,324	-	-	27,324
Cash and Cash Equivalents at End of Year	<u>\$ 27,324</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,324</u>

**CUSTODIAL FUND
FINANCIAL STATEMENTS**

PROGRESO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 AUGUST 31, 2025

	865 Custodial Fund Student Activity Acct	866	867	Custodial Fund
ASSETS				
Cash and Cash Equivalents	\$ 91,173	\$ -	\$ -	\$ 91,173
Due from Other Funds	400	-	-	400
Total Assets	<u>91,573</u>	<u>-</u>	<u>-</u>	<u>91,573</u>
NET POSITION				
Unrestricted Net Position	<u>91,573</u>	<u>-</u>	<u>-</u>	<u>91,573</u>
Total Net Position	<u>\$ 91,573</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91,573</u>

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

	865	866	867	Total
	Custodial Fund Student Activity Acct			Custodial Fund
ADDITIONS:				
Miscellaneous Revenue - Student Activities	\$ 91,014	\$ -	\$ -	\$ 91,014
Total Additions	<u>91,014</u>	<u>-</u>	<u>-</u>	<u>91,014</u>
DEDUCTIONS:				
Other Deductions	<u>64,710</u>	<u>-</u>	<u>-</u>	<u>64,710</u>
Total Deductions	<u>64,710</u>	<u>-</u>	<u>-</u>	<u>64,710</u>
Change in Net Position	26,304	-	-	26,304
Net Position - September 1 (Beginning)	<u>65,269</u>	<u>-</u>	<u>-</u>	<u>65,269</u>
Net Position - August 31 (Ending)	<u><u>\$ 91,573</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 91,573</u></u>

REQUIRED TEXAS EDUCATION AGENCY
COMPLIANCE SCHEDULES

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

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2016 and prior years	Various	Various	\$ 137,661,730
2017	1.040000	0.350000	142,261,059
2018	1.040000	0.350000	175,092,025
2019	1.040000	0.350000	174,983,413
2020	0.970000	0.350000	179,233,280
2021	0.910000	0.365000	193,951,648
2022	0.992000	0.268000	215,652,948
2023	0.878100	0.451800	228,862,592
2024	0.669200	0.513700	271,779,721
2025 (School year under audit)	0.789200	0.513700	278,670,588
1000 TOTALS			
8000 Total Taxes Refunded Under Section 26.1115, Tax Code			

(10) Beginning Balance 9/1/2024	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2025	(99) Taxes Refunded Under Section 26.1115c
\$ 70,607	\$	\$ 924	\$ 266	\$ (519)	\$ 68,898	
4,087		140	47	-	3,900	
4,343		216	73	(36)	4,018	
5,368		319	107	-	4,941	
7,764		727	262	-	6,775	
10,684		1,253	482	(670)	8,279	
23,235		2,960	800	(349)	19,127	
74,752		15,667	8,061	(10,817)	40,206	
372,757		107,063	72,282	(46,292)	147,120	
-	3,617,905	1,928,935	1,255,568	(67,276)	366,125	
<u>\$ 573,596</u>	<u>\$ 3,617,905</u>	<u>\$ 2,058,204</u>	<u>\$ 1,337,948</u>	<u>\$ (125,958)</u>	<u>\$ 669,391</u>	

\$ _____

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 25,000	\$ 25,000	\$ 6,424	\$ (18,576)
5800 State Program Revenues	200,000	159,000	182,135	23,135
5900 Federal Program Revenues	1,375,000	1,375,000	1,559,690	184,690
5020 Total Revenues	1,600,000	1,559,000	1,748,249	189,249
EXPENDITURES:				
Current:				
0035 Food Services	1,600,000	1,600,000	1,814,877	(214,877)
6030 Total Expenditures	1,600,000	1,600,000	1,814,877	(214,877)
1200 Net Change in Fund Balances	-	(41,000)	(66,628)	(25,628)
0100 Fund Balance - September 1 (Beginning)	696,542	696,542	696,542	-
3000 Fund Balance - August 31 (Ending)	\$ 696,542	\$ 655,542	\$ 629,914	\$ (25,628)

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 1,395,721	\$ 1,395,721	\$ 1,384,160	\$ (11,561)
5800 State Program Revenues	783,415	783,415	739,830	(43,585)
5020 Total Revenues	2,179,136	2,179,136	2,123,990	(55,146)
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Liabilities	2,156,600	-	1,250,000	(1,250,000)
0072 Interest on Long-Term Liabilities	-	-	906,975	(906,975)
0073 Bond Issuance Cost and Fees	-	-	3,350	(3,350)
6030 Total Expenditures	2,156,600	-	2,160,325	(2,160,325)
1200 Net Change in Fund Balances	22,536	2,179,136	(36,335)	(2,215,471)
0100 Fund Balance - September 1 (Beginning)	588,466	588,466	588,466	-
3000 Fund Balance - August 31 (Ending)	\$ 611,002	\$ 2,767,602	\$ 552,131	\$ (2,215,471)

