

**MOUNT PLEASANT
INDEPENDENT SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED**

AUGUST 31, 2025

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

TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page</u>
	CERTIFICATE OF BOARD	1
	Independent Auditors' Report	2-3
	Management Discussion and Analysis	4-12
	<u>Basic Financial Statements</u>	
	Government Wide Statements:	
A-1	Statement of Net Position	13
B-1	Statement of Activities	14-15
	Governmental Fund Financial Statements	
C-1	Balance Sheet	16
C-2	Reconciliation for C-1	17
C-3	Statement of Revenues, Expenditures, and Changes in Fund Balance	18
C-4	Reconciliation for C-3	19
C-5	Budgetary Comparison Schedule - General Fund	20
	Proprietary Fund Financial Statements	
D-1	Statement of Net Position	21
D-2	Statement of Revenues, Expenses, and Changes in Fund Net Position	22
D-3	Statement of Cash Flows	23
	Fiduciary Fund Financial Statements	
E-1	Statement of Fiduciary Net Position	24
E-2	Statement of Changes in Fiduciary Net Position	25
	Notes to the Financial Statements	26-54
	<u>Required Supplemental Information</u>	
G-2	Schedule of District's Proportionate Share of the Net Pension Liability (TRS)	55-56
G-3	Schedule of District Contributions to TRS	57-58
G-4	Schedule of District's Proportionate Share of the Net OPEB Liability (TRS)	59-60
G-5	Schedule of District Contributions to the TRS OPEB Plan	61-62
	Notes to Required Supplemental Information	63
	<u>Combining Schedules</u>	
	Non-major Governmental Funds:	
F-1	Combining Balance Sheet	64-68
F-2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	69-73
	Non-major Enterprise Funds:	
F-3	Combining Statement of Net Position	74
F-4	Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	75
F-5	Combining of Statement of Cash Flows	76
	<u>Required TEA Schedules</u>	
J-1	Schedule of Delinquent Taxes	77-78
J-2	Budgetary Comparison Schedule - Child Nutrition Fund	79
J-3	Budgetary Comparison Schedule - Debt Service Fund	80
J-4	State Compensatory Education & Bilingual Expenditures	81
	<u>Reports on Internal Control, Compliance, and Federal Awards</u>	
	Independent Auditor's Report on Internal Control over Financial Reporting and Compliance Based on an audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	82
	Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	83-84
	Schedule of Findings and Questioned Costs	85
	Schedule of Status of Prior Findings	86
	Corrective Action Plan	87
K-1	Schedule of Expenditures of Federal Awards	88
	Notes to Schedule of Expenditures of Federal Awards	89
L-1	School First Questionnaire	90

CERTIFICATE OF BOARD

Mount Pleasant Independent School District
Name of School District

Titus
County

225-902
Co.-Dist. Number

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

Signature of Board Secretary

Signature of Board President

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



INDEPENDENT AUDITOR'S REPORT

Board of Trustees

Mount Pleasant Independent School District
Mount Pleasant, Texas

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Emphasis of Matter

As discussed in Note R to the financial statements, in fiscal year 2025, the Government implemented Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. The implementation resulted in a change in the accounting principle for compensated absences, including the recognition and measurement of sick leave liabilities. As a result, the beginning net position of the government-wide statements have been restated to reflect the cumulative effect of the accounting change. Our opinion is not modified with respect to this matter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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Member: American Institute of Certified Public Accountants • Texas State Society of Certified Public Accountants

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule-general fund, and net pension liability and contributions to TRS and net OPEB liability and contributions to OPEB on pages 4-12, 20 and 55-62 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual non-major fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major 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. The Texas Education Agency requires school districts to include certain information in the Annual Financial and Compliance Report in conformity with laws and regulations of the State of Texas. The information is in Exhibits identified in the Table of Contents as J-1, J-2, J-3, J-4 and L-1. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

Arnold, Walker, Arnold & Co., P.C.

Arnold, Walker, Arnold & Co., P.C.
October 22, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the MOUNT PLEASANT Independent School District we offer readers of the MOUNT PLEASANT Independent School District's financial statements this narrative overview and analysis of the financial activities of the MOUNT PLEASANT Independent School District for the year ended August 31, 2025. The information presented here should be read in conjunction with the District's financial statements.

FINANCIAL HIGHLIGHTS

The District's total combined net position was \$16 million at August 31, 2025 after recording the net effects of the OPEB liability the net pension liability and the new requirement to record the compensated absences payable. During the year, the District's total expenses exceeded revenues by \$1.3 million. The adjustment for the change to the OPEB liability and the pension liability including deferred outflows and inflows that effected the current year increased net position by \$1 million compared to a \$377 thousand increase the prior year. The compensated absences payable recorded this year is \$2.8 million. Total expenses of the District were \$81 million for the year. Revenues were \$80 million, which was a decrease of \$2 million or 2%. Tax revenue increased \$741 thousand or 4%. State revenues decreased \$1.6 million or 4% as enrollment decreased. Operating grants and contributions decreased \$2 million. Federal grant revenue was down due to ESSER funding ending. Investment earnings were \$1.5 million, which was a decrease of \$150 thousand. The increase for expenses was \$1.2 million or 1.5%. Various supply costs and contracted services increased.

The District reported unassigned fund balance in the general fund of \$20.9 million at August 31, 2025, which is a decrease of \$600 thousand. An additional \$658 thousand was added to the fund balance restricted for retirement of debt in the general fund making the balance \$7 million. Revenues decreased \$400 thousand in the general fund. Property tax revenue was more than the prior year by \$700 thousand because of an increase in tax values. Interest income decreased \$133 thousand. Federal revenue increased \$516 thousand. State revenue decreased \$1.5 million because of a decrease in enrollment. Total General Fund expenditures were \$56.8 million which was up \$1.4 million or 2.5% from the prior year.

Approximately 96% of the taxes levied for 2024-2025 were collected by fiscal year.

Under accounting standards as per GASB 68 that began in 2015, the District's portion of the net position liability has been recorded in the government-wide statements. The District's portion of this liability and the related deferred outflow and inflow is a net liability of \$14.9 million.

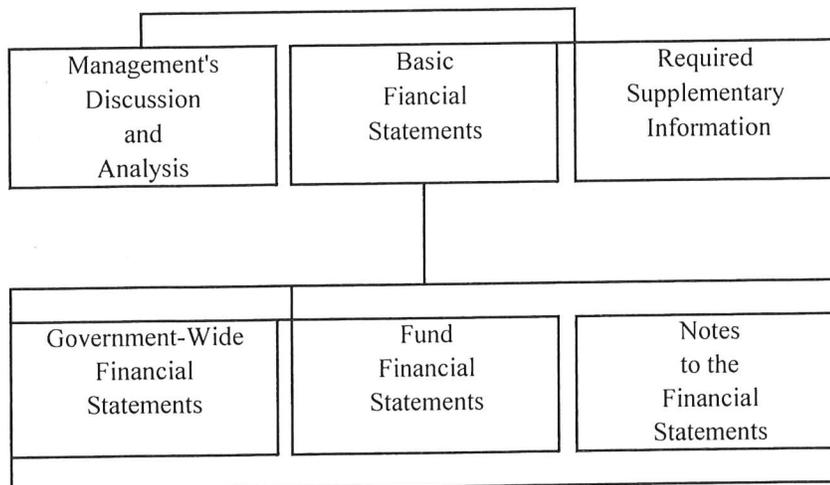
Under accounting standards as per GASB 75, which began in 2018 the District's portion of the net OPEB liability for TRS Care has been recorded in the government-wide statements. The District's portion of this liability and the related deferred outflow and inflow is a net liability of \$20.2 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts--*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in *more detail* than the government-wide statements.
 - The *governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
 - *Proprietary fund* statements offer *short-* and *long-term* financial information about the activities the government operates *like businesses*, such as a snack bar or after school child care program.
 - *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a *custodian* for the benefit of others, to whom the resources in question belong.

Figure A-1. Required Components of the District's Annual Financial Report



Summary ⇐ ⇨ Detail

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

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

Figure A-2. Major Features of the District's Government-wide Fund Financial Statements

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

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's *net position* and how they have changed. Net position, the difference between the District's assets and liabilities, is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, consideration should be given to additional non-financial factors such as changes in the District's tax base.

The government-wide financial statements of the District include the *Governmental activities*. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services, and general administration. Property taxes and grants finance most of these activities. Also included are business-type activities. The District charges a fee to "customers" to help cover the costs of services provided.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds*-not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has three kinds of funds:

- *Governmental funds*-Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided that explains the relationship (or differences) between them.
- *Proprietary funds*-Services for which the District charges customers a fee are generally reported in enterprise funds. Enterprise funds, like the government-wide statements, provide both long-term and short-term financial information. *Internal service funds* are used to report activities that provide supplies and services for the District's other programs and activities-such as the District's Self Insurance Fund for worker's compensation.
- *Custodial funds*-The District is the trustee, or *custodian*, for certain funds. It is also responsible for other assets that-because of a trust arrangement-can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's custodial activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These activities are excluded from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's combined net position increased \$16 million over the prior year.

Table A-1
The District's Net Position
(in thousands of dollars)

	Governmental Activities		Business Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	36,761	38,441	46	51	36,807	38,492
Capital and non-current assets	103,973	109,340	1	5	103,974	109,345
TOTAL ASSETS	140,734	147,781	47	56	140,781	147,837
Deferred outflow related to TRS pension	4,761	8,752	-	-	4,761	8,752
Deferred outflow related to TRS OPEB	4,977	2,748	-	-	4,977	2,748
TOTAL DEFERRED OUTFLOW OF RESOURCES	9,738	11,500	-	-	9,738	11,500
Long-term liabilities	118,864	119,020	-	-	118,864	119,020
Other liabilities	2,635	3,367	-	-	2,635	3,367
TOTAL LIABILITIES	121,499	122,387	-	-	121,499	122,387
Deferred inflow related to TRS pension	717	1,354	-	-	717	1,354
Deferred inflow related to TRS OPEB	12,284	15,467	-	-	12,284	15,467
TOTAL DEFERRED INFLOWS OF RESOURCES	13,001	16,821	-	-	13,001	16,821
Net position						
Net investment in capital assets	19,818	21,233	1	5	19,819	21,238
Restricted	11,253	10,699	-	-	11,253	10,699
Unrestricted	(15,099)	(11,859)	46	51	(15,053)	(11,808)
TOTAL NET POSITION	15,972	20,073	47	56	16,019	20,129

Net investment in capital assets reflects the book value of the District's capital assets in excess of the debt which financed those assets. Including the District's net pension liability and the OPEB liability net of the related deferred outflows/inflows decreased net position by \$930 thousand and increased net position \$1.99 million respectively.

The \$11.25 million is restricted as follows:

Restricted for food service	1,378
Restricted for debt service	9,584
Restricted for other purposes	291
	<u>11,253</u>

Net position of the District's governmental activities decreased \$4.1 million. The increase was the result of these main factors. First, the District's expenditures exceeded revenues by \$1.1 million. Second, the District recorded depreciation of \$6.36 million. Third, an increase of \$930 thousand to net pension liability net of the related deferred inflow/outflow and a decrease to OPEB liability net of related deferred inflows/outflows of \$1.99 million have been recorded. The District added \$1 million of new fixed assets. \$3.33 million was paid in debt principal.

As a result of GASB 101, unpaid compensated absences of \$2.8 million has been recorded this year.

\$2.76 million of this was recorded as a decrease to beginning net position.

Changes in net position.

The District's total revenues were \$80 million. 22% of this comes from taxes, 46% was from state aid formula grants and 24% came from operating grants and contributions.

The total cost of all programs was \$81 million. Approximately 70% of this was for instructional and student services.

Net position decreased by \$1.3 million from the excess of expenses over revenues.

