

**ANTHONY INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL AND COMPLIANCE REPORTS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2025**

ANTHONY INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL AND COMPLIANCE REPORTS
FOR THE YEAR ENDED AUGUST 31, 2025

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
CERTIFICATE OF BOARD	1	
FINANCIAL SECTION	3	
Independent Auditor's Report	5	
Management's Discussion and Analysis	9	
<u>Basic Financial Statements:</u>	21	
Statement of Net Position	23	A-1
Statement of Activities	24	B-1
<u>Governmental Fund Financial Statements</u>	25	
Balance Sheet Governmental Funds	26	C-1
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	27	C-2
Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds	28	C-3
Reconciliation of the Governmental Funds Statement of Revenue, Expenditures, And Changes in Fund Balances to the Statement of Activities	29	C-4
<u>Fiduciary Fund Financial Statements</u>	31	
Statement of Fiduciary Net Position	32	E-1
Statement of Changes in Fiduciary Net Position	33	E-2
<u>Notes to the Basic Financial Statements</u>	35	
<u>Required Supplementary Information</u>	75	
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - General Fund	76	G-1
Notes to Required Supplementary Information - Budget and Actual General Fund	77	
Schedule of the District's Proportionate Share of the Net Pension Liability - Teacher Retirement System of Texas	78	G-2
Schedule of the District's Contributions for Pensions - Teacher Retirement System of Texas ..	80	G-3
Notes to Required Supplementary Information - Teacher Retirement System for Pensions	83	
Schedule of the District's Proportionate Share of the Net OPEB Liability - Teacher Retirement System of Texas	84	G-4
Schedule of District's Contributions for OPEB - Teacher Retirement System of Texas	86	G-5
Notes to Required Supplementary Information - Teacher Retirement System for OPEB	88	

ANTHONY INDEPENDENT SCHOOL DISTRICT

TABLE OF CONTENTS
(Continued)

	<u>Page</u>	<u>Exhibit</u>
<u>Supplementary Information</u>	89	
Combining Balance Sheet - Nonmajor Governmental Funds	90	H-1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	94	H-2
OTHER INFORMATION - REQUIRED TEA SCHEDULES (UNAUDITED)	99	
Schedule of Delinquent Taxes Receivable.	100	J-1
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - Child Nutrition Program	102	J-2
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - Debt Service Fund.	103	J-3
State Compensatory Education and Bilingual Education Program Expenditures	104	J-4
FEDERAL AWARD SECTION.	105	
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 <i>Government Auditing Standards</i>	107	
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	109	
Schedule of Findings and Questioned Costs	112	
Schedule of Status of Prior Findings	114	
Schedule of Expenditures of Federal Awards	115	K-1
Notes to Schedule of Expenditures of Federal Awards	116	

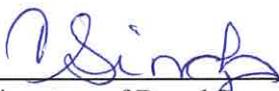
CERTIFICATE OF BOARD

Anthony Independent School District
Name of School District

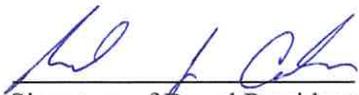
El Paso County
County

071-906
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial and compliance 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 21st day of January 2026.



Signature of Board Secretary



Signature of Board President

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

This page left blank intentionally.

FINANCIAL SECTION

This page left blank intentionally.

Independent Auditor's Report

To the Board of Trustees
Anthony Independent School District

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Anthony Independent School District (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 accompanying 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 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Change in Accounting Principle

As described in Note I to the financial statements, in 2025, the District adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statements 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 GAAS 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 GAAS 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, the budgetary comparison information, and pension and other post employment benefits information on pages 9 through 19 and 76 through 88 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement 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 GAAS. 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 required TEA schedules 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 January 20, 2026, 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.

Gibson Ruddock Patterson LLC

Gibson Ruddock Patterson LLC

El Paso, Texas

January 20, 2026

MANAGEMENT'S DISCUSSION & ANALYSIS

This page left blank intentionally.

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Anthony Independent School District (the “District”), we offer readers of the District’s financial statements this narrative overview and analysis of the financial activities of the District for the year ended August 31, 2025. Please read it in conjunction with the independent auditor’s report and the District’s Basic Financial Statements.

FINANCIAL HIGHLIGHTS

- The District’s combined net position was \$1.9 million on August 31, 2025, a decrease of \$4,913.
- The general fund revenues were \$12.5 million, an increase of \$1,327,439.
- The general fund reported an ending fund balance of 4.3 million. The net change in fund balance resulted in an increase in the general fund balance of \$301,060.
- As of the close of the current fiscal year, unassigned fund balance for the general fund is 30% of total general fund expenditures.
- The District scored 92 out of 100 possible points for 2024-2025 Financial Integrity Rating System of Texas (FIRST) based on 2023-2024 data, resulting in a rating designated as *A – Superior Achievement* with a status of *Passed*. There were four available ratings with *A-Superior* being the highest.

OVERVIEW OF THE ANNUAL REPORT

The annual report consists of a series of financial statements. The basic financial statements consist of (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

Government-Wide Statements

The government-wide statements report information about the District’s overall financial condition and operations and are designed to provide readers with a broad overview of the District’s finances, in a manner similar to that of a private sector business.

The Statement of Net Position includes all the District’s assets, deferred outflows of resources, liabilities and deferred inflows of resources at the end of the year, while the Statement of Activities includes all the revenues and expenses generated by the District’s operations during the year. These statements apply the accrual basis of accounting.

The two government-wide statements report the District’s net position and how they have changed. Net position is the difference between the District’s assets and deferred outflows less the District’s liabilities and deferred inflows and is one way to measure the District’s financial health. Over time, increases or decreases in the District’s net position are one indicator of whether its financial health is improving or deteriorating.

The government-wide financial statements consist of the following activities:

- *Governmental activities*—Most of the District's basic services are reported here, including instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes and state and federal grants finance most of these activities.
- *Business-type activities* – The District has no business-type activities.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District operates using two types of funds—governmental and fiduciary—which use different accounting approaches.

- *Governmental funds*—Most of the District's basic services are reported in governmental funds. These funds use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. The differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are described in reconciliation schedules following each of the fund financial statements.
- *Fiduciary funds* – The District is the trustee, or fiduciary, for certain funds. The District is responsible for ensuring that assets reported in these funds are used for the intended purpose. The District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. The scholarships and activities of the student groups of the District's campuses are reported here.

Notes to the Basic Financial Statements

The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net position

As noted earlier, the net position may serve, over time, as a useful indicator of the District's financial position. The District's total net position was approximately \$1.9 million for the year ended August 31, 2025, which represents a decrease of \$4,913 or -0.3% over prior year.

Unrestricted net position, the part of net position that can be used to finance day-to day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, showed a \$3.2 million deficit at the end of this year. This deficit does not mean that the District does not have significant resources available to pay its bills next year. Rather, it is the result of having long-term commitments that are more than currently available resources. The deficit can primarily be attributed to effects of a prior year implementation of GASB No. 75 Accounting and Financial Reporting for post-employment benefits.

The beginning net position has been restated in fiscal year 2025 for \$309,964 as a result of a change in accounting principle due to the implementation of GASB 101, Compensated Absences. Please see Note III.K. for more information.

Table A-1
Statements of Net Position

	Governmental Activities		
	2025	2024	Increase (Decrease)
Current and Other Assets	\$ 4,922,875	\$ 5,074,575	\$ (151,700)
Capital Assets	\$ 7,202,231	\$ 7,559,952	\$ (357,721)
Non-Current Assets	500,000	-	500,000
Total Assets	12,625,106	12,634,527	(9,421)
Deferred Outflows of Resources	2,370,437	3,024,671	(654,234)
Current Liabilities	838,307	699,406	138,901
Non-Current Liabilities	9,311,950	9,489,516	(177,566)
Total Liabilities	10,150,257	10,188,922	(38,665)
Deferred Inflows of Resources	2,909,086	3,529,163	(620,077)
Net Position:			
Invested in Capital Assets, Net of Related Debt	4,794,672	4,740,063	54,609
Restricted for Federal & State Programs	259,939	345,879	(85,940)
Restricted for Debt Service	101,545	193,082	(91,537)
Restricted for Campus Activities	15,843	15,690	153
Unrestricted	(3,235,799)	(3,353,601)	117,802
Total Net Position	\$ 1,936,200	\$ 1,941,113	\$ (4,913)

Statement of Activities

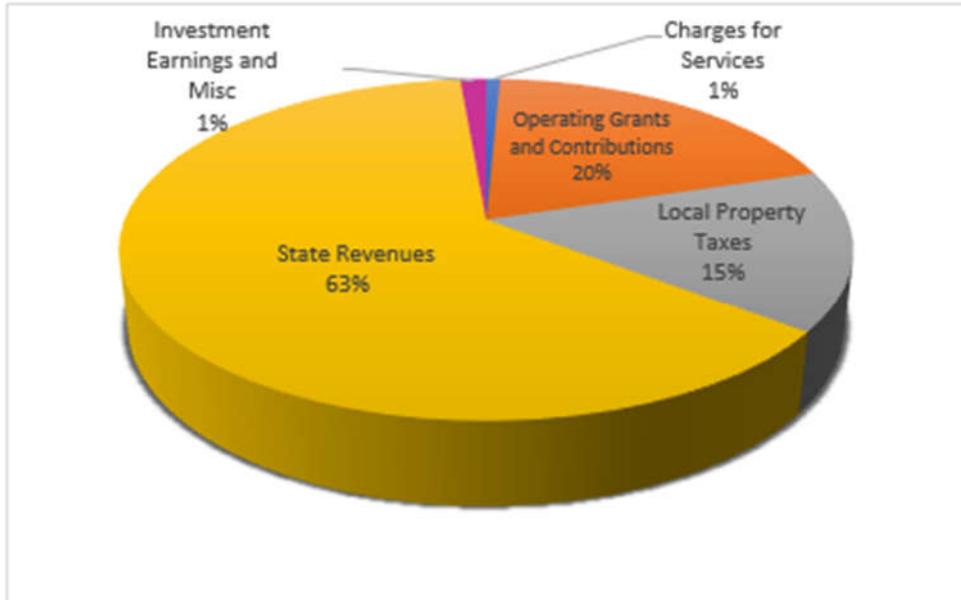
The District's total revenues amounted to \$13.8 million. Notably, approximately 63% of this revenue is derived from state aid formula grants, while an additional 15% is generated from property taxes. In the previous year, 57% of the District's revenue was sourced from state aid formula grants, and 14% came from property taxes. The changes in revenue distribution can be primarily attributed to the passage of a Voter Approved Tax Ratification Election (VATRE) in November 2024 which resulted in an increase in the M&O Tax rate and increased state aid. The remaining 22% is composed of operating grants and contributions, investment income, and various local miscellaneous sources.

The cost of all governmental activities this year was \$13.5 million and revenue exceeded expenditures by \$305,051.

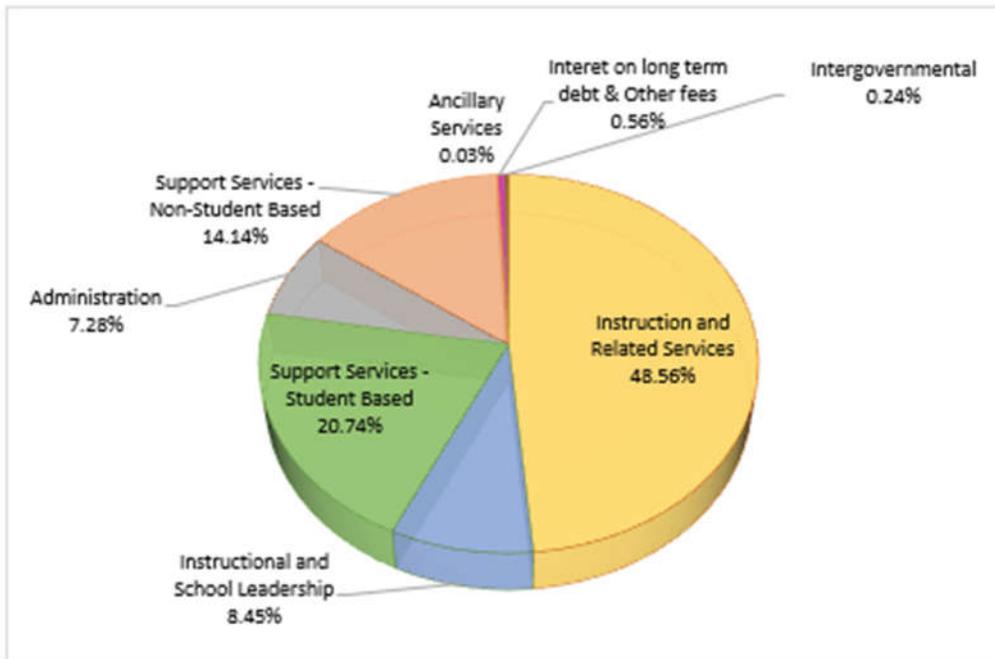
Table B-1
Statements of Activities

	Governmental Activities		
	2025	2024	Increase (Decrease)
<i>Program Revenues:</i>			
Charges for Services	\$ 100,878	\$ 80,112	\$ 20,766
Operating and Capital Grants and Contributions	2,695,236	3,481,943	(786,707)
<i>General Revenues:</i>			
Local Property Taxes	2,099,180	1,870,181	228,999
State Revenues	8,736,477	7,698,853	1,037,624
Investment Earnings and Misc	185,781	239,172	(53,391)
Total Revenues	13,817,552	13,370,261	447,291
Instructional	6,087,688	6,330,728	(243,040)
Instruction Resources & Media Services	170,455	186,898	(16,443)
Curriculum & Instructional Staff Development	302,940	132,427	170,513
Instructional Leadership	383,789	423,640	(39,851)
School Leadership	757,548	790,965	(33,417)
Guidance, Counseling & Evaluation Services	426,105	423,021	3,084
Social Work Services	239,966	139,867	100,099
Health Services	130,941	135,036	(4,095)
Student (Pupil) Transportation	427,506	458,610	(31,104)
Food Services	1,016,803	987,716	29,087
Extra-curricular Activities	561,308	576,194	(14,886)
General Administration	983,498	964,903	18,595
Facilities, Maintenance & Operations	1,245,060	1,214,284	30,776
Security & Monitoring Services	258,246	223,284	34,962
Data Processing Services	407,802	408,423	(621)
Community Services	4,577	33,440	(28,863)
Debt Service-Interest on Long Term Debt & Fees	76,000	86,231	(10,231)
Other Intergovernmental Charges	32,269	25,873	6,396
Total Expenses	13,512,501	13,541,540	(29,039)
Increase (decrease) in Net Position	305,051	(171,279)	476,330
Net Position - Beginning as Previously Reported	1,941,113	2,112,392	(171,279)
Restatement - Change in Accounting Principle	(309,964)	-	(309,964)
Net Position - Beginning as Restated and Adjusted	1,631,149	2,112,392	(481,243)
Net Position - Ending	\$ 1,936,200	\$ 1,941,113	\$ (4,913)