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

Section A: Compensatory Education Programs

AP1	Did your district expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the district have written policies and procedures for its state compensatory education program?	Yes
AP3	Total state allotment funds received for state compensatory education programs during the district's fiscal year.	2097589
AP4	Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24,26,28,29,30)	1187758

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.	381089
AP8	Actual direct program expenditures for bilingual education programs during the district's fiscal year. (PIC 25)	273247

COMPLIANCE SECTION

REPORTS ON
INTERNAL CONTROLS,
COMPLIANCE AND
FEDERAL AWARDS

PROGRESO I.S.D

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

To the Board of Trustees
Progreso Independent School District
Progreso, 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 Progreso Independent School District (the District), as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 15, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Firm's Signature



CPA Firm
Harlingen, Texas
December 15, 2025

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists.

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Firm's Signature



Harlingen, Texas
December 15, 2025

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

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on GAAP financial statements: Unmodified

Internal control over financial reporting.

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Federal Awards

Internal control over major programs.

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Type of auditor's report issued on compliance for major programs. Unmodified

Any audit findings disclosed that are required to be reported in
Accordance with the 2 CFR 200.516(a), Uniform Guidance? No

Identification of Major Programs:

Assistance Listing Numbers	Name of Federal Program or Cluster
84.010	ESEA Title 1, Part A Improving Basic Programs
84.011	ESEA Title 1, Part C Migratory Children

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as a low-risk auditee: Yes

**II. Financial statement findings required to be reported in accordance with
Government Auditing Standards None**

There were no financial statement findings required to be reported in accordance with
Government Auditing Standards.

III. Federal Award Findings And Questioned Costs None

There were no federal award findings and questioned costs required to be reported in accordance
with Uniform Guidance, Section 200.516(a).

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

PRIOR YEAR AUDIT FINDINGS

No prior audit findings were reported.

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

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal Assistance Listing No.	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	24610101108910	\$ 220,842
ESEA, Title I, Part A - Improving Basic Programs	84.010A	25610101108910	1,089,112
Total Assistance Listing Number 84.010			1,309,954
ESEA, Title I, Part C - Migratory Children	84.011	25615001108910	192,218
IDEA - Part B, Formula	84.027	2566600011089106000	381,821
*IDEA - Part B, Preschool	84.173	2566600011089106000	2,047
Total Special Education Cluster (IDEA)			383,868
Career and Technical - Basic Grant	84.048	25420006108910	18,322
GEAR UP	84.334B		83,558
Title III, Part A - English Language Acquisition	84.365A	25671001108910	100,397
ESEA, Title II, Part A, Teacher Principal Training	84.367A	25694501108910	136,492
COVID 19 - ESSER III - School Emergency Relief	84.425D	21528001108910	98,231
Title IV Part A SSAEP	84.369A	S424A240045	64,761
Total Passed Through Texas Education Agency			2,387,801
TOTAL U.S. DEPARTMENT OF EDUCATION			2,387,801
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the Texas Department of Agriculture</u>			
*School Breakfast Program	10.553	202424N109946	576,426
*National School Lunch Program - Cash Assistance	10.555	202424N109946	927,564
*National School Lunch Prog. - Non-Cash Assistance	10.555	202424N109946	55,700
Total Assistance Listing Number 10.555			983,264
Total Child Nutrition Cluster			1,559,690
Total Passed Through the Texas Department of Agriculture			1,559,690
TOTAL U.S. DEPARTMENT OF AGRICULTURE			1,559,690
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 3,947,491
*Clustered Programs			

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

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

1. The District uses the fund types specified in the Texas Education Agency's Financial Accountability System Resource Guide for all Federal programs. Special revenue funds generally account for federal and state financial assistance and resources restricted to or designated for specific purposes by a grantor.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus.

All Federal grant funds were accounted for in a Special Revenue Fund, which is a Governmental Fund type. With this measurement focus, only current assets and liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. The modified-accrual basis of accounting is used for governmental funds.

This basis of accounting recognizes revenues in the accounting period in which they become both measurable and available and expenditures in the accounting period in which the fund liability is incurred, except that principal and interest on general long-term debt are recognized when due. Federal grant funds are earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until earned.

3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period is extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, OMB Uniform Guidance.
4. Reconciliation of the amount reported in the Schedule of Expenditures of Federal Awards to Exhibit C-3 is as follows:

Amount reported on the Schedule of Expenditures of Federal Awards	\$	3,947,491
Federal Revenues Distributed by TEA in the General Fund		167,380
Total Federal Funds in Schedule C-3	\$	<u>4,114,871</u>

5. The District has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

SCHOOLS FIRST QUESTIONNAIRE

EXHIBIT L-1

PROGRESO INDEPENDENT SCHOOL DISTRICT

Fiscal Year 2025

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

PROGRESO I.S.D