Table A-2
The District's Changes in Net Position
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program Revenues						
Charges for Services	4,035	3,668	57	58	4,092	3,726
Operating Grants and Contributions	19,054	21,105	-	-	19,054	21,105
General Revenues						
Property Taxes	17,655	16,914	-	-	17,655	16,914
State aid - formula	36,771	38,425	-	-	36,771	38,425
Investment earnings	1,491	1,650	-	-	1,491	1,650
Other	969	559	-	-	969	559
Total Revenues	79,975	82,321	57	58	80,032	82,379
Expenses						
Instruction and instructional related	45,411	46,357	-	-	45,411	46,357
Instructional leadership/school administration	4,889	4,877	-	-	4,889	4,877
Guidance, social work, health, transportation	6,418	6,279	-	-	6,418	6,279
Food services	4,332	4,430	-	-	4,332	4,430
Extracurricular activities	2,434	2,182	-	-	2,434	2,182
General Administration	2,076	1,273	-	-	2,076	1,273
Plant maintenance and security	8,283	7,833	-	-	8,283	7,833
Data processing services	1,472	1,005	-	-	1,472	1,005
Community services	328	286	66	60	394	346
Debt service	2,104	2,255	-	-	2,104	2,255
Facilities acquisition and construction	-	-	-	-	-	-
Pmts to fiscal agent/member districts - shared service	3,112	2,878	-	-	3,112	2,878
Other intergovernmental charges	453	436	-	-	453	436
Total Expenses	81,312	80,091	66	60	81,378	80,151
Increase (Decrease) in Net Position	(1,337)	2,230	(9)	(2)	(1,346)	2,228
Beginning Net Position	20,073	17,779	56	58	20,129	17,837
Restatement for Implementation of GASB 101	(2,764)	-	-	-	(2,764)	-
Prior Period Adjustment	-	64	-	-	-	64
Ending Net Position	15,972	20,073	47	56	16,019	20,129

The prior period adjustment was to add property values of old small schools no longer in existence that were taken over by the district.

Table A-3 presents the cost of each of the District's largest functions as well as each function's *net cost* (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

- The cost of all *governmental* activities this year was \$81.3 million.
- However, the amount that taxpayers paid for these activities through property taxes was only \$17.7 million.
- Some of the cost was paid by those who directly benefited from the programs (\$4.1 million), or by grants and contributions (\$19 million), or by state aid (\$37 million).

Table A-3
Net Cost of Selected District Functions
(in thousands of dollars)

	Total Cost of Services		Net Cost of Services	
	2025	2024	2025	2024
Instruction	45,411	46,357	32,448	33,302
School administration	4,889	4,877	3,464	3,602
Plant Maintenance & Operations	8,283	7,833	7,243	5,424
Debt Service-Interest & Fiscal Charges	2,104	2,255	2,104	2,255

The increase to net cost of plant maintenance and operations is because of the decrease in funding provided by ESSER funds.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District reported fund balance in its governmental funds of approximately \$32 million reflecting a net decrease of \$1 million. The general fund balance decreased \$960 thousand. Reasons for the change are explained above on page 4. The food service fund balance increased by \$48 thousand to a balance of \$1.38 million. The debt service fund balance decreased by \$43 thousand to a balance of \$2.54 million at August 31, 2025. The decrease is mainly due to an increase in principal payments.

General Fund Budgetary Highlights

Some budget amendments were made during the year. Actual revenue was less than budgeted revenue by \$925 thousand mainly because state revenue was less than budgeted. Expenditures were \$1.97 million less than budgeted. The actual net decrease in fund balance was \$1 million less than had been budgeted because of the above items.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Table A-4
District's Capital Assets
(in thousands of dollars)

	Governmental Activities	
	2025	2024
Land	1,932	1,932
Buildings and improvements	165,136	165,136
Furniture and equipment	35,881	34,897
Totals at historical cost	<u>202,949</u>	<u>201,965</u>
Total accumulated depreciation	<u>(98,976)</u>	<u>(92,625)</u>
Net capital assets	<u><u>103,973</u></u>	<u><u>109,340</u></u>

Long-Term Debt

Table A-5
District's Long-Term Debt
(in thousands of dollars)

	Governmental	
	2025	2024
Bonds payable	65,220	68,781
Notes payable	<u>18,935</u>	<u>19,325</u>
Total bonds and notes payable	<u><u>84,155</u></u>	<u><u>88,106</u></u>

\$3.95 million was paid on principal this year. No new debt was issued this year.

A net pension liability of \$14.8 million is reflected in long-term liabilities on page 8.

A net OPEB liability of \$20.2 million is reflected in long-term liabilities on page 8.

Unpaid compensated absences of \$2.8 million is reflected in long-term liabilities on page 8. \$890 thousand of this is reflected as due within one year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The 2024-2025 school year ended with a deficit of about half of what was originally budgeted. In the absence of additional state funding, the District was able to reduce the tax rate, give minor raises and make necessary infrastructure and equipment purchases but decrease total fund balance by a fraction of the anticipated amount.

Following an erratic legislative session, the 2025-2026 school year began timely. The session brought additional funding amongst which most came with mandates on spending. A significant change from the session included required teacher pay raises. The District was required to give from \$2500 to \$5000 in additional funds to eligible teachers. This, in turn, resulted in the District budgeting for five percent raises to all other employees which had to be funded mostly with local funds. The District also increased its contribution to cover health insurance premiums in an attempt to offset rising premium costs and comply with ACA. Enrollment at the beginning of the school year was about 100 students less than 24-25. With this plethora of changes and requirements, the Board was able to reduce the tax rate by \$.0136 and adopt a deficit budget of only \$500,000. Predications are with watchful spending and the resolution of many unanswered new funding questions throughout the year, the budgeted deficit will be much less than anticipated.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the MOUNT PLEASANT Independent School District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the District's Central Business Office.

BASIC FINANCIAL STATEMENTS

GOVERNMENT WIDE STATEMENTS

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2025

EXHIBIT A-1

Data Control Codes	1	2 Primary Government		3
	Governmental Activities	Business Type Activities	Total	
ASSETS				
1110 Cash and Cash Equivalents	\$ 12,227,551	\$ 45,936	\$ 12,273,487	
1120 Current Investments	20,166,234	-	20,166,234	
1210 Property Taxes - Current	1,574,799	-	1,574,799	
1230 Allowance for Uncollectible Taxes	(944,879)	-	(944,879)	
1240 Due from Other Governments	3,292,971	-	3,292,971	
1300 Inventories	215,245	-	215,245	
1410 Prepayments	225,115	-	225,115	
1490 Other Current Assets	3,500	-	3,500	
Capital Assets:				
1510 Land	1,932,128	-	1,932,128	
1520 Buildings, Net	85,274,083	-	85,274,083	
1530 Furniture and Equipment, Net	16,766,832	960	16,767,792	
1000 Total Assets	<u>140,733,579</u>	<u>46,896</u>	<u>140,780,475</u>	
DEFERRED OUTFLOWS OF RESOURCES				
1705 Deferred Outflow Related to TRS Pension	4,760,568	-	4,760,568	
1706 Deferred Outflow Related to TRS OPEB	4,976,851	-	4,976,851	
1700 Total Deferred Outflows of Resources	<u>9,737,419</u>	<u>-</u>	<u>9,737,419</u>	
LIABILITIES				
2110 Accounts Payable	140,811	-	140,811	
2150 Payroll Deductions and Withholdings	465,376	-	465,376	
2160 Accrued Wages Payable	1,931,868	-	1,931,868	
2300 Unearned Revenue	98,061	-	98,061	
Noncurrent Liabilities:				
2501 Due Within One Year: Loans, Note, Leases, etc.	4,305,878	-	4,305,878	
Due in More than One Year:				
2502 Bonds, Notes, Loans, Leases, etc.	80,739,979	-	80,739,979	
2505 Compensated Absences	1,913,967	-	1,913,967	
2540 Net Pension Liability (District's Share)	18,928,277	-	18,928,277	
2545 Net OPEB Liability (District's Share)	12,974,523	-	12,974,523	
2000 Total Liabilities	<u>121,498,740</u>	<u>-</u>	<u>121,498,740</u>	
DEFERRED INFLOWS OF RESOURCES				
2605 Deferred Inflow Related to TRS Pension	716,686	-	716,686	
2606 Deferred Inflow Related to TRS OPEB	12,284,133	-	12,284,133	
2600 Total Deferred Inflows of Resources	<u>13,000,819</u>	<u>-</u>	<u>13,000,819</u>	
NET POSITION				
3200 Net Investment in Capital Assets and Right-to-Use Lease	19,818,064	960	19,819,024	
Restricted:				
3820 Restricted for Federal and State Programs	1,377,759	-	1,377,759	
3850 Restricted for Debt Service	9,583,634	-	9,583,634	
3890 Restricted for Other Purposes	291,459	-	291,459	
3900 Unrestricted	(15,099,477)	45,936	(15,053,541)	
3000 Total Net Position	<u>\$ 15,971,439</u>	<u>\$ 46,896</u>	<u>\$ 16,018,335</u>	

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

Net (Expense) Revenue and Changes in Net Position		
6	7	8
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (31,326,873)	\$ -	\$ (31,326,873)
(299,413)	-	(299,413)
(821,855)	-	(821,855)
(450,134)	-	(450,134)
(3,013,656)	-	(3,013,656)
(1,062,690)	-	(1,062,690)
(428,497)	-	(428,497)
(2,584,690)	-	(2,584,690)
3,900	-	3,900
(2,149,464)	-	(2,149,464)
(1,928,194)	-	(1,928,194)
(6,577,979)	-	(6,577,979)
(665,275)	-	(665,275)
(1,329,191)	-	(1,329,191)
15,478	-	15,478
(2,099,417)	-	(2,099,417)
(4,679)	-	(4,679)
(3,046,361)	-	(3,046,361)
(454,159)	-	(454,159)
(58,223,149)	-	(58,223,149)
-	(6,483)	(6,483)
-	(2,784)	(2,784)
-	(9,267)	(9,267)
(58,223,149)	(9,267)	(58,232,416)
13,334,594	-	13,334,594
4,320,198	-	4,320,198
36,770,558	-	36,770,558
1,491,441	-	1,491,441
968,985	-	968,985
56,885,776	-	56,885,776
(1,337,373)	(9,267)	(1,346,640)
20,072,810	56,163	20,128,973
(2,763,998)	-	(2,763,998)
17,308,812	56,163	17,364,975
\$ 15,971,439	\$ 46,896	\$ 16,018,335

**GOVERNMENTAL FUND FINANCIAL
STATEMENTS**

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2025

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
ASSETS			
1110 Cash and Cash Equivalents	\$ 10,776,292	\$ 1,173,553	\$ 11,949,845
1120 Investments - Current	16,844,793	2,344,768	19,189,561
1210 Property Taxes - Current	1,181,099	393,700	1,574,799
1230 Allowance for Uncollectible Taxes	(708,659)	(236,220)	(944,879)
1240 Due from Other Governments	2,730,834	562,137	3,292,971
1300 Inventories	215,245	-	215,245
1410 Prepayments	-	225,115	225,115
1490 Other Current Assets	3,500	-	3,500
1000 Total Assets	<u>\$ 31,043,104</u>	<u>\$ 4,463,053</u>	<u>\$ 35,506,157</u>
LIABILITIES			
2110 Accounts Payable	\$ 35,459	\$ 10,138	\$ 45,597
2150 Teacher Retirement Withheld	465,376	-	465,376
2160 Accrued Wages Payable	1,931,868	-	1,931,868
2300 Unearned Revenue	18,835	79,226	98,061
2000 Total Liabilities	<u>2,451,538</u>	<u>89,364</u>	<u>2,540,902</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	472,440	157,480	629,920
2600 Total Deferred Inflows of Resources	<u>472,440</u>	<u>157,480</u>	<u>629,920</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	215,245	-	215,245
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	1,377,759	1,377,759
3480 Retirement of Long-Term Debt	7,036,643	2,546,991	9,583,634
3490 Other Restricted Fund Balance	-	291,459	291,459
3600 Unassigned Fund Balance	20,867,238	-	20,867,238
3000 Total Fund Balances	<u>28,119,126</u>	<u>4,216,209</u>	<u>32,335,335</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 31,043,104</u>	<u>\$ 4,463,053</u>	<u>\$ 35,506,157</u>

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

MOUNT PLEASANT 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	\$	32,335,335
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$201,965,016 and the accumulated depreciation was (\$92,625,313). The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position. Note: Beginning Balances related to TRS are NOT included in this amount.		21,233,466
2 Restatement for implementation of GASB 101 Compensated Absences of \$2,763,998 at beginning of year plus adjustment for current year of \$40,847.		(2,804,845)
3 The 2025 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(6,368,003)
4 Current year capital outlays and debt principal 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 2025 capital outlays and debt principal payments is to increase net position.		4,311,343
5 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. At the beginning of the year, the net position related to TRS was a Deferred Resource Outflow in the amount of \$8,752,764, a Deferred Resource Inflow in the amount of \$1,354,552, and a net pension liability in the amount of \$21,351,615. The impact of this on Net Position is \$(13,953,403). Changes in the plan reported by TRS for this measurement period resulted in a decrease in net position in the amount of \$930,992. The combination of the beginning of the year amounts and the changes during the year resulted in a difference between the ending fund balance and the ending net position in the amount of \$(14,884,395).		(14,884,395)
6 Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. At the beginning of the year, the net position related to the OPEB liability was a Deferred Resource Outflow in the amount of \$2,747,613, a Deferred Resource Inflow in the amount of \$15,466,883 and a net OPEB liability in the amount of \$9,562,010. The impact of this on Net Position is \$(22,281,280). Changes in the OPEB reported by TRS for this measurement period resulted in an increase in net position in the amount of \$1,999,475. The combination of the beginning of the year amounts and the changes during the year resulted in a difference between the ending fund balance and the ending net position in the amount of \$(20,281,805).		(20,281,805)
7 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.		1,271,178
8 The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position		1,159,165
29 Net Position of Governmental Activities	\$	15,971,439