**Revenue by Source – Governmental Activities
For Fiscal Year 2025**



**Expenses by Functional Category Group – Governmental Activities
For Fiscal Year 2025**



FINANCIAL ANALYSIS OF DISTRICT FUNDS

Governmental Funds

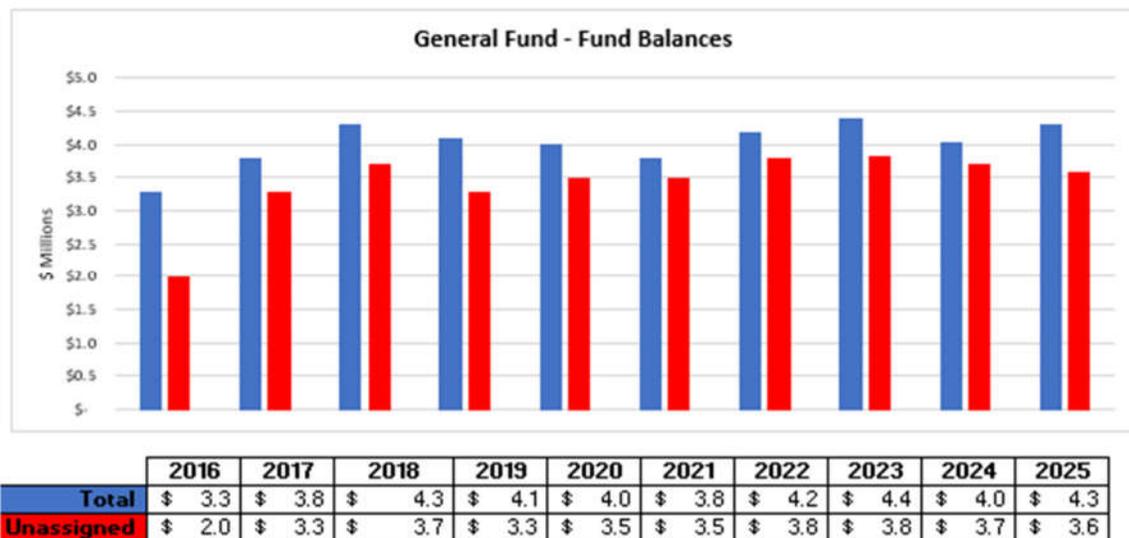
As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with related legal requirements.

At the end of the fiscal year, the combined ending fund balances for governmental funds was \$4.5 million. Approximately 81% of this total amount or \$3.6 million constitutes the unassigned fund balance. The remainder is not available for new spending because it is restricted, committed or assigned for other purposes.

The general fund is the primary operating fund of the District. The general fund reported an ending fund balance of \$4.3 million which is an increase of \$301,060 over prior year.

Both revenues and expenses were higher than prior year. General fund revenue increased \$1.3 million over prior year primarily due to the passage of the VATRE which generated additional property taxes and state aid. General fund expenditures increased \$631 thousand over prior year due to higher operating costs from compensation increases, a decrease in stimulus aid from ESSER, which caused some expenses to shift back to general fund, along with costs related to facility improvements.

The following is a chart comparing general fund total and unassigned fund balances from 2016 to present. As reflected in the chart, the unassigned fund balance for the current year remains at one of its highest points in ten years.



The District's Child Nutrition Program (CNP), which is a component of the General Fund, had an ending fund balance of \$187,445 (Exhibit J-2) which represents a decrease of \$85,940. The fund continues to operate at a deficit balance as a result of decreasing enrollment, which has led to a reduction in the number of meals eligible for reimbursement and increasing food costs.

The debt service fund has a total fund balance of \$93,810 (Exhibit J-3) which represents a decrease of \$91,981. The District will continue to use fund balance to assist with next year's bond payments in accordance with truth in taxation laws. Fund balance is restricted for the payment of debt service.

The capital projects fund has a fund balance of \$50. Fund balance decreased \$9,091 and will be closed next fiscal year.

Fiduciary Funds

The District is the trustee, or fiduciary, for money raised by student activities and alumnae scholarship programs. All the District's fiduciary activities are reported separately in the Statement of Fiduciary Net Position, Exhibit E-1 and the Statement of Changes in Fiduciary Net Position, Exhibit E-2. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Financial Policies Impacting Fund Balance

In August 2018, the Board of Trustees updated its resolution related to Fund Balance. As stated in the resolution, the District shall strive to maintain a yearly unassigned fund balance of 20% (73 days) of the total operating expenditures. For the 2025 fiscal year, the District's unassigned fund balance represented 30% (109 days) of the total operating expenditures.

During the year ended August 31, 2025, the District implemented GASB Statement Number 101, Compensated Absences. Statement 101 improves the information needs of financial statements users by updating the recognition and measurement guidance for compensated absences under a unified model and amending certain previously required disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2023. GASB 101 was implemented in the District's fiscal year 2025 financial statements. Beginning net position has been restated because of the implementation of this statement.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Trustees approved a Voter Approval Tax Ratification Election (VATRE) on August 17, 2024 to increase the M&O tax rate by \$.12 and adopted a surplus budget in anticipation of the additional revenue. The VATRE passed on November 5, 2024. The VATRE generated approximately \$290k in additional property tax revenue and \$800k in additional state aid which was used to balance the operating budget, pay for salary increases and support maintenance and operations projects throughout the district.

Throughout the year, additional budget amendments were submitted to the board to refine the initial revenue forecast based on updated information regarding state funding and estimated local revenue. The increase in state aid was primarily due to an increase in the teacher incentive allotment and additional funding allocated for the 2025-2026 school year, as authorized by HB2 in June 2025.

Actual revenues were more than the amended budget by 1.01% or \$125,716.

Budgeted expenditures increased from \$11,430,225 (adopted) to \$12,513,308 (final) over the fiscal year and actual expenditures were \$12,178,933.

The District revised its general fund budget throughout the year to align:

- Appropriations for compensation increases, dependent on the VATRE passage, of \$165,018.
- Appropriations for the state funded Teacher Incentive Allotment of \$116,664.
- Appropriations for facility improvements of \$397,161 including HVAC upgrades, a new lighting system for the high school auditorium and a district-wide security system upgrade.

- Appropriations for food service summer program of \$97,633 of which \$77,826 was expended in the fiscal year.
- Appropriations for food service grants for food assistance of \$55,695 of which \$39,846 was expended in the fiscal year.

Actual expenditures were less than appropriated by 2.7% or \$334,375.

Actual revenues were \$275,115 above final expenditure amounts at the end of the fiscal year.

The District also recognized \$25,945 in Other Financing Sources as a result of SBITAs under GASB 96.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District’s investment in capital assets as of August 31, 2025, amounts to \$7.2 million (net of accumulated depreciation.) The amount represents a net decrease (including additions and deletions) of \$357,721 which includes depreciation of \$793,535, additions of \$409,869 and deletions of \$140,358.

	Governmental Activities	
	2025	2024
Land and Improvements	\$ 207,017	\$ 210,871
Buildings and Improvements	5,886,306	6,062,321
Furniture, equipment and vehicles	1,062,498	1,210,549
SBITA assets	12,971	26,052
Right-to-Use Lease assets	33,439	50,159
	\$ 7,202,231	\$ 7,559,952

Major capital asset events during the current fiscal year included the purchase of a district-wide Camera System, AHS Auditorium Stage Lighting System, and improvements to the HVAC systems in both the high school gym and elementary school multi-purpose center. The capital asset retirements pertain to assets that were replaced or disposed.

Additional detailed information about the District’s capital assets activity is presented in Note III.D of the Notes to the Financial Statements.

Debt and Other Liabilities

At year-end, the District had \$2.25 million outstanding in bonds payable, a decrease of \$375,000 over last year. Of this balance, \$390,000 is due within one year.

The district credit ratings have remained favorable and have not decreased.

The District implemented GASB Statement 101 during fiscal year 2025. At year-end, the District had \$451,839 accrued for compensated absences, of which \$174,712 is expected to be used or paid within one year.

Bond Rating

This District's bonds presently carry an "AAA" rating with Moody's Investor Services. This long-term rating reflects the guaranty provided by the Texas Permanent School Fund. The underlying rating, reflecting the credit quality before considerations of the guaranty is "A2". This rating was affirmed June 24, 2021

More detailed information about the District's long-term liabilities is presented in Notes III.F through III.K.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In August 2025, the Board of Trustees adopted a surplus 2025-26 budget of \$67,137.

The primary assumptions used in preparing the District's budget for the 2025-26 fiscal year included a 7% increase in property tax values and student enrollment of 700 students. Tax rates were adopted at \$.7869 per \$100 valuation for Maintenance and Operations and \$0.159286 for Interest and Sinking.

The District forecasted a drop in enrollment and revenue was estimated using 93.5% attendance rate. The District's refined average daily attendance (ADA) was budgeted at 632 students. This is a decrease from the prior year's final ADA by 24 students. Actual ADA came in slightly lower at 622 students.

The budget incorporated the impact of the new House Bill 2 which included significant pay increases for teachers.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the District's Finance office, 840 Sixth Street, Anthony, Texas 79821.

This page left blank intentionally.

BASIC FINANCIAL STATEMENTS

This page left blank intentionally.

ANTHONY 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	\$ 2,815,516
1220 Property Taxes - Delinquent	165,105
1230 Allowance for Uncollectible Taxes	(87,722)
1240 Due from Other Governments	1,961,462
1250 Accrued Interest	3,419
1267 Due from Fiduciary Funds	9,789
1290 Other Receivables, Net	600
1300 Inventories	45,948
1410 Prepayments	8,758
Capital Assets:	
1510 Land	159,302
1520 Buildings and Improvements, Net	5,886,306
1530 Furniture and Equipment, Net	755,539
1540 Land Improvements, Net	47,715
1550 Right-to-Use Lease Assets, Net	33,439
1553 SBITA Assets, Net	12,971
1560 Vehicles, Net	306,959
1990 Long-Term Investments	500,000
1000 Total Assets	12,625,106
DEFERRED OUTFLOWS OF RESOURCES	
1705 Deferred Outflow Related to TRS Pension	944,656
1706 Deferred Outflow Related to TRS OPEB	1,425,781
1700 Total Deferred Outflows of Resources	2,370,437
LIABILITIES	
2110 Accounts Payable	124,786
2140 Interest Payable	3,946
2150 Payroll Deductions and Withholdings	218,258
2160 Accrued Wages Payable	458,019
2180 Due to Other Governments	207
2300 Unearned Revenue	33,091
Noncurrent Liabilities:	
2501 Due Within One Year: Bonds, Leases, SBITAs, etc.	595,684
Due in More than One Year:	
2502 Bonds, Unamortized Premiums, Leases, SBITAs, etc.	2,246,998
2540 Net Pension Liability (District's Share)	4,043,178
2545 Net OPEB Liability (District's Share)	2,426,090
2000 Total Liabilities	10,150,257
DEFERRED INFLOWS OF RESOURCES	
2602 Deferred Resource Inflow Gain on Refundings	7,787
2605 Deferred Inflow Related to TRS Pension	170,606
2606 Deferred Inflow Related to TRS OPEB	2,730,693
2600 Total Deferred Inflows of Resources	2,909,086
NET POSITION	
3200 Net Investment in Capital Assets	4,794,672
Restricted:	
3820 Restricted for Federal and State Programs	259,939
3850 Restricted for Debt Service	101,545
3870 Restricted for Campus Activities	15,843
3900 Unrestricted	(3,235,799)
3000 Total Net Position	\$ 1,936,200

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

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

Data Control Codes	1	Program Revenues		6	
		3	4		
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Primary Gov. Governmental Activities	
Primary Government:					
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 6,087,688	\$ 6,447	\$ 563,212	\$ (5,518,029)
12	Instructional Resources and Media Services	170,455	325	4,127	(166,003)
13	Curriculum and Instructional Staff Development	302,940	-	270,059	(32,881)
21	Instructional Leadership	383,789	-	230,607	(153,182)
23	School Leadership	757,548	7,800	19,179	(730,569)
31	Guidance, Counseling, and Evaluation Services	426,105	-	115,624	(310,481)
32	Social Work Services	239,966	-	239,966	-
33	Health Services	130,941	-	22,961	(107,980)
34	Student (Pupil) Transportation	427,506	325	11,795	(415,386)
35	Food Services	1,016,803	48,985	827,046	(140,772)
36	Extracurricular Activities	561,308	16,846	4,293	(540,169)
41	General Administration	983,498	8,775	238,508	(736,215)
51	Facilities Maintenance and Operations	1,245,060	-	39,726	(1,205,334)
52	Security and Monitoring Services	258,246	-	4,595	(253,651)
53	Data Processing Services	407,802	11,375	20,380	(376,047)
61	Community Services	4,577	-	4,361	(216)
72	Interest and Fees on Long-Term Debt	76,000	-	78,797	2,797
99	Other Intergovernmental Charges	32,269	-	-	(32,269)
	[TP] TOTAL PRIMARY GOVERNMENT:	\$ 13,512,501	\$ 100,878	\$ 2,695,236	(10,716,387)
Data Control Codes	General Revenues:				
	Taxes:				
MT	Property Taxes, Levied for General Purposes			1,800,502	
DT	Property Taxes, Levied for Debt Service			298,678	
SF	State Aid - Formula Grants			8,736,477	
IE	Investment Earnings			171,477	
MI	Miscellaneous Local and Intermediate Revenue			14,304	
TR	Total General Revenues			11,021,438	
CN	Change in Net Position			305,051	
NB	Net Position - Beginning as Previously Reported			1,941,113	
PA	Restatements - Change in Accounting Principle			(309,964)	
	Net Position - Beginning as Restated and Adjusted			1,631,149	
NE	Net Position - Ending			\$ 1,936,200	

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

GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

Data Control Codes	General Fund	Other State Special Revenue Funds	Other Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 2,685,649	\$ -	\$ 129,867	\$ 2,815,516
1220 Property Taxes - Delinquent	141,594	-	23,511	165,105
1230 Allowance for Uncollectible Taxes	(75,892)	-	(11,830)	(87,722)
1240 Due from Other Governments	1,402,703	193,618	365,141	1,961,462
1250 Accrued Interest	3,419	-	-	3,419
1260 Due from Other Funds	527,421	-	89,696	617,117
1290 Other Receivables	600	-	-	600
1300 Inventories	45,948	-	-	45,948
1410 Prepayments	8,758	-	-	8,758
1900 Long-Term Investments	500,000	-	-	500,000
1000 Total Assets	<u>\$ 5,240,200</u>	<u>\$ 193,618</u>	<u>\$ 596,385</u>	<u>\$ 6,030,203</u>
LIABILITIES				
2110 Accounts Payable	\$ 88,596	\$ 5,000	\$ 31,190	\$ 124,786
2150 Payroll Deductions and Withholdings Payable	218,258	-	-	218,258
2160 Accrued Wages Payable	433,613	3,262	21,144	458,019
2170 Due to Other Funds	89,696	185,356	332,276	607,328
2180 Due to Other Governments	59	-	148	207
2300 Unearned Revenue	15,342	-	17,749	33,091
2000 Total Liabilities	<u>845,564</u>	<u>193,618</u>	<u>402,507</u>	<u>1,441,689</u>
DEFERRED INFLOWS OF RESOURCES				
2601 Unavailable Revenue - Property Taxes	65,702	-	11,681	77,383
2600 Total Deferred Inflows of Resources	<u>65,702</u>	<u>-</u>	<u>11,681</u>	<u>77,383</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3410 Inventories	41,147	-	-	41,147
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	146,298	-	72,494	218,792
3470 Capital Acquisition and Contractual Obligation	-	-	50	50
3480 Retirement of Long-Term Debt	-	-	93,810	93,810
3490 Other Restricted Fund Balance	-	-	15,843	15,843
Committed Fund Balance:				
3545 Other Committed Fund Balance	4,373	-	-	4,373
Assigned Fund Balance:				
3590 Other Assigned Fund Balance	500,000	-	-	500,000
3600 Unassigned Fund Balance	3,637,116	-	-	3,637,116
3000 Total Fund Balances	<u>4,328,934</u>	<u>-</u>	<u>182,197</u>	<u>4,511,131</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 5,240,200</u>	<u>\$ 193,618</u>	<u>\$ 596,385</u>	<u>\$ 6,030,203</u>

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

ANTHONY 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	\$	4,511,131
Capital assets, right-to-use lease assets, and SBITAs used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$22,953,465 and the accumulated depreciation and amortization was (\$15,393,513). 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. The net effect of including the beginning balances for capital assets (net of depreciation and amortization) and long-term debt in the governmental activities is to increase net position.		4,648,640
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the capital outlays and debt principal payments is to increase net position. Similarly, the principal payments on right-to-use lease assets and SBITA assets are not expenses, rather they are decreases in the right-to-use lease liabilities and the SBITA liabilities. These payments must be reclassified and shown as reductions to these liabilities increasing net position.		492,711
Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to TRS included a deferred resource outflow in the amount of \$944,656, a deferred resource inflow in the amount of \$170,606, and a net pension liability in the amount of \$4,043,178. This resulted in a decrease in net position.		(3,269,128)
Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. The net position related to TRS included a deferred resource outflow in the amount of \$1,425,781, a deferred resource inflow in the amount of \$2,730,693, and a net OPEB liability in the amount of \$2,426,090. This resulted in a decrease in net position.		(3,731,002)
The current year depreciation and amortization expense increases accumulated depreciation. The net effect of the current year's depreciation and amortization is to decrease net position.		(793,535)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting such as recognizing unavailable revenue from property taxes as revenue. The net effect of these reclassifications and recognitions is to increase net position.		77,383
Net Position of Governmental Activities	\$	<u>1,936,200</u>

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

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

Data Control Codes	General Fund	Other State Special Revenue Funds	Other Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 2,070,324	\$ -	\$ 312,948	\$ 2,383,272
5800 State Program Revenues	9,366,888	391,193	95,443	9,853,524
5900 Federal Program Revenues	1,016,836	-	935,289	1,952,125
5020 Total Revenues	<u>12,454,048</u>	<u>391,193</u>	<u>1,343,680</u>	<u>14,188,921</u>
EXPENDITURES:				
Current:				
0011 Instruction	5,503,867	60,469	402,150	5,966,486
0012 Instructional Resources and Media Services	162,238	-	-	162,238
0013 Curriculum and Instructional Staff Development	33,273	223,476	46,278	303,027
0021 Instructional Leadership	168,309	82,114	143,860	394,283
0023 School Leadership	746,759	1,080	4,792	752,631
0031 Guidance, Counseling, and Evaluation Services	331,407	-	109,067	440,474
0032 Social Work Services	-	-	239,966	239,966
0033 Health Services	133,560	-	-	133,560
0034 Student (Pupil) Transportation	361,411	-	2,121	363,532
0035 Food Services	961,084	-	-	961,084
0036 Extracurricular Activities	443,695	-	7,423	451,118
0041 General Administration	1,013,124	-	2,415	1,015,539
0051 Facilities Maintenance and Operations	1,442,565	11,845	9,191	1,463,601
0052 Security and Monitoring Services	392,251	-	800	393,051
0053 Data Processing Services	392,177	12,209	-	404,386
0061 Community Services	216	-	4,361	4,577
Debt Service:				
0071 Principal on Long-Term Liabilities	54,014	-	375,000	429,014
0072 Interest on Long-Term Liabilities	6,714	-	97,175	103,889
Intergovernmental:				
0099 Other Intergovernmental Charges	32,269	-	-	32,269
6030 Total Expenditures	<u>12,178,933</u>	<u>391,193</u>	<u>1,444,599</u>	<u>14,014,725</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	275,115	-	(100,919)	174,196
OTHER FINANCING SOURCES (USES):				
7949 Proceeds from SBITAs	25,945	-	-	25,945
1200 Net Change in Fund Balances	301,060	-	(100,919)	200,141
0100 Fund Balance - September 1 (Beginning)	4,027,874	-	283,116	4,310,990
3000 Fund Balance - August 31 (Ending)	<u>\$ 4,328,934</u>	<u>\$ -</u>	<u>\$ 182,197</u>	<u>\$ 4,511,131</u>

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

ANTHONY 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	\$	200,141
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 increase the change net position. Similarly, current year principal payments on right-to-use leases and SBITAs are also reclassified as reductions to the right-to-use lease liability and the SBITA liability which will result in an increase in the change in net position.		802,675
Depreciation and amortization 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 and amortization is to decrease the change in net position.		(793,535)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue and adjusting current year revenue to show the revenue earned from the current year's tax levy. The net effect of these reclassifications and recognitions is to increase the change in net position.		8,700
GASB 68 requires that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$363,551. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in the change in net position totaling \$372,616. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by \$248,292. The net result is a decrease in the change in net position.		(257,357)
GASB 75 requires that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$70,255. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net OPEB liability. This caused a decrease in the change in net position totaling \$72,609. Finally, the proportionate share of the TRS OPEB expense on the plan as a whole had to be recorded. The net OPEB expense increased the change in net position by \$346,781. The net result is an increase in the change in net position.		344,427
Change in Net Position of Governmental Activities	\$	305,051

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

This page left blank intentionally.

FIDUCIARY FUND FINANCIAL STATEMENTS

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

	Private Purpose Trust Fund	Custodial Fund
ASSETS		
Cash and Cash Equivalents	\$ 13,669	\$ 47,808
Total Assets	<u>13,669</u>	<u>\$ 47,808</u>
LIABILITIES		
Accounts Payable	500	1,438
Due to Other Funds	<u>2,000</u>	<u>7,789</u>
Total Liabilities	<u>2,500</u>	<u>9,227</u>
NET POSITION		
Restricted for Scholarships	11,169	-
Restricted for Individuals and Organizations	<u>-</u>	<u>38,581</u>
Total Net Position	<u>\$ 11,169</u>	<u>\$ 38,581</u>

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

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

	Private Purpose Trust Fund	Custodial Fund
ADDITIONS:		
Cocurricular Services or Activities	\$ -	\$ 61,894
Earnings from Temporary Deposits	133	370
Total Additions	<u>133</u>	<u>62,264</u>
DEDUCTIONS:		
Other Deductions	500	62,270
Total Deductions	<u>500</u>	<u>62,270</u>
Change in Fiduciary Net Position	(367)	(6)
Total Net Position - September 1 (Beginning)	<u>11,536</u>	<u>38,587</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 11,169</u></u>	<u><u>\$ 38,581</u></u>

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

This page left blank intentionally.

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED AUGUST 31, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Anthony Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

A. Reporting Entity

Because the Board of Trustees (the "Board") is elected by the public; it has the authority to make decisions, appoint administrators and managers, and significantly influence operations; and has the primary accountability for fiscal matters; the District is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board (GASB).

In accordance with Governmental Accounting Standards Board, a financial reporting entity consists of the primary government and its component units. Component units are legally separate organizations for which the elected officials of the District are financially accountable, or for which the relationship to the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. Discretely presented component units are reported in a separate column in the basic financial statements to emphasize they are legally separate from the school district. Blended component units, although a legally separate entity, are in substance a part of the District's operations, and thus the data is combined with data of the primary government.

The criteria used to determine whether an organization is a component unit of the District includes: financial accountability of the District for the component unit, whether the District appoints a voting majority of the entity's board, the ability to impose the District's will on the component unit, fiscal dependency criterion, if it is a financial benefit to or burden to the District, and whether services are provided entirely or almost entirely to the District.

The above standards were applied to the Anthony Independent School District Public Facilities Corporation (Corporation) and the District determined that it is a blended component unit of the District.

Anthony Independent School District Public Facilities Corporation (PFC)

In 1999, the Board of Trustees adopted a resolution approving the creation of the Anthony Independent School District Public Facilities Corporation for the purpose of constructing school facilities and leasing those facilities to the District. For the year ended August 31, 2025, the Corporation did not hold assets or liabilities and did not have any activity. In addition, the Board of Trustees did not hold any meetings for the Corporation during the fiscal year ended August 31, 2025.

(Continued)

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED AUGUST 31, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements

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

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement category represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. For pensions and OPEB, these outflows result from pension plan and OPEB contributions made after the measurement date of the net pension and OPEB liabilities, the net difference between projected and actual investment earnings, changes in actuarial assumptions; differences between expected and actual experiences; and changes in the District's proportional share of net pension and OPEB liabilities. The deferred outflows of resources related to pensions and OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension and OPEB liabilities in the next fiscal year. The other pension and OPEB related deferred outflows will be amortized over a systematic and rational method over a closed period.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement category represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. For pensions and OPEB, these inflows result from pension and OPEB changes in actuarial assumptions; differences between expected and actual economic experiences; and changes in the District's proportionate share of the net pension and OPEB liabilities. These inflows will be amortized over a systematic and rational method over a closed period.

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

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

(Continued)

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED AUGUST 31, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The “charges for services” column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function of the District. Examples include school lunch charges, and athletic and extracurricular/cocurricular activities, etc. The “grants and contributions” column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Act as amended by the Every Student Succeeds Act. If a revenue is not a program revenue, it is a general revenue used to support all of the District’s functions. Taxes are always general revenues.

Interfund activities between governmental funds appear as due to/due from on the Governmental Fund Balance Sheet and as other financing sources and uses on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Net Position.

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

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

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

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

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, leases, and subscription-based information technology arrangements (SBITAs) which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues, except for property tax revenue, available if they are collectible within one year after year end. School Health and Related Services (SHARS) revenue is recognized when reimbursements are received and when the annual Cost Report is acknowledged by the Texas Health and Human Service Commission.

(Continued)

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED AUGUST 31, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues from local sources consist primarily of property taxes, investment income, food service activity, athletic activity, extracurricular and co-curricular activity. Revenues received from the State are recognized under the susceptible -to- accrual concept, that is, when they are both measurable and available. The District considers property tax revenue available if it will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Unavailable revenue from property taxes arises only under modified accrual basis of accounting. The governmental funds report this unavailable revenue as deferred inflow of resources, which is recognized as revenue in the period that amounts become available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

The Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is shown as restricted net position.

D. Fund Accounting

The District reports the following major governmental funds:

1. 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.
2. Other State Special Revenue Funds - The Other State Special Revenue Funds is used to account for the Strong Foundation Planning Supports, Blended Learning Grants, Strong Foundation Planning Strong Foundations, Implementation, Advances Placement Computer Science Principles, Blended Learning PD, and the Safety and Facilities Enhancement (SAFE) Grants - Cycle 1 and Cycle 2. Grant funds are awarded to the District by the Texas Education Agency. The Board does not adopt a budget for this special revenue fund since the budget is designated by the grantor.

(Continued)

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Additionally, the District reports the following fund types:

Governmental Funds:

1. Special Revenue Funds - The District accounts for resources restricted to specific purposes by a grantor in a special revenue fund. Most federal and some state financial assistance is accounted for in a special revenue fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.
2. Debt Service Fund - The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.
3. Capital Projects Fund - Includes the proceeds from long-term debt financing which will be used to construct, renovate, acquire and equip school buildings in the District and pay any associated costs.
4. Permanent Funds - The District has no permanent funds.

Proprietary Funds:

5. Enterprise Funds - The District has no enterprise funds.
6. Internal Service Funds - The District has no internal service funds.

Fiduciary Funds:

7. Private Purpose Trust Funds - The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit the District graduates. The District's private purpose trust fund is the District's Scholarship Fund.
8. Pension (and Other Employee Benefit) Trust Funds - The District has no pension trust funds.
9. Investment Trust Fund - The District has no investment trust funds.
10. Custodial Funds - The District accounts for resources held for others in a custodial capacity in custodial funds. The District's custodial fund is used to account for activities of student groups.

(Continued)

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Other Accounting Policies

1. The District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
2. Investments with an original maturity greater than one year from date of purchase are stated at fair value based on quoted market prices as of year end. Investments with an original maturity of less than one year if any, are reported at amortized cost. Any premiums and discounts on investments are amortized or accreted using the straight-line method, which approximates the interest method, over the terms of the related securities.
3. The funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the **Depository Contract Law**. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.
4. The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers' acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. Management asserts that the District is in substantial compliance with the requirements of the Act and with local policies.
5. Additional policies and contractual provisions governing deposits and investments for the District are specified below:

Credit Risk:

Deposits - Credit risk is not applicable to deposits.