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

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

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 15,205,487	\$ 8,602,763	\$ 23,808,250
5800 State Program Revenues	39,036,547	2,162,796	41,199,343
5900 Federal Program Revenues	1,589,383	11,067,507	12,656,890
5020 Total Revenues	<u>55,831,417</u>	<u>21,833,066</u>	<u>77,664,483</u>
EXPENDITURES:			
Current:			
0011 Instruction	30,372,241	7,879,756	38,251,997
0012 Instructional Resources and Media Services	325,865	25,287	351,152
0013 Curriculum and Instructional Staff Development	869,675	141,383	1,011,058
0021 Instructional Leadership	535,088	764,463	1,299,551
0023 School Leadership	3,252,229	219,314	3,471,543
0031 Guidance, Counseling, and Evaluation Services	1,291,101	1,654,313	2,945,414
0033 Health Services	465,632	197,928	663,560
0034 Student (Pupil) Transportation	2,460,270	194,896	2,655,166
0035 Food Services	130,706	4,232,172	4,362,878
0036 Extracurricular Activities	2,364,371	14,247	2,378,618
0041 General Administration	2,059,688	-	2,059,688
0051 Facilities Maintenance and Operations	6,329,688	134,585	6,464,273
0052 Security and Monitoring Services	791,269	684,672	1,475,941
0053 Data Processing Services	1,321,229	93,890	1,415,119
0061 Community Services	21,657	294,203	315,860
Debt Service:			
0071 Principal on Long-Term Liabilities	365,000	2,945,000	3,310,000
0072 Interest on Long-Term Liabilities	346,700	2,393,975	2,740,675
0073 Bond Issuance Cost and Fees	2,579	2,100	4,679
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	3,046,361	65,183	3,111,544
0099 Other Intergovernmental Charges	454,159	-	454,159
6030 Total Expenditures	<u>56,805,508</u>	<u>21,937,367</u>	<u>78,742,875</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(974,091)	(104,301)	(1,078,392)
OTHER FINANCING SOURCES (USES):			
7912 Sale of Real and Personal Property	13,461	190	13,651
1200 Net Change in Fund Balances	(960,630)	(104,111)	(1,064,741)
0100 Fund Balance - September 1 (Beginning)	29,079,756	4,320,320	33,400,076
3000 Fund Balance - August 31 (Ending)	<u>\$ 28,119,126</u>	<u>\$ 4,216,209</u>	<u>\$ 32,335,335</u>

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

MOUNT PLEASANT 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	\$ (1,064,741)
The District uses internal service funds to charge the costs of certain activities, such as self-insurance to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase net position.	82,898
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 2025 capital outlays and debt principal payments is to increase net position.	4,311,343
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(6,368,003)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.	673,494
Current year changes due to GASB 68 resulted in a net effect on the change in the ending net position as a decrease in the amount of \$(930,992).	(930,992)
Current year changes due to GASB 75 resulted in a net effect on the change in the ending net position as an increase in the amount of \$1,999,475.	1,999,475
Current year change due to GASB 101 resulted in a decrease in net position of \$40,847.	(40,847)
Change in Net Position of Governmental Activities	\$ (1,337,373)

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

MOUNT PLEASANT 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	\$ 15,337,845	\$ 15,337,845	\$ 15,205,487	\$ (132,358)
5800 State Program Revenues	39,840,940	40,024,640	39,036,547	(988,093)
5900 Federal Program Revenues	706,500	1,394,500	1,589,383	194,883
5020 Total Revenues	55,885,285	56,756,985	55,831,417	(925,568)
EXPENDITURES:				
Current:				
0011 Instruction	31,420,423	31,494,580	30,372,241	1,122,339
0012 Instructional Resources and Media Services	353,181	347,926	325,865	22,061
0013 Curriculum and Instructional Staff Development	937,089	944,558	869,675	74,883
0021 Instructional Leadership	540,426	548,541	535,088	13,453
0023 School Leadership	3,285,880	3,296,777	3,252,229	44,548
0031 Guidance, Counseling, and Evaluation Services	1,286,712	1,310,075	1,291,101	18,974
0033 Health Services	492,316	496,064	465,632	30,432
0034 Student (Pupil) Transportation	2,404,527	2,465,578	2,460,270	5,308
0035 Food Services	120,614	131,525	130,706	819
0036 Extracurricular Activities	2,303,684	2,365,086	2,364,371	715
0041 General Administration	1,915,547	2,061,559	2,059,688	1,871
0051 Facilities Maintenance and Operations	6,275,314	6,331,200	6,329,688	1,512
0052 Security and Monitoring Services	851,936	856,560	791,269	65,291
0053 Data Processing Services	918,226	1,325,516	1,321,229	4,287
0061 Community Services	22,450	24,480	21,657	2,823
Debt Service:				
0071 Principal on Long-Term Liabilities	879,230	876,130	365,000	511,130
0072 Interest on Long-Term Liabilities	343,830	346,830	346,700	130
0073 Bond Issuance Cost and Fees	2,500	2,600	2,579	21
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	3,084,400	3,084,400	3,046,361	38,039
0099 Other Intergovernmental Charges	467,000	467,000	454,159	12,841
6030 Total Expenditures	57,905,285	58,776,985	56,805,508	1,971,477
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,020,000)	(2,020,000)	(974,091)	1,045,909
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	20,000	20,000	13,461	(6,539)
1200 Net Change in Fund Balances	(2,000,000)	(2,000,000)	(960,630)	1,039,370
0100 Fund Balance - September 1 (Beginning)	29,079,756	29,079,756	29,079,756	-
3000 Fund Balance - August 31 (Ending)	\$ 27,079,756	\$ 27,079,756	\$ 28,119,126	\$ 1,039,370

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

**PROPRIETARY FUND FINANCIAL
STATEMENTS**

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

EXHIBIT D-1

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Internal Service Fund
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 45,936	\$ 277,706
Investments - Current	-	976,673
Total Current Assets	45,936	1,254,379
Noncurrent Assets:		
Capital Assets:		
Furniture and Equipment, Net	960	-
Total Noncurrent Assets	960	-
Total Assets	46,896	1,254,379
LIABILITIES		
Current Liabilities:		
Accounts Payable	-	95,214
Total Liabilities	-	95,214
NET POSITION		
Net Investment in Capital Assets	960	-
Unrestricted Net Position	45,936	1,159,165
Total Net Position	\$ 46,896	\$ 1,159,165

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

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

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Internal Service Fund
OPERATING REVENUES:		
Local and Intermediate Sources	\$ 56,725	\$ 301,759
Total Operating Revenues	<u>56,725</u>	<u>301,759</u>
OPERATING EXPENSES:		
Payroll Costs	42,102	75,621
Professional and Contracted Services	421	143,240
Supplies and Materials	18,606	-
Other Operating Costs	1,024	-
Depreciation Expense	3,839	-
Total Operating Expenses	<u>65,992</u>	<u>218,861</u>
Operating Income (Loss)	(9,267)	82,898
Total Net Position - September 1 (Beginning)	56,163	1,076,267
Total Net Position - August 31 (Ending)	<u>\$ 46,896</u>	<u>\$ 1,159,165</u>

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

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

EXHIBIT D-3

	Business-Type Activities	Governmental Activities -
	Total Enterprise Funds	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>		
Cash Received from User Charges	\$ 56,725	\$ 301,759
Cash Payments to Employees for Services	(42,102)	(75,621)
Cash Payments for Suppliers	(18,606)	-
Cash Payments for Other Operating Expenses	(1,445)	(177,025)
Net Cash Provided by (Used for) Operating Activities	(5,428)	49,113
<u>Cash Flows from Non-Capital Financing Activities:</u>		
Increase(decrease) in Short-term Loans	-	-
<u>Cash Flows from Capital & Related Financing Activities:</u>		
Acquisition of Capital Assets	-	-
<u>Cash Flows from Investing Activities:</u>		
Decrease in Investment Securities	-	115,575
Net Increase (Decrease) in Cash and Cash Equivalents	(5,428)	164,688
Cash and Cash Equivalents at Beginning of Year	51,364	113,018
Cash and Cash Equivalents at End of Year	\$ 45,936	\$ 277,706
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>		
<u>Provided by (Used for) Operating Activities:</u>		
Operating Income (Loss):	\$ (9,267)	\$ 82,898
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used For) Operating Activities:		
Depreciation	3,839	-
Effect of Increases and Decreases in Current Assets and Liabilities:		
Increase (decrease) in Accounts Payable	-	(33,785)
Net Cash Provided by (Used for) Operating Activities	\$ (5,428)	\$ 49,113

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

FIDUCIARY FUND FINANCIAL STATEMENTS

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

	Total Custodial Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 266,177
Total Assets	<u>266,177</u>
 NET POSITION	
Restricted for Other Purposes	<u>266,177</u>
Total Net Position	<u>\$ 266,177</u>

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

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

	Total Custodial Funds
ADDITIONS:	
Miscellaneous Revenue - Student	\$ 410,779
Contributions, Gifts and Donations	62,018
Total Additions	<u>472,797</u>
DEDUCTIONS:	
Supplies and Materials	379,403
Other Deductions	96,870
Total Deductions	<u>476,273</u>
Change in Fiduciary Net Position	(3,476)
Total Net Position - September 1 (Beginning)	<u>269,653</u>
Total Net Position - August 31 (Ending)	<u>\$ 266,177</u>

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

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

MOUNT PLEASANT 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 other authoritative sources identified in *Statement on Auditing Standards No. 69* of the American Institute of Certified Public Accountants; 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.

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

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

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT applies Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements. The District's investments are accounted for using the cost amortization method.

A. REPORTING ENTITY

The Board of Trustees (the "Board") is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity." There are no component units related to the District.

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 MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT and its component unit's non-fiduciary activities with most of the inter-fund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues. Business type activities include operations that rely to a significant extent on fees and charges for support.

The Texas Education Agency's Commissioner of Education ordered the closure of Winfield Independent School District (Winfield ISD) effective July 1, 2018. At that date, the District was annexed by Mount Pleasant Independent School District.

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. Direct costs are those that are clearly identifiable with a specific function. Program revenues of the District include charges for services and operating grants and contributions. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include tuition paid by students not residing in the district, school lunch charges, etc. The "grants and contributions" column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act. If a revenue is not a program revenue, it is a general revenue used to support all of the District's functions. Taxes are always general revenues.

Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due froms on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position. All interfund transactions between governmental funds and between governmental funds and internal service funds are eliminated on the government-wide statements. Interfund activities between governmental funds and enterprise funds remain on the government-wide statements and appear on the government-wide Statement of Net Position as internal balances and on the Statement of Activities as interfund transfers. Interfund activities between governmental funds and fiduciary funds remain as due to/due froms on the government-wide Statement of Activities.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are non-operating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are non-operating.

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 proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for un-matured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 days after year end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the "susceptible to accrual" concept, that is, when they are both measurable and available. The District considers them "available" if they 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.

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

The Proprietary Fund Types and 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, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into invested in capital assets net of related debt, restricted net position, and unrestricted net position.

D. FUND ACCOUNTING

The District's accounts are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which are comprised of each funds assets, liabilities, equity, revenues and expenditures.

The District reports the following major governmental funds:

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

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

Governmental Funds:

1. **Special Revenue Funds** – The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.
2. **Debt Service Funds** -- 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.

Proprietary Funds:

1. **Enterprise Funds** -- The District's activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities are accounted for in an enterprise fund. The District's non-major Enterprise Funds are an after school program and concession stand operations.
2. **Internal Service Funds** - Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The District's Internal Service Funds are a self-funded worker's compensation fund, a print shop operation, and a section 125 benefit program.