(Continued)

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED AUGUST 31, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Temporary Investments (Cash Equivalents) - To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations, the District limits investments in public funds investment pools to those that have received top ratings issued by nationally recognized statistical rating organizations (NRSROs). As of August 31, 2025, the District's investments in the Lone Star Investment Pool were rated AAAM and AAAs/S1+ by Standard & Poor's.

Long-term Investments - To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations, the District invests in a Certificate of Deposit Account Registry Service (CDARS) account which is designed to divide large deposits across a network of participating banks that are invested in certificates of deposit (CD) in amounts less than the standard FDIC insurance of \$250,000. CDARS are not rated due to balances being fully covered by FDIC insurance.

Custodial Credit Risk:

Deposits - State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. Since the District has a contract that complies with this law, it has minimal custodial credit risk for deposits.

Temporary Investments - To limit the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of investment or collateral securities that are in possession of an outside party, the District requires counterparties to register the securities in the name of the District and hand them over to the District or its designated agent. This includes securities in securities lending transactions. Investment pools are not exposed to custodial credit risk because they are not evidenced by securities that exist in physical or book-entry form.

Long-term Investments - To limit the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of investment or collateral securities that are in possession of an outside party, the District requires counterparties to register the securities in the name of the District and hand them over to the District or its designated agent. This includes securities in securities lending transactions. The District's CDARS is registered in the District's name and structured to mitigate custodial credit risk by using a network of banks and pass-through FDIC insurance, which ensures that deposits are secure even in the event of a member bank failure.

Concentration of Credit Risk:

Deposits - Concentration of credit risk is not applicable to deposits.

Temporary Investments- To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District's policy states that the portfolio must be diversified. Concentration of Credit Risk is not applicable to investment pools since the purpose of these investments is to diversify the District's investment portfolio.

(Continued)

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED AUGUST 31, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-term Investments - To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District's policy states that the portfolio must be diversified. The District's CDARS spread large deposits across a network of FDIC-insured banks to limit this risk. CDARS are approximately 15.7% of total governmental investments.

Interest Rate Risk:

Deposits - Interest rate risk is not applicable to deposits.

Temporary Investments - To limit the risk that changes in interest rates will adversely affect the fair value of the investments, the District requires its investment portfolio to have maturities of less than one year on a weighted average maturity (WAM) basis. Each pool invests in different investment instruments and each portfolio has varying maturities.

Long-term Investments - To limit the risk that changes in interest rates will adversely affect the fair value of the investments, the District requires its investment portfolio to have maturities of less than one year on a weighted average maturity (WAM) basis unless the board specifically authorizes a longer maturity for a given investment. As of August 31, 2025, management calculated the District's WAM for the general fund at 148 days, and the total WAM was 142 days.

Foreign Currency Risk:

Deposits - The District attempts to limit the risk that changes in exchange rates will adversely affect a deposit by avoiding deposits denominated in a foreign currency.

Temporary Investments - The District attempts to limit the risk that changes in exchange rates will adversely affect the fair value of an investment by avoiding investment pools or securities which are denominated in a foreign currency.

Long-term Investments - The District is not exposed to the risk that changes in exchange rates will adversely affect the fair value of an investment as none of the investments are denominated in any foreign currencies.

6. The District reports inventories of supplies at weighted average cost including consumable maintenance, instructional, office, athletic, and transportation items. Supplies are recorded as expenditures when they are consumed. Inventories of food commodities which are received at no cost are recorded as revenue and expenditures at fair values supplied by the Texas Department of Agriculture when received. At year end, the commodities inventory is recorded to inventory and unearned revenue.
7. Prepaid items on the balance sheet are accounted for using the consumption method and are recognized as expenditures in the period in which the service is provided.

(Continued)

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED AUGUST 31, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. The District provides employees with five days per year of state personal leave, with no limit on accumulation and no restrictions on transfer among districts. Starting in fiscal year 2024, employees meeting certain conditions are eligible for payment of accumulated state leave. Employees eligible for payment will receive payment for each day of accumulated state leave, to a maximum of 30 days, at a rate equal to 50 percent of the individual employee's daily rate of pay.

Each full-time professional certified employee and full-time paraprofessional/auxiliary employee earns five, six, or seven paid local leave days per school year. Local leave could accumulate to a maximum of five leave days. The District does not pay for accrued local leave upon retirement.

The District provides employees the option to donate hours to the employee sick leave bank. The pool balance is calculated using the daily average rate of employees who donate to the pool during the year multiplied by the pool hours available at the end of the fiscal year.

The District is utilizing the First-in, First-out (FIFO) flow assumption for estimating the compensated absences liability, and the above leave that meets the qualifications for GASB Statement 101 are included in the compensated absences calculation and liability.

A liability for certain types of leave, such as parental leave, military leave, and jury duty leave is not accrued in the financial statements until the leave commences as they depend on the occurrence of a sporadic event. Management has determined that any resulting obligation at the end of the fiscal year for these types of leave would be insignificant and immaterial to the financial statements. As such, a liability has not been accrued related to these types of leave in the financial statements.

9. Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.
10. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

(Continued)

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED AUGUST 31, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. Capital assets, which include land, land improvements, buildings and improvements, furniture and equipment, vehicles, right-to-use lease assets, and subscription-based information technology arrangements (SBITAs), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The District capitalizes all right-to-use assets and SBITAs with a per-unit cost that is equal to or excess \$50,000 and \$10,000, respectively.

All individual federally funded assets with a cost of \$5,000 or more shall be capitalized in accordance with the aforementioned policies.

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

Land improvements, buildings and improvements, furniture and equipment, and vehicles of the District are depreciated using a straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	15
Buildings and Improvements	20-35
Vehicles	7-10
Equipment	3-10

Right-to-use lease assets and SBITAs are amortized in a systematic and rational manner over the shorter of the lease or subscription term or the useful life of the underlying asset. When a lease contains a purchase option the District chooses to exercise, the lease asset is amortized over the useful life of the underlying asset. The amortization expense is combined with depreciation expense for financial reporting purposes.

12. In the government-wide financial statements, long-term debt, right-to-use lease liabilities, SBITAs, and other long-term obligations are reported as liabilities in the Statement of Net Position. When applicable, premiums and discounts are presented as a component of liabilities while deferred charges on refundings are presented as deferred inflows of resources. Both items are deferred and amortized over the life of the related debt using the straight line method. Long-term debt is reported net of the applicable premium or discount. The right-to-use lease and SBITA liability is calculated as the present value of the reasonably certain expected payments to be made over the term of the lease or the SBITA and the interest included in the lease or SBITA payment is recorded as an expense.

(Continued)

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED AUGUST 31, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs and new right-to-use lease arrangements and new SBITAs, 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. For new right-to-use leases and SBITAs, the initial measurement is reported in governmental fund types as an other financing source during the current period. Payments are reported as principal and interest expenditures during the reporting period in the fund financial statements.

13. 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, net accumulated depreciation and amortization, reduced by the outstanding balances of bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are 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, if applicable, related to those assets, which are restricted by federal and state granting agencies.
 - **Restricted for debt service** - this component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources, if applicable, related to those assets. The assets arise from bond issuances which have constraints placed on them by the bond covenants for the purpose of future debt service payments.
 - **Restricted for campus activities** - this component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources, if applicable, related to those assets, which are restricted transactions related to a principal's activity fund.
 - **Unrestricted** - 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.
14. The District may report the following fund balance categories which describe the nature and relative strength of the spending constraints:
 - **Nonspendable fund balance** - represents amounts that are not in spendable form or are legally or contractually required to be maintained intact, such as inventories.

(Continued)

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **Restricted fund balance** - represents amounts restricted to specific purposes, with constraints placed on the use of resources by (a) external creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or by enabling legislation.
- **Committed fund balance** - represents amounts that are constrained for purposes which the Board of Trustees, the District's highest level of decision-making authority, has designated their use. These amounts are committed through a formal resolution, requiring funds to be used only for specific purposes. These amounts can only be re-allocated by the same formal action that was taken to originally commit those amounts. The Board of Trustees shall take action to commit funds for a specific purpose prior to the end of the fiscal year.
- **Assigned fund balance** - represents amounts the District intends to use for a specific purpose, but are neither restricted nor committed. The governing body has delegated authority to the Superintendent or his/her designee to assign funds. Assignments may occur subsequent to fiscal year-end.
- **Unassigned fund balance** - represents amounts that are available for any purpose and have not been restricted, committed, or assigned for specific purposes. Positive amounts are reported only in the general fund.

The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. Assigned fund balance is established by the Superintendent or his/her designee for a specific purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position/fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, followed by assigned funds, and then unassigned funds when expenditures are incurred for purposes of which amounts in any of those unrestricted fund balance classifications could be used, unless the Board of Trustees or designee's have provided otherwise in their commitment or assignment actions.

District shall strive to maintain a yearly unassigned fund balance in the General Operating Fund equal to or exceeding 20% of the total operating expenditures.

15. In the fund financial statements, governmental funds report restrictions of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. The entire fund balances in the Special Revenue, Debt Service, and Capital Project Funds have such restrictions. Since the entire fund balance is restricted for these funds, all assets are in essence restricted for their specified purpose.

(Continued)

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED AUGUST 31, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

16. When the District incurs an expense for which it may use either restricted or unrestricted resources, it uses the restricted resources first whenever they will have to be returned if they are not used.
 17. The Data Control Codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to ensure accuracy in building a Statewide data base for policy development and funding plans.
 18. The District receives substantial amounts of funding from special revenue sources. The majority of this money is cost reimbursement to the District by the federal government or Texas Education Agency. The portion of revenue allowable for indirect cost is credited as revenue to the general fund and as a reduction to revenue in the applicable special revenue fund, as appropriate. These indirect costs are then fully allocated to function 41 in the Statement of Activities as operating grants and contributions.
 19. In accordance with the Resource Guide, the District has adopted and installed an accounting system which meets at least the minimum requirements prescribed by the Texas State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure presented in the Resource Guide. Mandatory codes are recorded in the order provided in the Resource Guide.
 20. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- F. The District implemented GASB Statement No. 101, Compensated Absences, as of September 1, 2024. The primary objective of this Statement is to improve the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. See Note III. K and III. Z for additional information.

The District also implemented GASB Statement No. 102, Certain Risk Disclosures. The primary objective of this Statement is to provide users of governmental financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The implementation of this Statement did not have an impact in the presentation of the financial statements or disclosures.

(Continued)

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED AUGUST 31, 2025

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities are not due and payable in the current period and are not reported as liabilities in the funds.

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

Exhibit C-4 provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net position balance and the change in net position.

Other elements of the reconciliation on the Exhibit C-4 include recognizing property tax revenue considered available and recognizing accruals of interest on long-term debt. In addition, certain pension and OPEB expenditures are de-expended and the District recorded its proportionate share of the pension and OPEB expense. These adjustments are necessary to convert from the modified accrual basis of accounting to the full accrual basis of accounting.

(Continued)

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

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At August 31, 2025, the carrying amount of all the District’s deposits (cash and interest-bearing savings accounts) was \$200,004 and the bank balance was \$250,443. The District’s cash deposits at August 31, 2025, were entirely covered by FDIC insurance or by pledged collateral held by the District’s agent bank in the District’s name.

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

- a. Depository: Wells Fargo Bank, El Paso, Texas.
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$809,331.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$979,953 and occurred during the month of December 2024.
- d. Total amount of FDIC coverage at the time of the largest combined balance was \$250,000.

Due to the immediate availability of these funds, the following temporary investments are included in cash and cash equivalents at August 31, 2025 and are shown below at fair value or amortized cost, as applicable, which approximates the value of the pool shares:

Temporary Investments	General Fund	Nonmajor Governmental Funds	Total
Lone Star Corporate Overnight Fund*	\$ 163,938	\$ -	\$ 163,938
Lone Star Government Overnight Fund*	33,334	-	33,334
Lone Star Corporate Overnight Plus Fund**	2,360,086	119,631	2,479,717
Total	<u>\$ 2,557,358</u>	<u>\$ 119,631</u>	<u>\$ 2,676,989</u>

* - measured at amortized cost
** - measured at fair value

(Continued)

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED AUGUST 31, 2025

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

The Lone Star Investment Pool is a member owned, member-governed public funds investment pool. It is administered by TASB’s wholly owned subsidiary, First Public. The investment advisors for the pool are American Beacon Advisors and Standish Mellon Investment Managers. Each fund within the Pool has received the highest rating, that of AAAM and AA Af, from Standard & Poor’s as required by the Public Fund’s Investment Act. Lone Star Investment Pool issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by calling Lone Star at 1-800-558-8875. Management is not aware of the presence of any limitations or restrictions on withdrawals such as redemption notice periods, maximum transaction amounts, or the investment pool’s authority to impose liquidity fees or redemption gates.

Long-term Investments - The District has a Certificate of Deposit Account Registry Service (CDARS) account at BOK Financial. The carrying amount of the District’s CDARS account at this institution is \$500,000 at August 31, 2025 with a maturity date of the CDs being February 17, 2028 and an interest rate of 4.018%. The CDARS account balance is entirely covered by FDIC insurance.

B. Due from Other Governments

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. A majority of the federal grants are passed through the TEA. Management has deemed that no allowance for doubtful accounts is necessary for fair presentation as there is usually no risk of uncollectibility. Amounts due from federal and state governments as of August 31, 2025, are summarized below.

Fund	General Fund	Other State Special Revenue Funds	Non Major Governmental Funds	Total
Federal Grants	\$ 101,079	\$ -	\$ 348,699	\$ 449,778
State Grants	-	193,618	-	193,618
State Entitlement	1,297,880	-	16,442	1,314,322
Others	3,744	-	-	3,744
Total	<u>\$ 1,402,703</u>	<u>\$ 193,618</u>	<u>\$ 365,141</u>	<u>\$ 1,961,462</u>

C. Interfund Balances

The interfund balances are a result of normal operations and are cleared out periodically. Management intends to pay out these balances within one year.

(Continued)

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED AUGUST 31, 2025

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

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

	Due From Other Funds	Due To Other Funds
General Fund		
Other State Special Revenue Funds	\$ 185,356	\$ -
Non Major Governmental Funds	332,276	89,696
Private Purpose Trust Fund	2,000	-
Custodial Fund	7,789	-
Total General Fund	<u>527,421</u>	<u>89,696</u>
Other State Special Revenue Funds		
General Fund	<u>-</u>	<u>185,356</u>
Non Major Governmental Funds		
General Fund	<u>89,696</u>	<u>332,276</u>
Private Purpose Trust Fund		
General Fund	<u>-</u>	<u>2,000</u>
Custodial Fund		
General Fund	<u>-</u>	<u>7,789</u>
Total	<u>\$ 617,117</u>	<u>\$ 617,117</u>

D. Capital Asset Activity

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

	Primary Governments			
	Beginning Balance	Additions	Deletions, Reclassifications and Adjustments	Ending Balance
Non-depreciable assets:				
Land	\$ 159,302	\$ -	\$ -	\$ 159,302
Total non-depreciable assets	<u>159,302</u>	<u>-</u>	<u>-</u>	<u>159,302</u>
Depreciable assets:				
Land improvements	183,185	-	-	183,185
Buildings and improvements	19,232,728	391,361	-	19,624,089
Furniture and equipment	1,760,161	5,208	(66,959)	1,698,410
Vehicles	1,482,384	13,300	(73,399)	1,422,285
Total depreciable assets	<u>22,658,458</u>	<u>409,869</u>	<u>(140,358)</u>	<u>22,927,969</u>
Right-to-Use Lease asset:				
Equipment	83,599	-	-	83,599

(Continued)

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED AUGUST 31, 2025

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

	Primary Governments			
	Beginning Balance	Additions	Deletions, Reclassifications and Adjustments	Ending Balance
Subscription-Based Information Technology Arrangements (SBITAs)	52,106	25,945	(52,106)	25,945
Less accumulated depreciation for:				
Land improvements	131,616	3,854	-	135,470
Buildings and improvements	13,170,407	567,376	-	13,737,783
Furniture and equipment	903,091	106,739	(66,959)	942,871
Vehicles	1,128,905	59,820	(73,399)	1,115,326
Total accumulated depreciation	15,334,019	737,789	(140,358)	15,931,450
Less accumulated amortization for				
Right-to-Use Lease assets:				
Equipment	33,440	16,720	-	50,160
Subscription-Based Information Technology Arrangements (SBITAs)	26,054	39,026	(52,106)	12,974
Total accumulated amortization	59,494	55,746	(52,106)	63,134
Total Capital assets, net	\$ 7,559,952	\$ (357,721)	\$ -	\$ 7,202,231

Depreciation and amortization expense was charged to governmental functions as follows:

Instruction	\$ 328,320
Instructional resources and media services	16,066
Curriculum and instructional staff development	693
School leadership	34,561
Health Services	3,864
Student (pupil) transportation	82,185
Food services	61,798
Extracurricular activities	120,492
General administration	2,573
Facilities Maintenance and Operations	44,725
Security Monitoring	40,421
Data Processing Services	57,837
Total depreciation and amortization expense	\$ 793,535

(Continued)

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

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

E. Unearned Revenue

Unearned revenue at year end consisted of the following:

	General Fund	Non Major Governmental Funds	Total
State Allotments	\$ -	\$ 16,412	\$ 16,412
Supply Chain Assistance	10,541	-	10,541
USDA Commodities	4,801	-	4,801
Other Grants	-	1,337	1,337
Total Unearned Revenue	\$ 15,342	\$ 17,749	\$ 33,091

F. Changes in Long-Term Liabilities

A summary of changes in the general long-term liabilities for the year ended August 31, 2025 is as follows:

	Funded By	Restated Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>						
	Debt Service					
Refunding Bonds Payable		\$ 2,630,000	\$ -	\$ 375,000	\$ 2,255,000	\$ 390,000
Unamortized premium on bonds		109,785	-	23,797	85,988	-
		2,739,785	-	398,797	2,340,988	390,000
<u>Other Liabilities:</u>						
Right-to-Use Lease Liabilities	General Fund	52,934	-	16,580	36,354	17,471
Subscription-Based Information Technology Arrangements (SBITAs)	General Fund	25,360	25,945	37,804	13,501	13,501
Compensated Absences*		387,742	64,097	-	451,839	174,712
Total Other Liabilities		\$ 466,036	\$ 90,042	\$ 54,384	\$ 501,694	\$ 205,684
Total Governmental Long-term Liabilities		\$ 3,205,821	\$ 90,042	\$ 453,181	\$ 2,842,682	\$ 595,684

* The change in compensated absences is a net change for the year.

(Continued)

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED AUGUST 31, 2025

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

G. Bonds Payable

A summary of changes in bonds payable for the year ended August 31, 2025 is as follows:

Description	Interest Rate and Maturity Date	Amounts Original Issue	Beginning Balance	Issued	Retired	Ending Balance	Due Within One year
Unlimited Building Bonds Series 2013	2% -4.125% 02/15/2033	\$ 2,975,000	\$ 1,725,000	\$ -	\$ 160,000	\$ 1,565,000	\$ 170,000
Unlimited Tax Refunding Bonds Series 2015	2% - 4% 02/15/2028	\$ 2,460,000	905,000	-	215,000	690,000	220,000
Total			<u>\$ 2,630,000</u>	<u>\$ -</u>	<u>\$ 375,000</u>	<u>\$ 2,255,000</u>	<u>\$ 390,000</u>

Unamortized Premiums on bonds for the year ended August 31, 2025 are as follows:

Description	Beginning Balance	New Issues	Net Amortization Recognized	Ending Balance
Building Bonds Series 2013	\$ 46,395	\$ -	\$ 5,477	\$ 40,918
Refunding Bonds Series 2015	63,390	-	18,320	45,070
Total	<u>\$ 109,785</u>	<u>\$ -</u>	<u>\$ 23,797</u>	<u>\$ 85,988</u>

Debt service requirements related to bonds payable are as follows:

<u>GENERAL OBLIGATIONS</u>			
Year Ended August 31,	Principal	Interest	Total Requirements
2026	\$ 390,000	\$ 82,950	\$ 472,950
2027	405,000	67,050	472,050
2028	425,000	50,450	475,450
2029	190,000	38,150	228,150
2030	200,000	30,350	230,350
2031-2033	<u>645,000</u>	<u>40,606</u>	<u>685,606</u>
Total	<u>\$ 2,255,000</u>	<u>\$ 309,556</u>	<u>\$ 2,564,556</u>

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at August 31, 2025. For the year ended August 31, 2025, the District paid \$97,175 in interest costs related to bonds payable.

(Continued)

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

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

H. Arbitrage

Both of the District’s bond issuances, 2013 and 2015, qualify for the small issuer exception to arbitrage rebate requirement under Internal Revenue Code §148(f)(4)(D) and Treasury Regulation §1.148-8. The small issuer exception applies generally to an issue of governmental bonds by a municipality that does not expect to issue more than \$5 million of governmental bonds in that calendar year. The limit is increased to \$15 million for bonds issued to finance construction of public school facilities. The exception applies automatically to issues that comply with its requirements. No election is necessary.

I. Right-to-Use Lease Liabilities

The District has lease agreements as lessee to lease office equipment with lease terms of five years and monthly payments of \$1,580. Management utilized a 5.25% interest rate to calculate the net present value of the lease. The right-to-use lease assets are being amortized over the term of the lease using the straight-line methods.

During the fiscal year ending August 31, 2025, total principal paid by the District was \$16,580 and total interest paid by the District was \$2,384 related to these lease agreements. Future payments are as follows:

Year Ending August 31,	Principal	Interest	Total Requirements
2026	17,471	1,492	18,963
2027	18,883	553	19,436
	\$ 36,354	\$ 2,045	\$ 38,399

J. Subscription-Based Information Technology Arrangements (SBITA)

The District has various agreements for software to be used throughout the District for terms of two years. A liability of \$25,945 for new arrangements entered during fiscal year 2025 has been recorded based on present value calculations of future minimum SBITA payments and an interest rate of 8.50%. The District is required to make annual payments during the subscription term.

During fiscal year 2025, the District made principal payments of \$37,804 and interest payments of \$4,330, calculated using rate of 8.50%. The final principal and interest payments for these agreements due in fiscal year 2026 are \$13,501 and \$1,148, respectively.

(Continued)

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

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

K. Compensated Absences

Under GASB Statement 101, the District is utilizing the First-in, First-out (FIFO) flow assumption for estimating the compensated absences liability for amounts more likely than not to be used by active employees as leave or settled at separation. Under the FIFO flow assumption, as employees use leave for time off, the leave they earned "first" (earliest), will be reduced, and the most recently earned leave will carry forward. The liability is calculated using an average of former employees' years of service upon separation and also days used over the course of employment. The calculation includes the standard Medicare payroll tax rate of 1.45% in the liability balance as salary-related payments as required by the new standard.

L. Deferred Resource Inflow Gain on Refunding

Deferred gain on refunding of bonds for the year ended August 31, 2025, presented as deferred inflows of resources, was as follows:

Description	Beginning Balance	Deferred Gain on New Issues	Amortization Recognized	Ending Balance
Series 2015	\$ 10,951	\$ -	\$ 3,164	\$ 7,787

M. Defined Benefit Pension Plan

Plan Description: The District participates in a cost-sharing multiple-employer 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 work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

Pension Plan Fiduciary Net Position: Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the internet at <https://www.trs.texas.gov/learning-resources/publications>; by writing to TRS at attention Finance Division, P.O. Box 149676, Austin, TX 78714-01858; or by calling 1-800-223-8778.

(Continued)

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED AUGUST 31, 2025

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

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

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

State law requires the plan to be actuarially sound in order for the legislature to consider a benefit enhancement, such as a supplemental payment to the retirees. The pension became actuarially sound in May 2019 when the 86th Texas legislature approved the TRS Pension Reform Bill (SB12) that provided gradual contribution increases from the state, participating employers and active employees for the fiscal years 2019 through 2024.

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:

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

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

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

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.

(Continued)

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED AUGUST 31, 2025

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

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.

	<u>Contribution Rates</u>	
	<u>Plan Fiscal Year</u>	
	<u>2024</u>	<u>2025</u>
Member	8.25%	8.25%
Non-Employer Contributing Entity (State)	8.25%	8.25%
Employers	8.25%	8.25%

<u>Contributions Required and Made</u>	
2025 Employer Contributions	\$ 363,551
2025 Member Contributions	667,688
2024 Plan Year NECE On-Behalf Contributions (State)	408,346

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, medical schools and state agencies, including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

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

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

(Continued)

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED AUGUST 31, 2025

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

Included in the employer contributions amount listed above for fiscal year 2025, the District paid \$0 in retiree surcharges and \$118,209 for the Public Education Employer Contribution. These two additional surcharges an employer is subject to are summarized as follows:

- 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.
- 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.

Actuarial Assumptions: The actuarial valuation was performed as of August 31, 2023. Update procedures were used to roll forward the total pension liability to August 31, 2024. The total pension liability is determined by an annual actuarial valuation. The actuarial methods and assumptions were selected by the Board of Trustees based upon analysis and recommendations by the System’s actuary. The Board of Trustees has sole authority to determine the actuarial assumptions used for the Plan. The actuarial methods and assumptions were primarily based on a study of actual experience for the four year period ending August 31, 2021 and were adopted in July 2022. The following table discloses the assumptions that were applied to this measurement period:

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%
Mortality Assumption	The active mortality rates were based on the PUB (2010), Amount-Weighted, Below-Median Income, Teacher, Male and Female tables, with a 2-year set forward for male. The rates are projected on a fully generational basis by the long-term rates of scale MP 2021 to account for future mortality improvements. The post-retirement mortality rates were based on the 2021 TRS of Texas Healthy Pensioner Mortality Tables. The rates are projected on a fully generational basis by Scale UMP 2021, but with immediate convergence, to account for future mortality improvements.
Long-term expected Investment Rate of Return	7.00%

(Continued)

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

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

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 portion of 20 general obligation bond maturing in 20 years based on a survey of municipal bond traders.
Last year ending August 31 in Projection Period (100 years)	2123
Inflation	2.30%
Salary Increases	2.95% to 8.95% including inflation
Ad hoc post-employment benefit changes	None

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

Discount Rate: A single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.00 percent. The projection of cash flows used to determine the 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 legislative 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 projected 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 and 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.

(Continued)

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED AUGUST 31, 2025

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

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

Asset Class*	Target Allocation %**	Long-Term Expected Geometric Real Rate of Return***	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.00%	4.40%	1.00%
Non-U.S. Developed	13.00%	4.20%	0.80%
Emerging Markets	9.00%	5.20%	0.70%
Private Equity	14.00%	6.70%	1.20%
Stable Value			
Government Bonds	16.00%	1.90%	0.40%
Absolute Return*	0.00%	4.00%	0.00%
Stable Value Hedge Funds	5.00%	3.00%	0.20%
Real Return			
Real Estate	15.00%	6.60%	1.20%
Energy, Natural Resources and Infrastructure	6.00%	5.60%	0.40%
Commodities	0.00%	2.50%	0.00%
Risk Parity	8.00%	4.00%	0.40%
Asset Allocation Leverage			
Cash	2.00%	1.00%	0.00%
Asset Allocation Leverage	-6.00%	1.30%	-0.10%
Inflation Expectation			2.40%
Volatility Drag****			-0.70%
Total	100.00%		7.90%

*Absolute Return includes Credit Sensitive Investments.

**Target allocations are based on the FY2023 policy model.

***Capital Market Assumptions come from Aon Hewitt (as of 6/30/2023).

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

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

	1% Decrease 6.00%	Current Single Discount Rate 7.00%	1% Increase 8.00%
District’s proportionate share of the net pension liability	\$ 6,457,979	\$ 4,043,178	\$ 2,042,343

(Continued)

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

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At August 31, 2025, the District reported a liability of \$4,043,178 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 District’s proportionate share of the collective net pension liability	\$ 4,043,178
State’s proportionate share that is associated with the District	<u>4,426,251</u>
Total	<u><u>\$ 8,469,429</u></u>

The net pension liability was measured as of August 31, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on the District’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.

At August 31, 2024 the employer’s proportion of the collective net pension liability was 0.0066190261% which was a decrease of 0.0001974079% from its proportion measured as of August 31, 2023.

Changes of Assumptions Since the Prior Actuarial Valuation: The actuarial assumptions and methods are the same as used in the determination of the prior year’s net pension liability.

Changes in Benefit Provisions Since the Prior Measurement Date: The 2023 Texas Legislature passed Senate Bill (SB 10), which provided a stipend to certain retirees and variable ad hoc cost-of-living adjustments (COLA) to certain retirees in early fiscal year 2024. Due to 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, 2025, the District recognized pension expense of \$529,011 and revenue of \$529,011 for support provided by the State.

The amount of pension expense recognized by the District in the reporting period was \$1,149,919.