Fiduciary Funds:

1. **Custodial Fund** - The District accounts for resources held for others in a custodial capacity in custodial funds. These funds are used to account for assets held by the District as an agent for student and other organizations. These funds were previously reported in an agency fund. This change resulted in reporting the detail of additions to and deductions from custodial funds causing a change in the fund net position whereas these details were not reported for agency funds. This change is a result of the implementation of GASB 84. The District's Custodial Fund is made up of student group funds.

E. OTHER ACCOUNTING POLICIES

1. For purposes of the statement of cash flows for proprietary funds, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
2. The District reports inventories of supplies at 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 are recorded at market values supplied by the United States Department of Agriculture (USDA). Although commodities are received at no cost, their fair market value is supplied by the USDA. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal
3. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

4. Capital assets, which include land, buildings, furniture and equipment are reported in the applicable 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 two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Building Improvements	20-50
Vehicles	10
Office Equipment	10
Computer Equipment	10

5. Investments are carried at fair value.
6. Since Internal Service Funds support the operations of governmental funds, they are consolidated with the governmental funds in the government-wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid "grossing up" the revenues and expenses of the District as a whole.
7. Some cash and investments are restricted for future debt payments.
8. The District has a self-insurance fund for worker's compensation insurance.
9. In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Commitments of fund balance represent tentative management plans that are subject to change.
10. When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.
11. The Data Control Codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a State-wide data base for policy development and funding plans.
12. School Districts are required to report all expenses by function, except certain indirect expenses. General administration and data processing service functions (data control codes 41 and 53, respectively) include expenses that are indirect expenses of other functions. These indirect expenses are not allocated to other functions.
13. Deferred Outflows/Inflows of Resources—The District implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and GASB Statement No. 65, Items Previously Reported as Assets and Liabilities for the year ended August 31, 2013. The District implemented GASB Statement No. 68 Accounting and Financial Reporting for Pensions for the year ended August 31, 2015. The District implemented GASB Statement No. 75 Accounting and Financial Reporting for Other Post-Employment Benefits for the year ended August 31, 2018. In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three types of items that qualify for reporting in this category, deferred charge for refunding bonded indebtedness and deferred outflows related to TRS as per GASB 68 related to pension accounting, and related to TRS OPEB related to TRS Care. These will be recognized as an outflow of resources in the subsequent years as they are amortized.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has three types of items that qualify for reporting in this category, property taxes and deferred inflows related to TRS, and related to TRS Care. These amounts will be recognized as an inflow of resources in the subsequent years as collected.

14. The District implemented GASB 101 for Uncompensated Absences payable for unused personal time off days. The balance owed at September 1, 2024 is recorded as a restatement of beginning net position on the government wide statement of activities. The adjustment necessary to arrive at the balance at August 31, 2025 is expensed during the current year on the statement of activities.

15. Fund balance measures the net financial resources available to finance expenditures of future periods.

The District's Unassigned General Fund Balance will be maintained to provide the District with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The Unassigned General Fund balance may only be appropriated by resolution of the Board of Trustees.

Fund balance of the District may be committed for a specific source by formal action of the Mount Pleasant ISD Board of Trustees. Amendments or modifications of the committed fund balance must also be approved by formal action of the Mount Pleasant ISD Board of Trustees.

When it is appropriate for fund balance to be assigned, the Board delegates authority to the Superintendent and Chief Financial Officer.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

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, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the beginning of the year were as follows:

<u>Capital Assets</u> <u>at the Beginning of the year</u>	<u>Historic Cost</u>	<u>Accumulated</u> <u>Depreciation</u>	<u>Net Value at the</u> <u>Beginning of the</u> <u>Year</u>	<u>Change in Net</u> <u>Position</u>
Land	1,932,128	-	1,932,128	
Buildings	165,136,108	(75,687,349)	89,448,759	
Furniture & Equipment	34,896,780	(16,937,964)	17,958,816	
Construction in progress	-	-	-	
Change in Net Assets	<u>201,965,016</u>	<u>(92,625,313)</u>		<u>109,339,703</u>
<u>Long-term Liabilities</u> <u>at the Beginning of the year</u>			<u>Payable at the</u> <u>Beginning of the</u> <u>Year</u>	
Bonds Payable			61,475,000	
Loans Payable			19,140,000	
Unamortized Premium/Discount			<u>7,491,237</u>	
Change in Net Position				<u>88,106,237</u>
Net Adjustment to Net Position				<u><u>21,233,466</u></u>

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. The details of this adjustment are as follows:

	<u>Amount</u>	<u>Adjustments to Changes in Net Position</u>	<u>Adjustments to Position</u>
<u>Current year Capital Outlay</u>			
Buildings & Improvements	-	-	-
Furniture & Equipment	1,001,343	1,001,343	1,001,343
Land	-	-	-
	<hr/>	<hr/>	<hr/>
Total Capital Outlay	1,001,343	1,001,343	1,001,343
	<hr/>	<hr/>	<hr/>
Book value of asset dispositions	-	-	-
	<hr/>	<hr/>	<hr/>
<u>Debt Principal Payments</u>			
Bond Principal	2,945,000	2,945,000	2,945,000
Note Principal	365,000	365,000	365,000
Total Principal Payments	3,310,000	3,310,000	3,310,000
Total Adjustment to Net Position	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Another element of the reconciliation on Exhibit C-4 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. The details for this element are as follows:

	<u>Amount</u>	<u>Adjustments to Change in Net Position</u>	<u>Adjustments to Net Position</u>
<u>Adjustments to Revenue and Deferred Revenue</u>			
Taxes Collected from Prior Year Levies	576,111	(576,111)	-
Uncollected taxes (assumed collectible) from Current Year Levy	472,825	472,825	472,825
Uncollected Taxes (assumed collectible) from Prior Year Levy	157,095	-	157,095
Effect of prior year tax entries	135,522	135,522	-
<u>Other Adjustments</u>			
Premium/discount amortization	641,258	641,258	641,258
Total		<hr/> <hr/>	<hr/> <hr/>

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Food Service Fund which is included in the Special Revenue Funds. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds if they are considered major funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit C-5 and the other two reports are in Exhibit J-2 and J-3.

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

1. Prior to August 20 the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. However, none of these were significant.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end. A reconciliation of fund balances for both appropriated budget and non-appropriated budget special revenue funds is as follows:

	August 31, 2025
	<u>Fund Balance</u>
Appropriated Budget Funds - Food Service Special Revenue Fund	1,377,759
Nonappropriated Budget Funds	<u>291,459</u>
All Special Revenue Funds	<u><u>1,669,218</u></u>

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

District Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the district complies with this law, it has no custodial credit risk for deposits.

Foreign Currency Risk The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit by not allowing foreign currency investments.

As of August 31, 2025, the following are the District's cash and cash equivalents with respective maturities and credit rating:

<u>Type of Deposit</u>	<u>Fair Value</u>	<u>Percent</u>	<u>Maturity in Less than 1 year</u>	<u>Maturity in 1-10 Years</u>	<u>Maturity in Over 10 Years</u>	<u>Credit Rating</u>
Cash, Money Markets and FDIC Insured Accounts	12,539,664	100.00%	12,539,664	-	-	N/A
Total Cash and Cash Equivalents	<u>\$ 12,539,664</u>	<u>100.00%</u>	<u>\$ 12,539,664</u>	<u>\$ -</u>	<u>\$ -</u>	

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

- a. Depository: Guaranty Bank and Trust
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$6,609,971.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$4,436,665 and occurred during the month of November, 2024.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$250,000.

Investments

Statutes authorize the entity to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas and its agencies; (2) guaranteed or secured certificates of deposit issued by state and national banks domiciled in Texas; (3) obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality not less than an "A"; (4) No load money market funds with a weighted average maturity of 90 days or less; (5) fully collateralized repurchase agreements; (6) commercial paper having a stated maturity of 270 days or less from the date of issuance and is not rated less than A-1 or P-1 by two nationally recognized credit rating agencies OR one nationally recognized credit agency and is fully secured by an irrevocable letter of credit; (7) secured corporate bonds rated not lower than "AA-" or the equivalent; (8) public funds investment pools; and (9) guaranteed investment contracts for bond proceeds investment only, with a defined termination date and secured by U.S. Government direct or agency obligations approved by the Texas public Funds Investment Act in an amount equal to the bond proceeds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT is in substantial compliance with the requirements of the Act and with local policies.

Additional policies and contractual provisions governing investments for MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT are specified below:

Credit Risk To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the District limits investments in commercial paper, corporate bonds, mutual bond funds to the top ratings issued by nationally recognized statistical rating organizations (NRSROs). As of August 31, 2025, the district's investments in commercial paper were rated AAAM by Standard & Poor's.

Custodial Credit Risk for Investments To limit the risk that, in the event of the failure of the counterparty to a transaction, a government 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. All of the securities are in the District's name and held by the District or its agent.

Concentration of Credit Risk To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District limits investments to less than 5% of its total investments. The District further limits investments in a single issuer when they would cause investment risks to be significantly greater in the governmental and business-type activities, individual major funds, aggregate non-major funds and fiduciary fund types than they are in the primary government. Usually this limitation is 20%.

Interest Rate Risk To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires all of the investment portfolio to have maturities of less than one year.

Foreign Currency Risk for Investments The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment by not allowing foreign investments.

As of August 31, 2025, Mount Pleasant Independent School District had the following investments:

<u>Investment Type</u>	<u>Amortized Cost</u>
Investment Pools	
Logic Investment Pool	\$6,120,037
Texpool Investment Pool	\$976,786
Lone Star Investment Pool	\$665,038
Texas Class Investment Pool	\$5,367,730
Citi group Global Markets	<u>\$7,036,643</u>
Total Investment Pools	<u>\$20,166,234</u>
 Total Investments	 <u>\$20,166,234</u>

All of the investment pools listed above are organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The Texas Comptroller of Public Accounts is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company ("Trust Company"), which is authorized to operate the investment pools.

The Advisory Board of each pool is composed of participants and other knowledgeable individuals representing public schools, public junior colleges, cities, counties, and other local governments. The purpose of the Advisory Board is to gather and exchange information from participants and nonparticipants relating to the operation of the investment pools. The investment pools employ an independent third-party bank to perform custody and valuation services. Investment advisory services are provided for each investment pool and each are audited

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT has no investments measured at the Net Asset Value (NAV) per Share.

B. PROPERTY TAXES

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

C. DELINQUENT TAXES RECEIVABLE

Delinquent taxes are 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.

D. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at August 31, 2025, were as follows:

	Property Taxes	Other Governments	Due From Other Funds	Other	Total Receivables
Governmental Activities:					
General Fund	1,181,099	2,730,834	-	-	3,911,933
Nonmajor Governmental Funds	393,700	562,137	-	-	955,837
Total-Governmental Activities	1,574,799	3,292,971	-	-	4,867,770
Amount not scheduled for collection during the subsequent year	944,879	-	-	-	944,879

Payables at August 31, 2025, were as follows:

	Accounts	Loans, Leases, and Bonds Payable- Current	Salaries & Benefits	Due to Other Funds	Due to Other Governments	Other	Total Payables
Governmental Activities:							
General Fund	35,459	-	2,397,244	-	-	-	2,432,703
Nonmajor Governmental Funds	10,138	-	-	-	-	-	10,138
Internal Service Fund	-	-	95,214	-	-	-	95,214
Total-Governmental Activities	45,597	-	2,492,458	-	-	-	2,538,055
Amount not scheduled for payment during the subsequent year	-	-	-	-	-	-	-
Business-type Activities:							
Nonmajor Enterprise Funds	-	-	-	-	-	-	-
Total Business-Type Activities	-	-	-	-	-	-	-
Amounts not scheduled for payment during the subsequent year	-	-	-	-	-	-	-

E. CAPITAL ASSET ACTIVITY

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

	<u>Beginning</u> <u>Balance</u>	Primary Government			<u>Ending</u> <u>Balance</u>
		<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	
Governmental Activities:					
District:					
Land	1,932,128	-	-	-	1,932,128
Buildings and Improvements	165,136,108	-	-	-	165,136,108
Furniture and Equipment	34,896,780	1,001,343	(16,851)	-	35,881,272
Construction in progress	-	-	-	-	-
	<u>201,965,016</u>	<u>1,001,343</u>	<u>(16,851)</u>	<u>-</u>	<u>202,949,508</u>
Totals at Historic Cost					
Less Accumulated Depreciation					
for:					
Buildings and Improvements	(75,687,349)	(4,174,676)	-	-	(79,862,025)
Furniture and Equipment	(16,937,964)	(2,193,327)	16,851	-	(19,114,440)
	<u>(92,625,313)</u>	<u>(6,368,003)</u>	<u>16,851</u>	<u>-</u>	<u>(98,976,465)</u>
Total Accumulated Depreciation					
Governmental Activities Capital					
Assets, Net	<u>109,339,703</u>	<u>(5,366,660)</u>	<u>-</u>	<u>-</u>	<u>103,973,043</u>
Business-type Activities:					
Furniture and Equipment	62,424	-	-	-	62,424
Less Accumulated Depreciation					
Furniture and Equipment	(57,625)	(3,839)	-	-	(61,464)
Business-type Activities Capital Asstes, Net:	<u>4,799</u>	<u>(3,839)</u>	<u>-</u>	<u>-</u>	<u>960</u>

Instruction	5,098,572
Student (Pupil) Transportation	454,948
Food Services	150,213
Curricular/Extracurricular Activities	33,052
General Administration	2,354
Plant Maintenance and Operations	464,351
Security and Monitoring Service	47,182
Data Processing Services	117,331
Total Depreciation Expense	<u>6,368,003</u>

Depreciation expense was charged to the business-type activities functions as follows:

Co-curricular/ Extracurricular Activities 3,839

F. BONDS PAYABLE

Bonded indebtedness of the District is reflected in the Government wide statements. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. Effective interest rates on the bonds range from 2.00% to 5.625%.