(Continued)

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED AUGUST 31, 2025

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 222,854	\$ 31,567
Changes in actuarial assumptions	208,758	27,987
Net difference between projected and actual investment earnings	24,577	-
Changes in proportion and difference between District's contributions and proportionate share of contributions	124,916	111,052
District contributions to TRS subsequent to the measurement date	363,551	-
Total	\$ 944,656	\$ 170,606

The \$363,551 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending August 31, 2026.

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

Year Ended August 31:	Pension Expense
2026	\$ 77,855
2027	435,878
2028	20,857
2029	(125,942)
2030	1,850
Thereafter	1
	\$ 410,499

Changes in Net Pension Liability:

	Beginning Balance	Additions	Reductions	Ending Balance
Net Pension Liability	\$ 4,682,232	\$ -	\$ 639,054	\$ 4,043,178

Payable to the Pension Plan: At August 31, 2025, the District reported a payable of \$109,530 to the pension plan for the outstanding amount of contractually required contributions related to past service costs. Member contributions included in this payable were \$67,464.

(Continued)

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED AUGUST 31, 2025

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

N. Defined Other Post-Employment Benefit Plan

Plan Description: The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a cost-sharing multiple-employers defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. The TRS-Care program was established in 1986 by the Texas Legislature.

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

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

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

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

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

TRS-Care Monthly Plan Premium Rates				
	Medicare		Non-Medicare	
Retiree or Surviving Spouse	\$	135	\$	200
Retiree and Spouse		529		689
Retiree or Surviving Spouse and Children		468		408
Retiree and Family		1,020		999

(Continued)

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED AUGUST 31, 2025

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

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

Texas Insurance Code, section 1575.202 establishes the state’s contribution rate which is 1.25 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 an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public or charter school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act, which is 0.75 percent of each active employee’s pay for fiscal year 2024. The following table shows contributions to the TRS-Care plan by type of contributor.

	<u>Contributions Rates</u>	
	2024	2025
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
2025 Employer Contributions	\$ 70,255	
2025 Member Contributions	52,606	
2024 Plan Year NECE On-behalf Contributions (State)	90,976	

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to, regardless of whether or not they participate in the TRS-Care OPEB program. When employers hire a TRS retiree, employers are required to pay TRS-Care a monthly surcharge of \$535 per retiree. During the year ended August 31, 2025, the District did not employ TRS retirees and therefore did not pay any surcharge amounts to TRS-Care.

The General Appropriations Act passed by the 88th Legislature included funding to maintain TRS-Care premiums at their current level through 2025. Also, the 86th Legislature passed Senate Bill 1682 which requires TRS to establish a contingency reserve in the TRS-Care fund equal to 60 days of expenditures. This amount is estimated at \$353,400,000 as of August 31, 2024.

Actuarial Assumptions: The actuarial valuation was performed as of August 31, 2023. Update procedures were used to roll forward the total OPEB Liability to August 31, 2024. The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were 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 pension actuarial valuation that was rolled forward to August 31, 2024:

(Continued)

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED AUGUST 31, 2025

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Salary Increases
Rates of Disability Incidence	

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
Salary Increases	2.95% to 8.95%, including inflation
Demographic Assumptions	The rates of mortality, retirement, termination and disability incidence are identical to the assumptions used to value the pension liabilities of TRS. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2021.
Mortality Assumption	The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioner Mortality Tables with full generational projection using the ultimate rates of Scale MP 2021. 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), also with full generational mortality using the ultimate rates of Scale MP 2021.
Health Care Trend Rates	Initial medical trend rates of 6.75% for non-medicare retirees. For Medicare retirees, trend rates are higher in the first two years due to anticipated growth but thereafter match those of non-Medicare retirees. Initial prescription drug trend rate of 7.25% for all retirees. Initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 11 years.
Election Rates	Normal Retirement: 62% participation prior to age 65 and 25% participation after age 65; 30% of pre-65 retirees are assumed to discontinue coverage at age 65

(Continued)

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED AUGUST 31, 2025

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

Aging Factors	Based on Society of Actuaries' 2013 Study "Health Care Costs-From Birth to Death".
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Ad hoc post-employment benefit changes	None
Other Information: Notes	Assumption changes include a discount rate change from 4.13% as of August 31, 2023 to 3.87% as of August 31, 2024. Additionally, the tables used to model the impact of aging on the underlying claims were revised.

Discount Rate: A single discount rate of 3.87 percent was used to measure the total OPEB liability. This was a decrease of 0.26 percent in the discount rate since the previous year. Because the investments are held in cash and there is no intentional objective to advance fund the benefits, the single discount rate is equal to the prevailing municipal bond rate.

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

Discount Rate Sensitivity Analysis: The following schedule shows the impact of the net OPEB liability if the discount rate used was 1 percentage point lower than and 1 percentage point higher than the discount rate that was used in measuring the net OPEB liability.

	1% Decrease 2.87%	Current Single Discount Rate 3.87%	1% Increase 4.87%
District's proportionate share of the Net OPEB Liability:	\$ 2,882,309	\$ 2,426,090	\$ 2,057,459

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

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
District's proportionate share of the Net OPEB Liability:	\$ 1,975,690	\$ 2,426,090	\$ 30,313,006

(Continued)

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED AUGUST 31, 2025

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs: At August 31, 2025, the District reported a liability of \$2,426,090 for its proportionate share of the TRS-Care’s net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

The District’s proportionate share of the collective Net OPEB Liability	\$ 2,426,090
State’s proportionate share that is associated with the District	<u>3,039,858</u>
Total	<u>\$ 5,465,948</u>

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

At August 31, 2024 the employer’s proportion of the collective net OPEB liability was 0.0079933046%, which was a decrease of 0.0006407220% from its proportion measured as of August 31, 2023.

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

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

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

For the year ended August 31, 2025, the District recognized OPEB expense of \$395,125 and revenue of \$395,125 for support provided by the State.

The amount of OPEB expense recognized by the District in the reporting period was \$669,297.

At August 31, 2025, the District reported its proportionate share of the TRS-Care’s deferred outflows of resources and deferred inflows of resources related to other post-employment benefits (OPEB) from the following sources:

(Continued)

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

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 465,000	\$ 1,210,751
Changes in actuarial assumptions	310,511	791,605
Difference between projected and actual investment earnings	-	6,794
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	580,015	721,543
Contributions paid to TRS-Care subsequent to the measurement date	70,255	-
	<u>\$ 1,425,781</u>	<u>\$ 2,730,693</u>
Total	<u>\$ 1,425,781</u>	<u>\$ 2,730,693</u>

The \$70,255 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended August 31, 2026.

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

Year Ended August 31:	OPEB Expense
2026	\$ (337,322)
2027	(227,441)
2028	(222,527)
2029	(178,747)
2030	(203,569)
Thereafter	(205,561)
	<u>\$ (1,375,167)</u>

Changes in Net OPEB Liability:

	Beginning Balance	Additions	Reductions	Ending Balance
Net OPEB Liability	\$ 1,911,427	\$ 587,270	\$ 72,607	\$ 2,426,090

Payable to the OPEB Plan: At August 31, 2025, the District reported a payable of \$12,172 to the OPEB plan for the outstanding amount of contractually required contributions related to past service costs. Member contributions included in this payable were \$5,315.

(Continued)

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED AUGUST 31, 2025

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

Medicare Prescription Drug Program: 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 retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. Medicare Part D contributions made on behalf of the District's employees for the year ended August 31, 2025, 2024, and 2023 were \$62,331, \$43,877, and \$42,222, respectively. These amounts are recorded as equal revenues and expenditures in the governmental fund financial statements of the District.

O. Health Care Coverage

Anthony Independent School District participated in the TRS Active Care Health Insurance Program. During the year ended August 31, 2025, employees of the District were covered by the District's insurance Plan (the "Plan"). The District contributed approximately \$400 per month for all full time employees. Authority for the plan can be found in the Texas Insurance Code, Title I, Subtitle H, Chapter 1579, and in the Texas Administrative Code, Title 34, Part 3, Charter 41. There were no other liabilities associated with the Plan.

P. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board maintains insurance policies acquired from independent insurance carriers covering all structural property, automobiles, dishonesty, errors and omissions, boiler and machinery, personal property, and general liability. There have been no significant reductions insurance coverage from prior years and settlements have not exceeded insurance coverage.

During the year ended August 31, 2025, Anthony ISD participated in TASB Risk Management Fund (the Fund) for auto liability, auto physical damage, privacy and information security, property and school liability programs. The Fund was created and is operated under the provision of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

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

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

(Continued)

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED AUGUST 31, 2025

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

For the year ended August 31, 2025, the District's had coverage for building and contents in the amount of \$54,176,400 with deductibles ranging from \$5,000 to \$250,000 per occurrence depending on category. Automobile liability has a \$1,000,000 combined single limit per occurrence for property damage and bodily injury combined. Automobile physical damage had a deductible per collision of \$1,000 and \$1,000 to \$5,000 for other than collision. General and professional legal liability are each limited to \$1,000,000 per occurrence.

Q. Worker's Compensation Program

The District is a participant in an interlocal agreement and plan for worker's compensation benefits with other school districts and has chosen to participate in a political subdivision risk pool, which means that the District shares its exposure with other school districts and public entities with similar employee populations. The plan is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The participating districts have retained Claims Administrative Services, Inc. to provide the professional services necessary to administer the plan. Currently, the District employs about 163 full-time and part-time employees. The District paid \$59,614 in workers' compensation premium for the plan year 2024-2025. This premium is considered sufficient by Claims Administrative Services, Inc. and no contingent liability is required to be reported. This total amount paid for workers' compensation cost is less than 0.58% of annual payroll, which illustrates that the District is managing and operating its workers' compensation program with comfortable success.

R. Unemployment Compensation Pool

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

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

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

(Continued)

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

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

S. Fund Balance

As of August 31, 2025, fund balances are composed of the following:

	General Fund	Nonmajor Governmental Funds	Total
Nonspendable:			
Inventories	\$ 41,147	\$ -	\$ 41,147
Restricted:			
Food Service Program	146,298	72,494	218,792
Capital Acquisitions and Contractual Obligation	-	50	50
Retirement of Long-Term Debt	-	93,810	93,810
Campus Activity Fund	-	15,843	15,843
Total Restricted	146,298	182,197	328,495
Committed:			
HVAC Improvements	4,373	-	4,373
Assigned:			
Other - CDARS	500,000	-	500,000
Unassigned:			
Unassigned Fund Balance	3,637,116	-	3,637,116
Total	\$ 4,328,934	\$ 182,197	\$ 4,511,131

T. Encumbrances

The District utilizes encumbrance accounting in its governmental funds. Encumbrances represent commitments related to contracts not yet performed and are used to control expenditures for the year and to enhance cash management. The encumbrance account does not represent an expenditure for the period, only a commitment to expend resources. Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at year end, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget. Encumbrance accounting is employed as an extension of formal budgetary integration for the District's funds. At August 31, 2025, the District did not have unfilled purchase orders that intends to honor in the 2025-2026 year.

(Continued)

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

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

U. Revenue from Local and Intermediate Sources

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

	General Fund	Nonmajor Governmental Funds	Total Government Funds
Property Taxes	\$ 1,798,675	\$ 291,805	\$ 2,090,480
Penalties and Interest on Taxes	11,950	1,554	13,504
Athletics Extra-curricular	16,521	-	16,521
Enterprising Activity	-	2,872	2,872
Food Sales	48,985	-	48,985
Investment Income	169,472	8,138	177,610
Other	24,721	8,579	33,300
	\$ 2,070,324	\$ 312,948	\$ 2,383,272

V. School Health and Related Services (SHARS)

SHARS is a Medicaid financing program and allows local school districts to obtain Medicaid reimbursement for certain health-related services provided to students in special education. As SHARS settle-up amounts are usually calculated and received in more than one year and the District does not have adequate information to make an estimate of the receivable related to the current year on the government wide financial statements. However, the receivable and related revenues are recorded in the fiscal year the preliminary settle-up amounts are available, which is usually one year in arrears.

SHARS revenue recorded in the current period related to prior years' settle-up amounts is \$19,556.

W. Other Significant Commitments and Contingencies

Federal and State Funding - Anthony Independent School District participates in numerous programs that are subject to audit by the Texas Education Agency and various Federal and/or State audit agencies. These programs have complex compliance requirements, and should State or Federal auditors discover areas of material noncompliance, those District funds may be subject to refund if so determined by administrative audit review.

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

(Continued)

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

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

X. Litigation

During the normal course of business the District is subject to various legal claims. As of August 31, 2025, management is not aware of any litigation that would have a material adverse effect on these financial statements and accordingly, no provision has been accrued.

Y. Related Party Transactions

From time to time, the District may enter into transactions with related parties through the normal course of business. If a Board member has a conflict of interest, proper documentation is completed and he/she is required to abstain from any discussion or voting regarding the matter. Management is not aware of any material related party transactions that occurred during the 2024-2025 fiscal year that would require additional disclosure.

Z. Restatement

As the result of implementing GASB Statement No. 101, Compensated Absences, in fiscal year 2025, the District is reporting a change in accounting principles, applied retroactively by recording a compensated absences beginning balance, with amounts presented as due within one year and due in more than one year in the statement of net position. Accordingly, the beginning net position for governmental activities has been restated as follows:

	Compensated Absence Liability 2024	Total Net Position 2024
Beginning of Year as Previously Reported	\$ 77,778	\$ 1,941,113
Implementation of GASB 101: Compensated Absences	309,964	(309,964)
Beginning of Year as Restated	\$ 387,742	\$ 1,631,149

AA. New Accounting Pronouncements

The District has not completed the process of evaluating the impact on its financial position that will result from adopting the following Governmental Accounting Standards Board (GASB) Statements:

- GASB No. 103, *Financial Reporting Model Improvements*, effective for fiscal years beginning after June 15, 2025. GASB No. 103 improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.
- GASB No. 104, *Disclosure of Certain Capital Assets*, effective for fiscal years beginning after June 15, 2025. This GASB provides users of governmental financial statements with essential information about certain types of capital assets.