Proceeds from the issuance of refunding bonds, The Mount Pleasant Independent School District Unlimited Tax Refunding Bonds, Series 2011 dated November 1, 2011 were received during December, 2011 pursuant to Texas Government Code, Chapter 1207. Proceeds from the \$8,425,000 bonds were used to advance refund a portion of the District's outstanding bonds for debt service savings and to pay the costs of issuing the Bonds. Interest will range from 2.00% to 3.500%. Interest and principal are being repaid annually beginning in fiscal year 2013 and will continue until maturity in fiscal 2031. The refunding was undertaken to reduce total debt service payments over 20 years by approximately \$1.390 million and to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of approximately \$133 thousand. The principal balance of the refunded debt is \$3,585,000. This 2011 series was refunded with the issuance of the 2021 refunding bonds as described below.

Proceeds from the issuance of refunding bonds, The Mount Pleasant Independent School District Unlimited Tax Refunding Bonds, Series 2017 dated May 1, 2017 were received during May, 2017 pursuant to Texas Government Code, Chapter 1207. Proceeds from the \$9,125,000 bonds were used to advance refund a portion of the District's outstanding bonds for debt service savings and to pay the costs of issuing the Bonds. Interest will range from 2.00% to 4.00%. Interest and principal are being repaid annually beginning in fiscal year 2017 and will continue until maturity in fiscal 2031. The refunding was undertaken to reduce total debt service payments over 15 years by approximately \$1.125 million and to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of approximately \$179 thousand. The principal balance of the refunded debt is \$3,890,000.

The Mount Pleasant Independent School District Unlimited Tax School Building Bonds, Series 2019 were issued on June 15, 2019 pursuant to Section 45, Texas Education Code, as amended. Proceeds from the sale of the bonds of \$55 million are being used to construct, renovate, and equip school buildings, and to pay the costs of issuing the bonds. Interest ranges from 4.00% to 5.00%. Interest and principal are being repaid annually beginning in fiscal year 2019 and will continue until maturity in 2039.

Proceeds from the issuance of refunding bonds, The Mount Pleasant Independent School District Unlimited Tax Refunding Bonds, Series 2020 dated August 13, 2020 were received during August, 2020 pursuant to Texas Government Code, Chapter 1207. Proceeds from the \$12,070,000 bonds were used to advance refund a portion of the District's outstanding bonds for debt service savings and to pay the costs of issuing the Bonds. Interest will range from 2.00% to 3.00%. Interest and principal are being repaid annually beginning in fiscal year 2020 and will continue until maturity in fiscal 2031. The refunding was undertaken to reduce total debt service payments over 12 years by approximately \$2.4 million and to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of approximately \$148 thousand. The principal balance of the refunded debt is \$8,480,000.

Proceeds from the issuance of refunding bonds, The Mount Pleasant Independent School District Unlimited Tax Refunding Bonds, Series 2021 dated May 15, 2021 were received during June, 2021 pursuant to Texas Government Code, Chapter 1207. Proceeds from the \$5,205,000 bonds were used to advance refund a portion of the District's outstanding bonds for debt service savings and to pay the costs of issuing the Bonds. Interest will range from 1.625% to 5.00%. Interest and principal are being repaid annually beginning in fiscal year 2021 and will continue until maturity in fiscal 2031. The refunding was undertaken to reduce total debt service payments over 11 years by approximately \$621 thousand and to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of approximately \$577 thousand. The principal balance of the refunded debt is \$3,715,000.

F. BONDS PAYABLE cont'd

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

Description	Interest Rate Payable	Amounts Original Issue	Interest Current Year	Amounts Outstanding 9/1/2024	Issued/ Interest Accreted Current Year	Adjustments	Refunded/ Retired Current Year	Amounts Outstanding 8/31/2025
Unlimited Tax Refunding								
Bonds Series 2017	Variable	9,125,000	131,838	3,720,000	-	-	(205,000)	3,515,000
Unlimited Tax School Building, Series 2019	Variable	48,420,000	1,887,850	45,020,000	-	-	(800,000)	44,220,000
Unlimited Tax Refunding								
Bonds, Series 2020	Variable	12,040,000	240,250	8,975,000	-	-	(1,450,000)	7,525,000
Unlimited Tax Refunding								
Bonds, Series 2021	Variable	5,205,000	134,038	3,760,000	-	-	(490,000)	3,270,000
Unamortized Premium/Discount		10,130,822	-	7,306,631	-	-	(616,171)	6,690,460
TOTAL			2,393,976	68,781,631	-	-	(3,561,171)	65,220,460

Debt service requirements are as follows:

Year Ended	General Obligations		
	Principal	Interest	Total Requirements
August 31			
2026	3,040,000	2,301,466	5,341,466
2027	3,150,000	2,196,566	5,346,566
2028	3,260,000	2,077,288	5,337,288
2029	3,390,000	1,942,838	5,332,838
2030	3,540,000	1,801,644	5,341,644
2031-2035	21,375,000	6,450,888	27,825,888
2036-2040	20,775,000	1,703,700	22,478,700
	<u>58,530,000</u>	<u>18,474,390</u>	<u>77,004,390</u>

G. LOANS PAYABLE

On November 13, 2012 the District authorized the issuance and sale of its Qualified Zone Academy Maintenance Tax Notes, Taxable Series 2012, pursuant to Chapter 45.108, Texas Education Code, as amended, in the amount of \$9,000,000 for the purpose of renovating existing facilities and the purchase of equipment for the District. The effective interest rate net of the Government subsidy payments is -0.1018%. Principal and interest payments are accounted for in the general fund. The principal amount of \$9,000,000 is payable on February 15, 2028. Annual payments of \$514,595 are made to a separate interest bearing interest and sinking fund starting on February 15, 2015 and ending on February 15, 2028.

The Mount Pleasant Independent School District Maintenance Tax Notes, Series 2014 were issued on December 15, 2014 pursuant to Section 45.108, Texas Education Code, as amended. Proceeds from the sale of the bonds were used to purchase school buses, trucks, and police vehicles, and to pay the costs of issuing the notes. Interest ranges from 2.00% to 3.50%. Interest and principal are being repaid annually beginning in fiscal year 2015 and will continue until maturity in fiscal 2029.

The Mount Pleasant Independent School District Maintenance Tax Notes, Series 2016 were issued on October 15, 2016 pursuant to Section 45.108, Texas Education Code, as amended. Proceeds from the sale of the bonds were used to construct, renovate, and equip school buildings, and to pay the costs of issuing the notes. Interest ranges from 3.00% to 5.00%. Interest and principal are being repaid annually beginning in fiscal year 2017 and will continue until maturity in fiscal 2036.

	Amounts Outstanding 9/1/2024	Issued	Retired	Outstanding 8/31/2025
Qualified Zone Academy Maintenance Tax Notes, Series 2012	9,000,000	-	-	9,000,000
Maintenance Tax Notes, Series 2014	685,000	-	(125,000)	560,000
Maintenance Tax Notes, Series 2016	9,455,000	-	(240,000)	9,215,000
Unamortized Premium/Discount	184,606	-	(25,087)	159,519
Total	<u>19,324,606</u>	<u>-</u>	<u>(390,087)</u>	<u>18,934,519</u>

Interest of \$358 thousand was incurred for the year ended August 31, 2025, on loans payable.

Year Ending August 31,	Principal	Interest	Total Requirements
2026	375,000	343,435	718,435
2027	390,000	326,635	716,635
2028	9,405,000	311,710	9,716,710
2029	955,000	272,255	1,227,255
2030	980,000	234,805	1,214,805
2031-2035	5,455,000	710,013	6,165,013
2036-2040	1,215,000	38,880	1,253,880
Total	<u>18,775,000</u>	<u>2,237,733</u>	<u>21,012,733</u>

H. CHANGES IN LONG-TERM LIABILITIES

Long-term activity for the year ended August 31, 2025 was as follows:

	Beginning Balance	Additions	Reductions	Adjustments	Ending Balance	Due Within One Year
Governmental Activities:						
Bonds and Notes Payable:						
General Obligation Bonds	68,781,631	-	(3,561,171)	-	65,220,460	3,040,000
Notes payable	19,324,606	-	(390,087)	-	18,934,519	375,000
Compensated Absences	2,763,998	40,847	-	-	2,804,845	890,878
Total Bonds and Notes Payable	<u>90,870,235</u>	<u>40,847</u>	<u>(3,951,258)</u>	<u>-</u>	<u>86,959,824</u>	<u>4,305,878</u>

The District has no unused lines of credit. No assets have been pledged as collateral for debt.

Compensated absences are \$2,804,845 at August 31, 2025. \$890,878 is included as a current liability due within one year.

I. INSURANCE

During the year ended August 31, 2025 employees of the District were covered by the District's medical insurance Plan (the "Plan") with TRS ActiveCare. The District contributed \$265 per month per employee to the Plan and employees, at their option, authorized payroll withholdings to pay contributions for dependents or increased coverage.

Maintenance of Effort:

Contributions for health care for the year ended August 31, 2025 were as follows:

Total contributions for health care:	1,705,402
Less alternate plan contributions	-
Less COBRA	-
2024-2025 maintenance of effort	<u>1,705,402</u>

During the year ended August 31, 2025 employees of the District were covered by the District's workers' compensation self-insurance plan as authorized by Section 504.011 of the Labor Code. Claims are paid by a third party administrator acting on behalf of the District under the terms of a contractual agreement. Administrative fees are included within the provisions of that agreement. According to state statute, the District is protected against unanticipated catastrophic claims and aggregate loss by coverage carried through Blue Cross Blue Shield, a commercial insurer licensed or eligible to do business in Texas. Coverage was unlimited.

The costs associated with these self-insurance plans are reported as inter-fund transactions to the extent of amount actually determined. Accordingly, they are treated as operating revenues of the Internal Service Funds and operating expenditures of the General and Special Revenue Funds. The liabilities of these plans include incurred but not reported claims.

Changes in the balances of the claim liabilities during the past year for the workers' compensation plan are as follows:

	Year Ended August 31, 2025	Year Ended August 31, 2024
Unpaid claims, beginning of the year	128,999	172,558
Incurred claims (including IBNR'S)	(26,303)	(33,080)
Claim Payments	(7,482)	(10,479)
Unpaid claims, end of fiscal year	<u>95,214</u>	<u>128,999</u>

J. DEFINED BENEFIT PENSION PLAN

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

Plan Description. MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT (ACFR) 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/pages/about_publications; by writing to TRS at attention Finance Division, PO Box 149676, Austin, TX, 78714-0185, or by calling 1-800-223-8778.

Benefits Provided. TRS provides service and disability retirement, as well as death and survivor benefit 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 provision for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

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

One-Time Stipends

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

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

Cost-of-Living Adjustment

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

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

Texas Government Code, Title 8, 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 the manner are determined by the System's actuary.

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2019 thru 2025. Contribution rates can be found in the TRS 2023 ACFR, Note 11, on page 87.

The following table shows contribution rates by type of contributor for the fiscal years 2024 and 2025 and the contributions by type of contributions reported by TRS which were received by TRS during the TRS measurement year (FY 2024). The reported contributions from the member and the employers are included in the calculation of the district's proportionate share of the net pension liability.