REQUIRED SUPPLEMENTARY INFORMATION

ANTHONY 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	\$ 2,075,852	\$ 2,052,150	\$ 2,070,324	\$ 18,174
5800 State Program Revenues	8,742,243	9,239,122	9,366,888	127,766
5900 Federal Program Revenues	1,054,897	1,037,060	1,016,836	(20,224)
5020 Total Revenues	11,872,992	12,328,332	12,454,048	125,716
EXPENDITURES:				
Current:				
0011 Instruction	5,338,631	5,537,063	5,503,867	33,196
0012 Instructional Resources and Media Services	175,390	182,022	162,238	19,784
0013 Curriculum and Instructional Staff Development	19,690	35,747	33,273	2,474
0021 Instructional Leadership	225,517	212,481	168,309	44,172
0023 School Leadership	757,358	771,378	746,759	24,619
0031 Guidance, Counseling, and Evaluation Services	300,186	333,851	331,407	2,444
0033 Health Services	135,964	137,959	133,560	4,399
0034 Student (Pupil) Transportation	354,497	379,460	361,411	18,049
0035 Food Services	828,845	987,830	961,084	26,746
0036 Extracurricular Activities	450,638	477,656	443,695	33,961
0041 General Administration	972,386	1,031,195	1,013,124	18,071
0051 Facilities Maintenance and Operations	1,217,104	1,512,559	1,442,565	69,994
0052 Security and Monitoring Services	221,062	402,597	392,251	10,346
0053 Data Processing Services	400,457	375,582	392,177	(16,595)
0061 Community Services	500	500	216	284
Debt Service:				
0071 Principal on Long-Term Liabilities	-	96,414	54,014	42,400
0072 Interest on Long-Term Liabilities	-	6,714	6,714	-
Intergovernmental:				
0099 Other Intergovernmental Charges	32,000	32,300	32,269	31
6030 Total Expenditures	11,430,225	12,513,308	12,178,933	334,375
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	442,767	(184,976)	275,115	460,091
OTHER FINANCING SOURCES (USES):				
7949 Proceeds from SBITAs	-	-	25,945	25,945
1200 Net Change in Fund Balances	442,767	(184,976)	301,060	486,036
0100 Fund Balance - September 1 (Beginning)	4,027,874	4,027,874	4,027,874	-
3000 Fund Balance - August 31 (Ending)	\$ 4,470,641	\$ 3,842,898	\$ 4,328,934	\$ 486,036

ANTHONY INDEPENDENT SCHOOL DISTRICT

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGET AND ACTUAL GENERAL FUND**

FOR THE YEAR ENDED AUGUST 31, 2025

Budgets and Budgetary Accounting

Each school district in Texas is required by law to prepare annually a budget of anticipated revenues and expenditures for the General, National School Breakfast and Lunch Program, and Debt Service funds before the beginning of the fiscal year. For fiscal years beginning September 1, the Texas Education Code requires the budget to be adopted by August 31st of each year. The District's administration determines budgetary funding priorities and the budgets are prepared on the same basis of accounting that is used for reporting in accordance with generally accepted accounting principles. Final budget allocations are determined by the Board, which subsequently establishes a tax rate sufficient to support the approved budget. The annual budget, which is prepared on the modified accrual basis of accounting, must be adopted by the Board at a scheduled meeting after giving ten days public notice of the meeting. On August 14, 2024, the 2024-2025 budget was legally adopted by the Board. The Board does not adopt a budget for the special revenue funds since the budgets are designated by the grantor.

The Budget and Actual - General Fund includes the District's National School Breakfast and Lunch Program which is also separately presented as Exhibit J-2.

The District's administration performs budget reviews during the year in which budget requirements are re-evaluated and revisions are recommended to the Board. The Board must approve amendments to the budget at the fund and functional expenditure categories or revenue object accounts as defined by the TEA. 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. Several amendments were necessary during the year.

Expenditures may not legally exceed budgeted appropriations, as amended, at the function level by fund. Unexpended appropriations lapse at year-end.

Expenditures in Excess of Appropriations

Exhibit G-1 presents an unfavorable budget variance in function 53 (Data Processing Services). At year-end, reclassifications were necessary in order to record the transactions in accordance with GASB No. 96, *SBITAs*. These reclassifications caused the unfavorable budget variance in this function. Overall, the general fund reported a favorable budget variance in the amount of \$334,375.

ANTHONY 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)	0.006619026%	0.006816434%	0.006889788%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 4,043,178	\$ 4,682,232	\$ 4,090,290
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	4,426,251	5,222,221	4,528,904
Total	<u>\$ 8,469,429</u>	<u>\$ 9,904,453</u>	<u>\$ 8,619,194</u>
District's Covered Payroll	\$ 8,186,992	\$ 7,829,860	\$ 7,165,938
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	49.39%	59.80%	57.08%
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
0.006848486%	0.006815854%	0.005585979%	0.005804324%	0.00576271%	0.006118241%	0.0069538%
\$ 1,744,067	\$ 3,650,432	\$ 2,903,767	\$ 3,194,841	\$ 1,842,604	\$ 2,311,992	\$ 2,458,076
2,054,468	4,520,916	4,125,197	4,363,821	2,592,314	3,143,675	3,008,916
<u>\$ 3,798,535</u>	<u>\$ 8,171,348</u>	<u>\$ 7,028,964</u>	<u>\$ 7,558,662</u>	<u>\$ 4,434,918</u>	<u>\$ 5,455,667</u>	<u>\$ 5,466,992</u>
\$ 6,981,535	\$ 6,999,684	\$ 5,971,206	\$ 5,835,224	\$ 5,565,686	\$ 5,571,270	\$ 5,616,662
24.98%	52.15%	48.63%	54.75%	33.11%	41.50%	43.76%
88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%

ANTHONY 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	\$ 363,551	\$ 372,616	\$ 349,894
Contribution in Relation to the Contractually Required Contribution	(363,551)	(372,616)	(349,894)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 8,093,182	\$ 8,186,992	\$ 7,829,860
Contributions as a Percentage of Covered Payroll	4.49%	4.55%	4.47%

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
\$	321,139	\$ 292,906	\$ 281,028	\$ 195,217	\$ 199,485	\$ 188,868	\$ 195,269
	(321,139)	(292,906)	(281,028)	(195,217)	(199,485)	(188,868)	(195,269)
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$	7,165,938	\$ 6,981,535	\$ 6,999,684	\$ 5,971,206	\$ 5,835,224	\$ 5,565,686	\$ 5,571,270
	4.48%	4.20%	4.01%	3.27%	3.42%	3.39%	3.50%

This page is left blank intentionally.

ANTHONY INDEPENDENT SCHOOL DISTRICT

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
TEACHER RETIREMENT SYSTEM FOR PENSIONS**

FOR THE YEAR ENDED AUGUST 31, 2025

Changes of Benefit Terms

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

Changes of Assumptions

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

ANTHONY 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	0.007993305%	0.008634027%	0.009131532%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 2,426,090	\$ 1,911,427	\$ 2,186,455
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	3,039,858	2,306,431	2,667,131
Total	<u>\$ 5,465,948</u>	<u>\$ 4,217,858</u>	<u>\$ 4,853,586</u>
District's Covered Payroll	\$ 8,186,992	\$ 7,829,860	\$ 7,165,938
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	29.63%	24.41%	30.51%
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
0.009180685%	0.009511757%	0.007540827%	0.007436178%	0.00803095%
\$ 3,541,400	\$ 3,615,848	\$ 3,566,150	\$ 3,712,952	\$ 3,492,359
4,744,687	4,858,834	4,738,615	4,721,556	4,147,964
<u>\$ 8,286,087</u>	<u>\$ 8,474,682</u>	<u>\$ 8,304,765</u>	<u>\$ 8,434,508</u>	<u>\$ 7,640,323</u>
\$ 6,981,535	\$ 6,999,684	\$ 5,971,206	\$ 5,835,224	\$ 5,565,686
50.73%	51.66%	59.72%	63.63%	62.75%
6.18%	4.99%	2.66%	1.57%	0.91%

ANTHONY 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	\$ 70,255	\$ 72,609	\$ 74,890
Contribution in Relation to the Contractually Required Contribution	(70,255)	(72,609)	(74,890)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 8,093,182	\$ 8,186,992	\$ 7,829,860
Contributions as a Percentage of Covered Payroll	0.87%	0.89%	0.96%

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
\$	74,873	\$ 72,034	\$ 72,280	\$ 53,469	\$ 51,454
	(74,873)	(72,034)	(72,280)	(53,469)	(51,454)
\$	-	\$ -	\$ -	\$ -	\$ -
\$	7,165,938	\$ 6,981,535	\$ 6,999,684	\$ 5,971,206	\$ 5,835,224
	1.04%	1.03%	1.03%	0.90%	0.88%

ANTHONY INDEPENDENT SCHOOL DISTRICT

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
TEACHER RETIREMENT SYSTEM FOR OPEB**

FOR THE YEAR ENDED AUGUST 31, 2025

Changes of Benefit Terms Since the Prior Measurement Period

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

Changes Since the Prior Actuarial Valuation

Assumption, Method, and Plan Changes - the following were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior valuation:

- The discount rate changed from 4.13 percent as of August 31, 2023 to 3.87 percent as of August 31, 2024. This change increased the total OPEB liability.
- The tables used to model the impact of aging on the underlying claims were updated based on the Society of Actuaries' 2013 Study "Health Care Costs - From Birth to Death". This change increased the total OPEB liability.

Difference Between Expected and Actual Experience - the primary driver of the \$5.8 billion loss was lowering of Medicare retiree premiums, which shifted a greater share of the health care costs for Medicare-eligible retirees to TRS.

SUPPLEMENTARY INFORMATION

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

Data Control Codes	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
ASSETS				
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1220 Property Taxes - Delinquent	-	-	-	-
1230 Allowance for Uncollectible Taxes	-	-	-	-
1240 Due from Other Governments	105,435	9,416	63,404	-
1260 Due from Other Funds	-	-	-	-
1000 Total Assets	<u>\$ 105,435</u>	<u>\$ 9,416</u>	<u>\$ 63,404</u>	<u>\$ -</u>
LIABILITIES				
2110 Accounts Payable	\$ -	\$ -	\$ -	\$ -
2160 Accrued Wages Payable	7,081	-	8,266	-
2170 Due to Other Funds	98,354	9,416	55,138	-
2180 Due to Other Governments	-	-	-	-
2300 Unearned Revenue	-	-	-	-
2000 Total Liabilities	<u>105,435</u>	<u>9,416</u>	<u>63,404</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
2601 Unavailable Revenue - Property Taxes	-	-	-	-
2600 Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	-	-
3480 Retirement of Long-Term Debt	-	-	-	-
3490 Other Restricted Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 105,435</u>	<u>\$ 9,416</u>	<u>\$ 63,404</u>	<u>\$ -</u>

242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Supporting Effective Ins	263 Title III, A English Lang. Acquisition	270 ESEA V, B,2 Rural & Low Income	282 ESSER III ARP Act	288 Stronger Connections Grant	289 Other Federal Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	13,633	4,456	11,921	-	132,213	8,221
72,494	-	-	-	-	-	-	-
<u>\$ 72,494</u>	<u>\$ -</u>	<u>\$ 13,633</u>	<u>\$ 4,456</u>	<u>\$ 11,921</u>	<u>\$ -</u>	<u>\$ 132,213</u>	<u>\$ 8,221</u>
\$ -	\$ -	\$ -	\$ -	\$ 6,721	\$ -	\$ 683	\$ 999
-	-	-	-	-	-	5,797	-
-	-	13,633	4,456	5,200	-	125,733	7,222
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	13,633	4,456	11,921	-	132,213	8,221
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
72,494	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
72,494	-	-	-	-	-	-	-
<u>\$ 72,494</u>	<u>\$ -</u>	<u>\$ 13,633</u>	<u>\$ 4,456</u>	<u>\$ 11,921</u>	<u>\$ -</u>	<u>\$ 132,213</u>	<u>\$ 8,221</u>

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

Data Control Codes	397 Advanced Placement Incentives	410 State Instructional Materials	461 Campus Activity Funds	499 Other Local Special Revenue Funds
ASSETS				
1110	\$ -	\$ -	\$ -	\$ -
1220	-	-	-	-
1230	-	-	-	-
1240	-	16,442	-	-
1260	-	-	15,865	1,337
1000	<u>\$ -</u>	<u>\$ 16,442</u>	<u>\$ 15,865</u>	<u>\$ 1,337</u>
LIABILITIES				
2110	\$ -	\$ 15,571	\$ 22	\$ -
2160	-	-	-	-
2170	-	871	-	-
2180	-	-	-	-
2300	-	-	-	1,337
2000	<u>-</u>	<u>16,442</u>	<u>22</u>	<u>1,337</u>
DEFERRED INFLOWS OF RESOURCES				
2601	-	-	-	-
2600	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted Fund Balance:				
3450	-	-	-	-
3470	-	-	-	-
3480	-	-	-	-
3490	-	-	15,843	-
3000	<u>-</u>	<u>-</u>	<u>15,843</u>	<u>-</u>
4000	<u>\$ -</u>	<u>\$ 16,442</u>	<u>\$ 15,865</u>	<u>\$ 1,337</u>

Total Nonmajor Special Revenue Funds	599 Debt Service Fund	699 Capital Projects Fund	Total Nonmajor Governmental Funds
\$ -	\$ 120,626	\$ 9,241	\$ 129,867
-	23,511	-	23,511
-	(11,830)	-	(11,830)
365,141	-	-	365,141
89,696	-	-	89,696
<u>\$ 454,837</u>	<u>\$ 132,307</u>	<u>\$ 9,241</u>	<u>\$ 596,385</u>
\$ 23,996	\$ -	\$ 7,194	\$ 31,190
21,144	-	-	21,144
320,023	10,256	1,997	332,276
-	148	-	148
1,337	16,412	-	17,749
<u>366,500</u>	<u>26,816</u>	<u>9,191</u>	<u>402,507</u>
-	11,681	-	11,681
-	11,681	-	11,681
72,494	-	-	72,494
-	-	50	50
-	93,810	-	93,810
15,843	-	-	15,843
<u>88,337</u>	<u>93,810</u>	<u>50</u>	<u>182,197</u>
<u>\$ 454,837</u>	<u>\$ 132,307</u>	<u>\$ 9,241</u>	<u>\$ 596,385</u>