	<u>Contribution Rates</u>	
	<u>2024</u>	<u>2025</u>
Member	8.25%	8.25%
Non-Employer Contributing Entity (State)	8.25%	8.25%
Employers	8.25%	8.25%
District's Measurement Year Employer Contributions		\$ 2,130,231
District's Measurement Year Member Contributions		\$ 3,357,320
District's Measurement Year NECE (State) Contributions		\$ 2,158,426

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

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

On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.

During a new member's first 90 days of employment.

When any or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.

In addition to the employer contributions listed above, there is a surcharge and employer is subject to:

All public schools must contribute 1.9 percent of the members' salary beginning in fiscal year 2024, gradually increasing to 2 percent in fiscal year 2025.

When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Net Pension Liability

Components of the net pension liability of the plan as of August 31, 2023 are disclosed below: (From TRS Annual Comprehensive Financial Report 2023, p. 89.)

Table 11.E.1: Net Pension Liability	
Components of Liability	Amount
Total Pension Liability	\$ 271,627,434,294
Less: Plan Fiduciary Net Position	(210,543,258,495)
Net Pension Liability	\$ 61,084,175,799
Net Position as Percentage of Total Pension Liability	77.51%

Actuarial Assumptions.

The total pension liability in the August 31, 2023 actuarial valuation was determined using the following actuarial assumptions: Actuarial Assumptions can be found in the 2023 TRS ACFR, Note 11, page 89.

Table 11.F.1: Actuarial Methods and Assumptions	
Component	Result
Valuation Date	August 31, 2023 rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term Expected Rate	7.00%
Municipal Bond Rate as of August 2024	3.87% - The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."
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 TRS actuarial valuation report dated November 22, 2023.

Discount Rate. A single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 9.50 percent of payroll in fiscal year 2024 increasing to 9.56 percent in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

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

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

Table 3.A.1: Asset Allocations

Asset Class	Target Allocation %**	Long-Term Expected Geometric Real Rate of Return***	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.0 %	4.4 %	1.0 %
Non-US Developed	13.0	4.2	0.8
Emerging Markets	9.0	5.2	0.7
Private Equity*	14.0	6.7	1.2
Stable Value			
Government Bonds	16.0	1.9	0.4
Absolute Return*	0.0	3.0	0.0
Stable Value Hedge Funds	5.0	4.0	0.2
Real Return			
Real Estate	15.0	6.6	1.2
Energy, Natural Resources & Infrastruc	6.0	5.6	0.4
Commodities	0.0	2.5	0.0
Risk Parity	8.0	4.0	0.4
Asset Allocation Leverage			
Cash	2.0	1.0	0.0
Asset Allocation Leverage	(6.0)	1.3	(0.1)
Inflation Expectation			2.4
Volatility Drag ****			0.7
Expected Return	100%		7.90%

*Absolute Return includes Credit Sensitive Investments

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

***Capital Market Assumptions come from Aon Hewitt (as of 12/31/23).

****The volatility drag results from the conversion between arithmetic and geometrics mean return

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

	1% Decrease in Discount Rate (6.00%)	Current Single Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the net pension liability:	\$ 30,228,455	\$ 18,928,277	\$ 9,561,241

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2025, MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT reported a liability of \$18,928,277 for its proportionate share of the TRS's net pension liability.

This liability reflects a reduction for State pension support provided to MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT. The amount recognized by MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT were as follows:

District's Proportionate share of the collective net pension liability	\$ 18,928,277
State's Proportionate share that is associated with the District	<u>23,396,161</u>
Total	<u>\$ 42,324,438</u>

The net pension liability was measured as of August 31, 2023 and rolled forward to August 31, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the 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 .0003099% which was a decrease of 0.3% from its proportion measured as of August 31, 2023.

Changes In Actuarial 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.

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

Changes in Benefits - The Texas 2023 Legislature passed legislation that provides a one-time stipend to certain retired teachers. The stipend was paid to retirees beginning in September of 2023. The Legislature appropriated funds to pay for this one-time stipend so there will be no impact on the net pension liability of TRS. In addition, the Legislature also provided for a cost of living adjustment (COLA) to retirees which was approved during the November 2023 election which will be paid in January 2024. Therefore, this contingent liability was not reflected as of August 31, 2023.

For the year ended August 31, 2025, MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT recognized pension expense of \$3,089,418 and revenue of \$2,158,426 for support provided by the State in the Government Wide Statement of Activities.

At August 31, 2025, MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources: (The amounts shown below will be the cumulative layers from the current and prior years combined.)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experience	\$ 1,043,301	\$ 147,783
Changes in actuarial assumptions	\$ 977,307	\$ 131,024
Net Difference between projected and actual investment earnings	\$ 115,059	\$ -
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	\$ 494,670	\$ 437,879
Contributions paid to TRS subsequent to the measurement date [to be calculated by the employer]	\$ 2,130,231	\$ -
Total	\$ 4,760,568	\$ 716,686

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

Year ended August 31:	Pension Expense Amount
2026	76,040
2027	2,075,905
2028	241,414
2029	(537,705)
2030	57,998
Thereafter	-

K. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

Summary of Significant Accounting Policies. 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.

Plan Description. The MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined benefit other post-employment (OPEB) plan that has a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

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

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

Components of the net OPEB liability of the TRS-Care plan as of August 31, 2024 as presented in the TRS 2023 ACFR (p. 76) are as follows:

Table 9.E.1: Net OPEB Liability	
Components to Liability	Amount
Total OPEB Liability	\$35,168,178,563
Less: Plan Fiduciary Net Position	(4,816,646,311)
Net OPEB Liability	\$30,351,532,252
Net Position as a Percentage of Total of OPEB Liability	13.79%

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 presented in the following table:

TRS-Care Monthly 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

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

Texas Insurance Code, Section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% 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. The following table shows contributions to the TRS-Care plan by type of contributor as reported for the district by TRS for the TRS measurement year. The district and member contributions reported are included in the calculation of the district's proportionate share of the Net TRS-Care liability for the measurement period.

<u>Contribution Rates</u>	
	<u>2024</u>
Active employee	0.65%
Non-Employer Contributing Entity (State)	1.25%
Employers	0.75%
Federal/private Funding Remitted by Employers	1.25%
District's Measurement Year Employer Contributions	\$ 305,201
District's Measurement Year Member Contributions	\$ 264,517
District's Measurement Year NECE (State) Contributions	\$ 486,530

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

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

Actuarial Assumptions. The actuarial valuation was performed as of August 31, 2023. Update procedures were used to roll forward the total OPEB liability to August 31, 2024. The actuarial valuation was determined using the following actuarial assumptions.

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

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

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

Table 9.F.1: Actuarial Methods and Assumptions	
Component	Result
Valuation Date	August 31, 2023 rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.30%
Single Discount Rate	3.87% as of August 31, 2024
Aging Factors	
Expenses	Based on the Society of Actuaries 2013 Study "Health Care Costs from Birth to Death" Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Salary Increase	2.95% to 8.95%, including inflation.
Ad Hoc Post-Employment Benefit Chan	None

From 2024 TRS ACFR, Note 9, page 79.

The initial medical trend rates were 6.75 percent 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. There was an initial prescription drug trend rate of 7.25 percent for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25 percent over a period of 11 years.

Discount Rate. A single discount rate of 3.87 percent was used to measure the total OPEB liability. This was an increase of 0.22 percent in the discount rate since the previous year. The Discount Rate can be found in the 2024 TRS ACFR on page 80. 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-year Municipal GO AA Index" as of August 31, 2024, using the Fixed Income Market Data/Yield Curve/ Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

Sensitivity of the Net OPEB Liability:

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

	1% Decrease in Discount Rate (2.87%)	Current Single Discount Rate (3.87%)	1% Increase in Discount Rate (4.87%)
District's proportionate share of the Net OPEB Liability	\$ 15,413,735	\$ 12,974,523	\$ 10,849,299

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the Net OPEB Liability	\$ 10,565,804	\$ 12,974,523	\$ 16,113,057

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At August 31, 2025, MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT reported a liability of \$12,974,523 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT were as follows:

District's Proportionate share of the collective net OPEB liability	\$ 12,974,523
State's proportionate share that is associated with the District	16,256,902
Total	<u>\$ 29,231,425</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 OPEB relative to the contributions of all employers to the plan for the period September 1, 2023 thru August 31, 2024.

At August 31, 2024 the employer's proportion of the collective net OPEB liability was 0.000427% compared to the 0.000432% as of August 31, 2023. This is a decrease of 1%.

Changes in Actuarial Assumptions Since the Prior Actuarial Valuation – The following were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability (TOL) since the prior measurement period: These can be found in the 2024 TRS ACFR on page 80.

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.

Changes in Benefit Terms: There were no changes in benefit terms since the prior measurement date.

For the year ended August 31, 2025, MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT recognized OPEB expense of (\$1,502,945) and revenue of \$486,530 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experience	\$ 2,486,781	\$ 6,474,991
Changes in actuarial assumptions	1,660,586	4,233,437
Net Difference between projected and actual investment earnings	-	36,333
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	524,283	1,539,372
Contributions paid to TRS subsequent to the measurement date [to be calculated by employer]	305,201	-
Total	\$ 4,976,851	\$ 12,284,133

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

Year ended August 31:	OPEB Expense Amount
2026	(1,944,494)
2027	(1,356,863)
2028	(1,624,271)
2029	(1,434,310)
2030	(911,536)
Thereafter	(341,010)

L. HEALTH CARE COVERAGE - RETIREES AND ACTIVE EMPLOYEES

Retiree Health Care Coverage

Plan Description. MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit post-employment health care plan administered by the Teacher Retirement System of Texas. TRS-Care provides health care coverage for certain persons (and their dependents) who retire under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Texas Insurance Code Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, by phoning the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet Website, www.trs.state.tx.us under the TRS Publications heading.

Funding Policy. Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The Contribution Rate for the State was 1.25% for 2023 2024 and 2025. The contribution rate for the district was 0.55% for each of these three years. The contribution rate for active employees was 0.65% of the district payroll for each of the three years. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. For staff members funded by federal problems, the federal programs are required to contribution 1.0 %.

Medicare Part D. The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, 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. For the fiscal year ended August 31, 2025, 2024, and 2023 the subsidy payments received by TRS-Care on-behalf of the District were \$265,295, \$217,239 and \$208,220 respectively. The information for the year ended August 31, 2024 is an estimate provided by the Teacher Retirement System. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements of the District.

Active Employee Health Care Coverage

Plan Description. The District participates in TRS Active Care sponsored by the Teacher Retirement System of Texas and administered through BCBS and Express Script (pharmacy). TRS-Active Care provides health care coverage to employees (and their dependents) of participating public education entities. Optional life and long-term care insurance are also provided to active members and retirees. Authority for the plan can be found in the Texas Insurance Code, Title 8, Subtitle H, Chapter 1579 and in the Texas Administrative Code, Title 34, Part 3, Chapter 41. The plan began operations on September 1, 2002. This is a premium-based plan. Payments are made on a monthly basis for all covered employees.

M. UNEARNED REVENUE

Unearned revenue at year end consisted of the following:

	General Fund	Special Revenue Funds	Total
Athletic Receipts	18,835	-	18,835
Food Service Receipts	-	3,748	3,748
State Instructional Materials	-	15,062	15,062
Pre K Expansion	-	19,634	19,634
Summer Feeding Program	-	14,533	14,533
SSA Special Education	-	24,767	24,767
Other	-	1,482	1,482
TOTAL	18,835	79,226	98,061

N. DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2025 are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from State Agencies except Head Start which is received directly from the U.S. Department of Health and Human Services.

FUND	STATE ENTITLEMENTS	FEDERAL GRANTS	OTHER	TOTAL
General	2,391,332	-	339,502	2,730,834
Special Revenue	25,884	432,001	-	457,885
Debt Service	-	-	104,252	104,252
Total	2,417,216	432,001	443,754	3,292,971

O. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

	General Fund	Special Revenue Funds	Debt Service Fund	Total
Property Taxes	13,278,250	-	4,344,306	17,622,556
Penalties, Interest and Other Tax-related Income	278,106	-	86,791	364,897
Investment Income	1,297,308	44,413	149,720	1,491,441
Food Sales	-	143,216	-	143,216
Tuition and Fees	4,500	21,345	-	25,845
Other	158,344	-	-	158,344
Co-curricular Student Activities	137,186	-	-	137,186
Shared Service	-	3,704,744	-	3,704,744
Rents	24,019	-	-	24,019
Insurance Recovery	27,774	-	-	27,774
Foundations and gifts	-	108,228	-	108,228
Total	15,205,487	4,021,946	4,580,817	23,808,250

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. During fiscal 2025, the district purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

Q. JOINT VENTURE-SHARED SERVICE ARRANGEMENTS

The District is a fiscal agent for a shared Services Arrangement (“SSA”) which provides special education member districts. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. According to guidance provided in TEA’s Resource Guide, the District has accounted for the fiscal agent’s activities of the SSA in Special Revenue Fund No. 437, Shared Services Arrangements - Special Education and will be accounted for using Model 3 in the SSA section of the Resource Guide.