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

Data Control Codes	211 ESEA I, A Improving Basic Program	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	-	-	-	-
5900 Federal Program Revenues	262,301	21,309	143,763	1,500
5020 Total Revenues	262,301	21,309	143,763	1,500
EXPENDITURES:				
Current:				
0011 Instruction	246,993	2,516	45,351	-
0013 Curriculum and Instructional Staff Development	8,796	-	1,000	1,500
0021 Instructional Leadership	300	18,523	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	-	97,412	-
0032 Social Work Services	-	-	-	-
0034 Student (Pupil) Transportation	2,121	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0061 Community Services	4,091	270	-	-
Debt Service:				
0071 Principal on Long-Term Liabilities	-	-	-	-
0072 Interest on Long-Term Liabilities	-	-	-	-
6030 Total Expenditures	262,301	21,309	143,763	1,500
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Supporting Effective Ins	263 Title III, A English Lang. Acquisition	270 ESEA V, B,2 Rural & Low Income	282 ESSER III ARP Act	288 Stronger Connections Grant	289 Other Federal Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	9,773	31,708	15,807	18,406	19,527	390,279	20,916
-	9,773	31,708	15,807	18,406	19,527	390,279	20,916
-	9,773	8,092	15,807	14,237	19,527	18,643	8,587
-	-	23,616	-	1,137	-	4,146	2,061
-	-	-	-	-	-	125,037	-
-	-	-	-	3,032	-	300	-
-	-	-	-	-	-	2,187	9,468
-	-	-	-	-	-	239,966	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	800
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	9,773	31,708	15,807	18,406	19,527	390,279	20,916
-	-	-	-	-	-	-	-
72,494	-	-	-	-	-	-	-
\$ 72,494	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

ANTHONY 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	397 Advanced Placement Incentives	410 State Instructional Materials	461 Campus Activity Funds	499 Other Local Special Revenue Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ 10,652	\$ 799
5800 State Program Revenues	204	16,442	-	-
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	204	16,442	10,652	799
EXPENDITURES:				
Current:				
0011 Instruction	204	12,420	-	-
0013 Curriculum and Instructional Staff Development	-	4,022	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	1,460	-
0031 Guidance, Counseling, and Evaluation Services	-	-	-	-
0032 Social Work Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0036 Extracurricular Activities	-	-	6,624	799
0041 General Administration	-	-	2,415	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0061 Community Services	-	-	-	-
Debt Service:				
0071 Principal on Long-Term Liabilities	-	-	-	-
0072 Interest on Long-Term Liabilities	-	-	-	-
6030 Total Expenditures	204	16,442	10,499	799
1200 Net Change in Fund Balance	-	-	153	-
0100 Fund Balance - September 1 (Beginning)	-	-	15,690	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ 15,843	\$ -

Total Nonmajor Special Revenue Funds	599 Debt Service Fund	699 Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 11,451	\$ 301,397	\$ 100	\$ 312,948
16,646	78,797	-	95,443
935,289	-	-	935,289
963,386	380,194	100	1,343,680
402,150	-	-	402,150
46,278	-	-	46,278
143,860	-	-	143,860
4,792	-	-	4,792
109,067	-	-	109,067
239,966	-	-	239,966
2,121	-	-	2,121
7,423	-	-	7,423
2,415	-	-	2,415
-	-	9,191	9,191
800	-	-	800
4,361	-	-	4,361
-	375,000	-	375,000
-	97,175	-	97,175
963,233	472,175	9,191	1,444,599
153	(91,981)	(9,091)	(100,919)
88,184	185,791	9,141	283,116
\$ 88,337	\$ 93,810	\$ 50	\$ 182,197

This page is left blank intentionally.

**OTHER INFORMATION - REQUIRED TEA SCHEDULES
(UNAUDITED)**

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

Last 10 Years Ended August 31	Tax Rates		(3) Assessed/Appraised Value for School Tax Purposes
	(1) Maintenance	(2) Debt Service	
2016 and prior years	Various	Various	\$ Various
2017	1.040000	0.177100	182,489,726
2018	1.040000	0.172800	188,624,522
2019	1.040000	0.172200	197,596,388
2020	0.970000	0.199080	201,816,544
2021	0.966400	0.199080	198,475,626
2022	0.906700	0.170200	213,596,063
2023	0.871600	0.114212	231,057,849
2024	0.686200	0.194100	215,649,693
2025 (School year under audit)	0.786900	0.127788	233,944,528
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
\$ 62,325	\$	\$ -	\$ -	\$ (1,978)	\$ 60,347	
4,065		-	-	(9)	4,056	
5,102		36	6	(9)	5,051	
5,807		36	6	(9)	5,756	
8,267		400	82	-	7,785	
10,752		1,705	351	1,688	10,384	
12,654		(11,360)	(2,133)	(14,607)	11,540	
13,406		1,247	163	13	12,009	
28,084		(449)	(127)	(19,830)	8,830	
	2,139,863	1,807,060	293,456		39,347	
<u>\$ 150,462</u>	<u>\$ 2,139,863</u>	<u>\$ 1,798,675</u>	<u>\$ 291,804</u>	<u>\$ (34,741)</u>	<u>\$ 165,105</u>	

\$ -

ANTHONY 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	\$ 40,500	\$ 47,650	\$ 55,111	\$ 7,461
5800 State Program Revenues	-	2,400	2,344	(56)
5900 Federal Program Revenues	864,897	861,583	827,823	(33,760)
5020 Total Revenues	905,397	911,633	885,278	(26,355)
EXPENDITURES:				
Current:				
0035 Food Services	828,233	987,216	960,471	26,745
0051 Facilities Maintenance and Operations	9,000	11,800	10,747	1,053
6030 Total Expenditures	837,233	999,016	971,218	27,798
1200 Net Change in Fund Balances	68,164	(87,383)	(85,940)	1,443
0100 Fund Balance - September 1 (Beginning)	273,385	273,385	273,385	-
3000 Fund Balance - August 31 (Ending)	\$ 341,549	\$ 186,002	\$ 187,445	\$ 1,443

ANTHONY 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	\$ 294,994	\$ 261,244	\$ 301,397	\$ 40,153
5800 State Program Revenues	29,217	58,170	78,797	20,627
5020 Total Revenues	324,211	319,414	380,194	60,780
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Liabilities	375,000	375,000	375,000	-
0072 Interest on Long-Term Liabilities	97,175	97,175	97,175	-
6030 Total Expenditures	472,175	472,175	472,175	-
1200 Net Change in Fund Balances	(147,964)	(152,761)	(91,981)	60,780
0100 Fund Balance - September 1 (Beginning)	185,791	185,791	185,791	-
3000 Fund Balance - August 31 (Ending)	\$ 37,827	\$ 33,030	\$ 93,810	\$ 60,780

ANTHONY 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.	878,878
AP4	Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24,26,28,29,30)	538,727

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.	86,862
AP8	Actual direct program expenditures for bilingual education programs during the district's fiscal year. (PIC 25)	40,117

FEDERAL AWARDS SECTION

This page left blank intentionally.

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
Anthony Independent School District

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 (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Anthony Independent School District, as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise Anthony Independent School District's basic financial statements, and have issued our report thereon January 20, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Gibson Ruddock Patterson LLC". The signature is written in a cursive, flowing style.

Gibson Ruddock Patterson LLC
El Paso, Texas
January 20, 2026

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

To the Board of Trustees
Anthony Independent School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, Anthony Independent School District complied, in all material respects, with the 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Anthony Independent School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Anthony Independent School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Anthony Independent School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *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 Anthony Independent School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 Anthony Independent School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Anthony Independent School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Anthony Independent School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

A handwritten signature in black ink that reads "Gibson Ruddock Patterson LLC". The signature is written in a cursive, flowing style.

Gibson Ruddock Patterson LLC

El Paso, Texas

January 20, 2026

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

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Were significant deficiencies in internal control disclosed?

None reported

Were material weaknesses in internal control disclosed?

No

Was any noncompliance disclosed that is material to the financial statements of the auditee, which would be required to be reported in accordance with Government Auditing Standards?

No

Federal Awards

Internal control over major federal award programs:

Were significant deficiencies in internal control over major programs disclosed?

None reported

Were material weaknesses in internal control over major programs disclosed?

No

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Were there any audit findings that the auditor is required to report under Title 2 CFR 200.516 Audit findings paragraph (a)?

No

Major Federal Programs:

Child Nutrition Cluster Program
Assistance Listing No. 10.553 and 10.555

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Did auditee qualify as low-risk auditee under 2 CFR 200.520 Criteria for a low-risk auditee?

Yes

(Continued)

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

FINANCIAL STATEMENT FINDINGS

There are no current year findings.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no current year findings or questioned costs.

ANTHONY INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF STATUS OF PRIOR FINDINGS

FOR THE YEAR ENDED AUGUST 31, 2025

FINANCIAL STATEMENT FINDINGS

There were no prior year findings.

FEDERAL AWARD FINDING AND QUESTIONED COSTS

There were no prior year findings or questioned costs.

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

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through Region 19 Education Service Center</u>			
Career and Technical - Basic Grant	84.048	25420006071950	\$ 9,773
Total Passed Through Region 19 Education Service Center			<u>9,773</u>
<u>Passed Through Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	24610101071906	13,456
ESEA, Title I, Part A - Improving Basic Programs	84.010A	25610101071906	270,445
Total Assistance Listing Number 84.010			<u>283,901</u>
ESEA, Title I, Part C - Migrant	84.011A	25615001071906	23,043
*IDEA - Part B, Formula	84.027A	256600010719066600	155,526
*IDEA - Part B, Preschool	84.173A	256610010719066610	1,625
Total Special Education Cluster (IDEA)			<u>157,151</u>
ESEA, Title II, Part A, Supporting Effective Instruction	84.367A	25694501071906	34,301
Title III, Part A - English Language Acquisition	84.365A	25671001071906	17,120
ESEA, Title V, Part B.2 - Rural & Low Income Prog.	84.358B	25696001071906	19,890
COVID 19 - ARP ESSER III	84.425U	21528001071906	21,899
Stronger Connections Grant	84.424F	236811017110014	422,368
Title IV, Part A, Subpart 1	84.424A	25680101071906	22,614
Total Assistance Listing Number 84.424			<u>444,982</u>
Total Passed Through Texas Education Agency			<u>1,002,287</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>1,012,060</u>
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the Texas Department of Agriculture</u>			
**School Breakfast Program	10.553	NT4XL1YGLGC5	296,031
**National School Lunch Program - Cash Assistance	10.555	NT4XL1YGLGC5	447,296
**National School Lunch Prog. - Non-Cash Assistance	10.555	NT4XL1YGLGC5	33,995
**Supply Chain Assistance Grant	10.555	NT4XL1YGLGC5	17,523
**Seamless Summer Option Program	10.555	NT4XL1YGLGC5	97,259
Total Assistance Listing Number 10.555			<u>596,073</u>
Total Child Nutrition Cluster			<u>892,104</u>
Child & Adult Care Food Program - Cash Assistance	10.558	NT4XL1YGLGC5	3,606
Warehouse Distribution Fees Reimbursement	10.560	NT4XL1YGLGC5	2,475
Local Food for School Grant	10.185	NT4XL1YGLGC5	22,324
Total Passed Through the Texas Department of Agriculture			<u>920,509</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>920,509</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,932,569</u>

*, ** Clustered Programs

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED AUGUST 31, 2025

1. GENERAL

For all Federal programs, the District uses the fund types specified in the Texas Education Agency's *Financial Accountability System Resource Guide*.

Special Revenue Funds are used to account for resources restricted to specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. If balances have not been expended by the end of the project period, grantors sometime require the District to refund all or part of the unused amount.

The accompanying schedule of expenditures of federal awards (the "schedule") includes the federal award activity of the District under programs of the federal government for the year ended August 31, 2025. The information in this schedule is presented in accordance with the requirement of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirement for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

2. BASIS OF ACCOUNTING

Accounting and Financial Reporting - 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 are accounted for either in the General Fund or a Special Revenue Fund which are governmental fund types. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are 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 fund balance.

The modified accrual basis of accounting is used for the governmental fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. When grant funds are received before expenditures are made, they are recorded as unearned revenues until earned. Due to the nature of the reporting process for the SHARS program, revenue is recognized when reimbursements are received and when the annual Cost Report is acknowledged by the Texas Health and Human Service Commission.

(Continued)

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED AUGUST 31, 2025

2. BASIS OF ACCOUNTING (Continued)

Period of performance - The period of performance for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 90 days beyond the federal project period ending date, in accordance with provisions in Section H. Period of Performance of Federal Funds, Part 3, OMB Compliance Supplement - November 2025.

Program Income - The Child Nutrition Cluster generated program income in the amount of \$48,977 for the year ended August 31, 2025.

Matching - The District used local funds in the amount of \$54,985 to meet the matching requirements for the Stronger Connections Grant, ALN 84.424F.

3. INDIRECT COST RATE

The District did not elect to use the 10% de minimis indirect cost rate but used the indirect cost rate assigned by the Texas Education Agency.

The District accounted for federally funded indirect costs in the General Fund as follows:

Program Title	Federal CFDA Number	Amount
School Breakfast Program	10.553	\$ 35,073
National School Lunch Program	10.555	57,612
ESEA Title I, A, Improving Basic Programs	84.010A	21,601
ESEA, Title I, Part C - Migrant	84.011A	1,734
IDEA - Part B, Formula	84.027A	11,762
IDEA - Part B, Preschool	84.173A	125
ESEA, Title II, Part A, Supporting Effective Instruction	84.367A	2,593
Title III, Part A - English Language Acquisition	84.365A	1,314
ESEA, Title V, Part B, Subpart 2 - Rural & Low Income	84.358B	1,483
COVID-19 ARP ESSER III	84.425U	2,372
Stronger Connections Grant	84.424F	32,089
Title IV, Part A, Subpart 1	84.424A	1,698
Total Indirect Costs		\$ 169,456

(Continued)

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED AUGUST 31, 2025

4. RECONCILIATIONS

Of the federal expenditures presented in the Exhibit K-1, the District accounted for certain funds in the General Fund as follows:

Program Title	Federal CFDA Number	Amount
School Breakfast Program	10.553	\$ 260,958
National School Lunch Program-Cash Assistance	10.555	389,684
National School Lunch Program-Non-Cash Assistance	10.555	33,995
Seamless Summer Option Program	10.555	97,259
Supply Chain Assistance Grant	10.555	17,523
Child & Adult Care Food Program - Cash Assistance	10.558	3,606
Local Foods for Schools Grant	10.185	22,324
Warehouse Distribution Fees Reimbursement	10.560	2,475
Indirect Costs	Various	<u>169,456</u>
		997,280
SHARS (not included on K-1)		<u>19,556</u>
Total General Fund Federal Revenue per C-3		<u><u>\$ 1,016,836</u></u>

The total revenue presented on this Exhibit K-1 can be reconciled to Exhibit C-3 as follows:

Expenditures of Federal awards per Exhibit K-1	\$ 1,932,569
School Health and Related Services (SHARS) reimbursements	<u>19,556</u>
Total Federal revenue per Exhibit C-3	<u><u>\$ 1,952,125</u></u>