Total Revenues from all member districts were: \$3,704,744

R. PRIOR PERIOD ADJUSTMENT-COMPENSATED ABSENCES PAYABLE

GASB 101 was adopted this year to record compensated absences payable. The balance owed at September 1, 2024 of \$2,763,998 was recorded as a restatement of beginning net position on the government wide statement of activities. The adjustment needed to arrive at the August 31, 2025 balance of \$2,804,845 required an increase to expenses of \$40,847 on the statement of activities.

S. DEFERRED INFLOWS OF RESOURCES

In the government wide statements and the governmental fund financial statements the amount of property taxes receivable expected to be collected in the future is reflected as a deferred inflow of resources and will be recognized as such each year as it is collected.

T. COMMITMENTS AND CONTINGENCIES

The District has no significant commitments or contingencies at August 31, 2025.

U. LITIGATION

The District has no pending litigation at August 31, 2025.

V. SUBSEQUENT EVENTS

Administration has evaluated subsequent events through October 22, 2025 the financial statement issuance date.

REQUIRED SUPPLEMENTAL INFORMATION

<u>FY 2022</u> <u>Plan Year 2021</u>	<u>FY 2021</u> <u>Plan Year 2020</u>	<u>FY 2020</u> <u>Plan Year 2019</u>	<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year 2017</u>	<u>FY 2017</u> <u>Plan Year 2016</u>	<u>FY 2016</u> <u>Plan Year 2015</u>
0.0002979111%	0.000295544%	0.000313449%	0.000303622%	0.000384677%	0.000300686%	0.000320522%
\$ 7,586,733	\$ 15,828,726	\$ 16,294,085	\$ 16,712,097	\$ 10,157,298	\$ 11,362,494	\$ 11,330,026
11,708,481	25,320,217	23,095,454	24,776,808	15,702,728	18,413,613	18,259,843
<u>\$ 19,295,214</u>	<u>\$ 41,148,943</u>	<u>\$ 39,389,539</u>	<u>\$ 41,488,905</u>	<u>\$ 25,860,026</u>	<u>\$ 29,776,107</u>	<u>\$ 29,589,869</u>
\$ 37,127,824	\$ 35,853,518	\$ 35,578,953	\$ 32,929,070	\$ 32,206,028	\$ 31,500,449	\$ 30,371,987
20.43%	38.46%	45.80%	50.75%	31.60%	36.07%	37.30%
88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%

2022	2021	2020	2019	2018	2017	2016
\$ 1,852,976	\$ 1,553,241	\$ 1,519,513	\$ 1,381,450	\$ 1,332,176	\$ 1,225,680	\$ 1,173,069
(1,852,976)	(1,553,241)	(1,519,513)	(1,381,450)	(1,332,176)	(1,225,680)	(1,173,069)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 37,127,824	\$ 35,853,518	\$ 35,578,953	\$ 32,929,070	\$ 32,479,255	\$ 31,500,449	\$ 30,371,987
4.99%	4.33%	4.27%	4.20%	4.10%	3.90%	3.90%

<u>FY 2022</u> <u>Plan Year 2021</u>	<u>FY 2021</u> <u>Plan Year 2020</u>	<u>FY 2020</u> <u>Plan Year 2019</u>	<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year 2017</u>
0.000442559%	0.000462876%	0.000464151%	0.000453682%	0.004407146%
\$ 17,071,474	\$ 17,596,002	\$ 21,950,289	\$ 22,652,777	\$ 19,729,365
22,871,970	23,644,809	29,167,022	25,105,087	22,790,449
<u>\$ 39,943,444</u>	<u>\$ 41,240,811</u>	<u>\$ 51,117,311</u>	<u>\$ 47,757,864</u>	<u>\$ 42,519,814</u>
\$ 37,127,824	\$ 35,853,518	\$ 35,578,953	\$ 32,929,070	\$ 32,206,028
45.98%	49.08%	61.69%	68.81%	61.40%
6.18%	4.99%	2.66%	1.57%	0.91%

	2022	2021	2020	2019	2018
\$	278,459	\$ 268,901	\$ 266,845	\$ 261,958	\$ 244,934
	(278,459)	(268,901)	(266,845)	(261,958)	(244,934)
\$	-	\$ -	\$ -	\$ -	\$ -
\$	37,127,824	\$ 35,853,518	\$ 35,578,953	\$ 32,929,070	\$ 32,479,255
	0.75%	0.75%	0.75%	0.75%	0.75%

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

A. Notes to Schedules for the TRS Pension

Changes of Benefit terms.

The Texas 2023 Legislature passed legislation that provides a one-time stipend to certain retired teachers. The stipend was paid to retirees beginning in September of 2024. The Legislature appropriated funds to pay for this one-time stipend so there will be no impact on the Net Pension Liability of TRS. In addition, the Legislature also provided for a cost of living adjustment (COLA) to retirees which was approved during the November 2024 election which will be paid January 2025. Therefore, this contingent liability was not reflected as of August 31, 2024.

Changes of Assumptions.

There were no changes in assumptions.

B. Notes to Schedules for the TRS OPEB Plan

Changes in Benefits.

There were no changes in benefits.

Changes in Assumptions.

The single discount rate changed from 4.13 percent as of August 31, 2023 to 3.87 percent as of August 31, 2024. This change decreased the total OPEB liability.

COMBINING SCHEDULES

NON-MAJOR GOVERNMENTAL FUNDS

242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	270 ESEA V, B,2 Rural & Low Income	284 Early Head Start	288 CACFP	289 Other Federal Special Revenue Funds
\$ 14,533	\$ (22,584)	\$ (45,674)	\$ (29,846)	\$ (1,611)	\$ (94,858)	-	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	22,584	45,674	29,846	1,611	-	-	-
-	-	-	-	-	94,858	-	-
<u>\$ 14,533</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14,533	-	-	-	-	-	-	-
<u>14,533</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 14,533</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

425 Silent Panic Alert	426 School Safety Standard	427 Pre-K	429 Other State Special Revenue Funds	437 SSA Special Education	461 Campus Activity Funds	498 MPISD Education Foundation	Total Nonmajor Special Revenue Funds
\$ -	\$ (25,884)	\$ 19,634	\$ 1,400	\$ 24,767	\$ 291,459	\$ 82	\$ 1,065,444
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	25,884	-	-	-	-	-	457,885
-	-	-	-	-	-	-	225,115
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,634</u>	<u>\$ 1,400</u>	<u>\$ 24,767</u>	<u>\$ 291,459</u>	<u>\$ 82</u>	<u>\$ 1,748,444</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	19,634	1,400	24,767	-	82	79,226
-	-	19,634	1,400	24,767	-	82	79,226
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,377,759
-	-	-	-	-	-	-	-
-	-	-	-	-	291,459	-	291,459
-	-	-	-	-	291,459	-	1,669,218
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,634</u>	<u>\$ 1,400</u>	<u>\$ 24,767</u>	<u>\$ 291,459</u>	<u>\$ 82</u>	<u>\$ 1,748,444</u>

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

Data Control Codes	599 Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS		
1110 Cash and Cash Equivalents	\$ 108,109	\$ 1,173,553
1120 Investments - Current	2,344,768	2,344,768
1210 Property Taxes - Current	393,700	393,700
1230 Allowance for Uncollectible Taxes	(236,220)	(236,220)
1240 Due from Other Governments	104,252	562,137
1410 Prepayments	-	225,115
1000 Total Assets	<u>\$ 2,714,609</u>	<u>\$ 4,463,053</u>
LIABILITIES		
2110 Accounts Payable	\$ 10,138	\$ 10,138
2300 Unearned Revenue	-	79,226
2000 Total Liabilities	<u>10,138</u>	<u>89,364</u>
DEFERRED INFLOWS OF RESOURCES		
2601 Unavailable Revenue - Property Taxes	157,480	157,480
2600 Total Deferred Inflows of Resources	<u>157,480</u>	<u>157,480</u>
FUND BALANCES		
Restricted Fund Balance:		
3450 Federal or State Funds Grant Restriction	-	1,377,759
3480 Retirement of Long-Term Debt	2,546,991	2,546,991
3490 Other Restricted Fund Balance	-	291,459
3000 Total Fund Balances	<u>2,546,991</u>	<u>4,216,209</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 2,714,609</u>	<u>\$ 4,463,053</u>

242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	270 ESEA V, B,2 Rural & Low Income	284 Early Head Start	288 CACFP	289 Other Federal Special Revenue Funds
\$ 4,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
48,606	72,410	217,934	219,227	9,611	1,344,125	117,165	9,544
53,106	72,410	217,934	219,227	9,611	1,344,125	117,165	9,544
-	72,410	124,929	175,580	9,611	868,242	-	9,544
-	-	-	-	-	-	-	-
-	-	93,005	-	-	-	-	-
-	-	-	43,647	-	114,119	-	-
-	-	-	-	-	34,822	-	-
-	-	-	-	-	127,758	-	-
-	-	-	-	-	77,387	-	-
-	-	-	-	-	-	-	-
53,106	-	-	-	-	-	117,165	-
-	-	-	-	-	-	-	-
-	-	-	-	-	16,626	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	33,528	-	-
-	-	-	-	-	71,643	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
53,106	72,410	217,934	219,227	9,611	1,344,125	117,165	9,544
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

425 Silent Panic Alert	426 School Safety Standard	427 Pre-K	429 Other State Special Revenue Funds	437 SSA Special Education	461 Campus Activity Funds	498 MPISD Education Foundation	Total Nonmajor Special Revenue Funds
\$ -	\$ -	21,345	\$ -	3,704,744	\$ -	108,228	\$ 4,021,946
146,940	91,512	-	1,050	-	-	-	1,445,085
-	-	-	-	-	-	-	11,067,507
146,940	91,512	21,345	1,050	3,704,744	-	108,228	16,534,538
-	-	21,345	1,050	3,002,122	-	108,228	7,879,756
-	-	-	-	-	-	-	25,287
-	-	-	-	-	-	-	141,383
-	-	-	-	384,264	-	-	764,463
-	-	-	-	-	-	-	219,314
-	-	-	-	164,915	-	-	1,654,313
-	-	-	-	-	-	-	197,928
-	-	-	-	70,754	-	-	194,896
-	-	-	-	-	-	-	4,232,172
-	-	-	-	-	14,247	-	14,247
-	-	-	-	10,382	-	-	134,585
146,940	91,512	-	-	-	-	-	684,672
-	-	-	-	7,124	-	-	93,890
-	-	-	-	-	-	-	294,203
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	65,183	-	-	65,183
146,940	91,512	21,345	1,050	3,704,744	14,247	108,228	16,596,292
-	-	-	-	-	(14,247)	-	(61,754)
-	-	-	-	-	-	-	190
-	-	-	-	-	(14,247)	-	(61,564)
-	-	-	-	-	305,706	-	1,730,782
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 291,459	\$ -	\$ 1,669,218

MOUNT PLEASANT 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	599 Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES:		
5700 Total Local and Intermediate Sources	\$ 4,580,817	\$ 8,602,763
5800 State Program Revenues	717,711	2,162,796
5900 Federal Program Revenues	-	11,067,507
5020 Total Revenues	<u>5,298,528</u>	<u>21,833,066</u>
EXPENDITURES:		
Current:		
0011 Instruction	-	7,879,756
0012 Instructional Resources and Media Services	-	25,287
0013 Curriculum and Instructional Staff Development	-	141,383
0021 Instructional Leadership	-	764,463
0023 School Leadership	-	219,314
0031 Guidance, Counseling, and Evaluation Services	-	1,654,313
0033 Health Services	-	197,928
0034 Student (Pupil) Transportation	-	194,896
0035 Food Services	-	4,232,172
0036 Extracurricular Activities	-	14,247
0051 Facilities Maintenance and Operations	-	134,585
0052 Security and Monitoring Services	-	684,672
0053 Data Processing Services	-	93,890
0061 Community Services	-	294,203
Debt Service:		
0071 Principal on Long-Term Liabilities	2,945,000	2,945,000
0072 Interest on Long-Term Liabilities	2,393,975	2,393,975
0073 Bond Issuance Cost and Fees	2,100	2,100
Intergovernmental:		
0093 Payments to Fiscal Agent/Member Districts of SSA	-	65,183
6030 Total Expenditures	<u>5,341,075</u>	<u>21,937,367</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(42,547)	(104,301)
OTHER FINANCING SOURCES (USES):		
7912 Sale of Real and Personal Property	-	190
1200 Net Change in Fund Balance	(42,547)	(104,111)
0100 Fund Balance - September 1 (Beginning)	2,589,538	4,320,320
3000 Fund Balance - August 31 (Ending)	<u>\$ 2,546,991</u>	<u>\$ 4,216,209</u>

NON-MAJOR ENTERPRISE FUNDS

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 AUGUST 31, 2025

	712 After School Program	714 Career Training Center	Total Nonmajor Enterprise Funds
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 18,174	\$ 27,762	\$ 45,936
Total Current Assets	<u>18,174</u>	<u>27,762</u>	<u>45,936</u>
Noncurrent Assets:			
Capital Assets:			
Furniture and Equipment, Net	-	960	960
Total Noncurrent Assets	<u>-</u>	<u>960</u>	<u>960</u>
Total Assets	<u>18,174</u>	<u>28,722</u>	<u>46,896</u>
NET POSITION			
Net Investment in Capital Assets	-	960	960
Unrestricted Net Position	18,174	27,762	45,936
Total Net Position	<u>\$ 18,174</u>	<u>\$ 28,722</u>	<u>\$ 46,896</u>

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2025

	712 After School Program	714 Career Training Center	Total Nonmajor Enterprise Funds
OPERATING REVENUES:			
Local and Intermediate Sources	\$ 51,701	\$ 5,024	\$ 56,725
Total Operating Revenues	<u>51,701</u>	<u>5,024</u>	<u>56,725</u>
OPERATING EXPENSES:			
Payroll Costs	42,102	-	42,102
Professional and Contracted Services	-	421	421
Supplies and Materials	16,082	2,524	18,606
Other Operating Costs	-	1,024	1,024
Depreciation Expense	-	3,839	3,839
Total Operating Expenses	<u>58,184</u>	<u>7,808</u>	<u>65,992</u>
Operating Income (Loss)	(6,483)	(2,784)	(9,267)
Total Net Position - Sept. 1 (Beginning)	<u>24,657</u>	<u>31,506</u>	<u>56,163</u>
Total Net Position - August 31 (Ending)	<u>\$ 18,174</u>	<u>\$ 28,722</u>	<u>\$ 46,896</u>

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2025

	712 After School Program	714 Career Training Center	Total Nonmajor Enterprise Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from User Charges	\$ 51,701	\$ 5,024	\$ 56,725
Cash Payments to Employees for Services	(42,102)	-	(42,102)
Cash Payments for Suppliers	(16,082)	(2,524)	(18,606)
Cash Payments for Other Operating Expenses	-	(1,445)	(1,445)
Net Cash Provided by (Used for) Operating Activities	<u>(6,483)</u>	<u>1,055</u>	<u>(5,428)</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>			
Increase(decrease) in Short-term Loans	-	-	-
<u>Cash Flows from Capital & Related Financing Activities:</u>			
Acquisition of Capital Assets	-	-	-
<u>Cash Flows from Investing Activities:</u>			
Purchase of Investment Securities	-	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	(6,483)	1,055	(5,428)
Cash and Cash Equivalents at Beginning of Year	24,657	26,707	51,364
Cash and Cash Equivalents at End of Year	<u>\$ 18,174</u>	<u>\$ 27,762</u>	<u>\$ 45,936</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided by (Used for) Operating Activities:</u>			
Operating Income (Loss):	\$ (6,483)	\$ (2,784)	\$ (9,267)
Adjustments to Reconcile Operating Income			
to Net Cash Provided by (Used For) Operating Activities:			
Depreciation	-	3,839	3,839
Net Cash Provided by (Used for)	<u>\$ (6,483)</u>	<u>\$ 1,055</u>	<u>\$ (5,428)</u>
Operating Activities			

REQUIRED T.E.A. SCHEDULES

(10) Beginning Balance 9/1/2024	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2025	(99) Taxes Refunded Under Section 26.1115c
\$ 159,084	\$	\$ 17,374	\$ 3,066	\$	\$ 138,644	
20,347		2,133	347		17,867	
30,561		2,655	506		27,400	
46,169		8,271	1,460		36,438	
80,003		17,084	4,818		58,101	
105,531		18,735	6,245		80,551	
168,156		42,607	14,202		111,347	
248,209		60,156	20,331		167,722	
636,149		266,200	89,921		280,028	
	18,004,784	12,843,035	4,203,410	(301,638)	656,701	
<u>\$ 1,494,209</u>	<u>\$ 18,004,784</u>	<u>\$ 13,278,250</u>	<u>\$ 4,344,306</u>	<u>\$ (301,638)</u>	<u>\$ 1,574,799</u>	
						\$ 11,624

MOUNT PLEASANT 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	\$ 152,400	\$ 152,400	\$ 183,129	\$ 30,729
5800 State Program Revenues	141,690	208,024	15,679	(192,345)
5900 Federal Program Revenues	3,309,210	3,742,586	3,855,511	112,925
5020 Total Revenues	<u>3,603,300</u>	<u>4,103,010</u>	<u>4,054,319</u>	<u>(48,691)</u>
EXPENDITURES:				
Current:				
0035 Food Services	3,580,500	4,062,210	4,061,901	309
0051 Facilities Maintenance and Operations	22,800	40,800	39,925	875
6030 Total Expenditures	<u>3,603,300</u>	<u>4,103,010</u>	<u>4,101,826</u>	<u>1,184</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(47,507)	(47,507)
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	-	190	190
1200 Net Change in Fund Balances	-	-	(47,317)	(47,317)
0100 Fund Balance - September 1 (Beginning)	<u>1,425,076</u>	<u>1,425,076</u>	<u>1,425,076</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 1,425,076</u>	<u>\$ 1,425,076</u>	<u>\$ 1,377,759</u>	<u>\$ (47,317)</u>

MOUNT PLEASANT 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	\$ 4,660,637	\$ 4,660,637	\$ 4,580,817	\$ (79,820)
5800 State Program Revenues	681,339	681,339	717,711	36,372
5020 Total Revenues	5,341,976	5,341,976	5,298,528	(43,448)
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Liabilities	2,945,000	2,945,000	2,945,000	-
0072 Interest on Long-Term Liabilities	2,393,976	2,393,976	2,393,975	1
0073 Bond Issuance Cost and Fees	3,000	3,000	2,100	900
6030 Total Expenditures	5,341,976	5,341,976	5,341,075	901
1200 Net Change in Fund Balances	-	-	(42,547)	(42,547)
0100 Fund Balance - September 1 (Beginning)	2,689,538	2,589,538	2,589,538	-
3000 Fund Balance - August 31 (Ending)	\$ 2,689,538	\$ 2,589,538	\$ 2,546,991	\$ (42,547)

MOUNT PLEASANT 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.	6272321
AP4	Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24,26,28,29,30)	3836201

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.	1463503
AP8	Actual direct program expenditures for bilingual education programs during the district's fiscal year. (PIC 25)	822145

**REPORTS ON INTERNAL CONTROL,
COMPLIANCE & FEDERAL AWARDS**



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

Board of Trustees
Mount Pleasant Independent School District
Mount Pleasant, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Mount Pleasant Independent School District, as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 22, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Arnold, Walker, Arnold & Co., P.C.

Arnold, Walker, Arnold & Co., P.C.

October 22, 2025

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

Board of Trustees
Mount Pleasant Independent School District
Mount Pleasant, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Mount Pleasant 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 the District's major federal programs for the year ended August 31, 2025. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

Report on Internal Control over Compliance

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

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

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

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

Arnold, Walker, Arnold & Co., P.C.

Arnold, Walker, Arnold & Co., P.C.

October 22, 2025

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

I. Summary of the Auditor's Results:

- a. The type of report issued on the financial statements of the Mount Pleasant Independent School District was an unmodified opinion.
- b. Where applicable, a statement that control deficiencies in internal control were disclosed by the audit of the financial statements and whether they were material weaknesses. NONE
- c. A statement as to whether the audit disclosed any noncompliance which is material to the financial statements of the auditee. NONE
- d. Where applicable, a statement that control deficiencies in internal control over major programs were disclosed by the audit and whether any such conditions were material weaknesses. NONE
- e. The type of report the auditor issued on compliance for major programs. unmodified opinion
- f. A statement as to whether the audit disclosed any audit findings which the auditor is required to report under "Uniform Guidance under section 200.516 Audit Findings paragraph (a)" as required by Title 2 U.S. code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). : NONE
- g. An identification of major programs: Child Nutrition Cluster # 10.553, #10.555 and #10.558 and IDEA-B Formula and Preschool #84.027A and #84.173A
- h. The dollar threshold used to distinguish between Type A and Type B programs. \$750,000
- i. A statement as to whether the auditee qualified as a low-risk auditee. Yes

II. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with *Generally Accepted Government Auditing Standards*.

NONE

III. Findings and Questioned Costs for Federal Awards Including Audit Findings as Described in I.f Above

None

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

PRIOR YEAR'S FINDINGS/ NONCOMPLIANCE

N/A

STATUS OF PRIOR YEAR'S FINDINGS/ NONCOMPLIANCE

N/A

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2025

CORRECTIVE ACTION

N/A

The contact at the District is Stacie Thompson at (903) 575-2000.

MOUNT PLEASANT 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 Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010 A	25610101225902	\$ 1,530,007
*SSA - IDEA - Part B, Formula	84.027 A	256600012259026600	1,338,790
*SSA - IDEA - Part B, Preschool	84.173 A	256610012259026610	38,682
Total Special Education Cluster (IDEA)			1,377,472
Title IV Part A	84.424 A	25680101225902	124,332
Title III, Part A English Language Acquisition	84.365 A	25671001225902	224,372
ESEA, Title V, Part B,2 - Rural & Low Income Prog.	84.358 B	25696001225902	9,611
Title II Part A Teacher Principal Training	84.367 A	25694501225902	220,946
Perkins Grant	84.048 A	25420006225902	72,410
Total Passed Through Texas Education Agency			3,559,150
TOTAL U.S. DEPARTMENT OF EDUCATION			3,559,150
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Texas Education Agency</u>			
*Head Start	93.600	O6CH01012627	3,530,326
			3,530,326
Total Passed Through Texas Education Agency			3,530,326
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			3,530,326
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through Texas Department of Agriculture</u>			
Commodity Del. Fee	10.560	246TX312N2533	14,009
Equipment Assistance Grant	10.579	6TX300355	90,000
Child & Adult Care Food Program - Cash Assist.	10.558	NT4XL1YGLGC5T	117,165
Local Food Supply Grant	10.185	AM23CPLFS000C003	65,000
Total Passed Through Texas Department of Agriculture			286,174
<u>Passed Through the Texas Education Agency</u>			
*School Breakfast Program	10.553	NT4XL1YGLGC5	795,757
*National School Lunch Program - Cash Assistance	10.555	NT4XL1YGLGC5	2,592,601
*National School Lunch Prog. - Non-Cash Assistance	10.555	NT4XL1YGLGC5	298,143
*Seamless Summer Option	10.555	NT4XL1YGLGC5	48,606
Total Assistance Listing Number 10.555			2,939,350
Total Child Nutrition Cluster			3,735,107
Total Passed Through the Texas Education Agency			3,735,107
TOTAL U.S. DEPARTMENT OF AGRICULTURE			4,021,281
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 11,110,757
*Clustered Programs			

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

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

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

With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used 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. Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned.

- The period of performance for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 90 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Performance of Federal Funds, 3 CFR Section 200.343(b).
- Assistance Listing numbers for commodity assistance are the Assistance Listing numbers of the programs under which USDA donated the commodities.
- Indirect cost reimbursement for federal programs for this fiscal year was received in the amount of \$0
- The District did not elect to use the 10% de minimis indirect cost rate.
- Reconciliation Information:

Amount reported on the Schedule of Expenditures of Federal awards.	\$ 11,110,757
SHARS Revenue reported in the General Fund	1,546,133
Federal Program Revenue Reported on Exhibit C-3	12,656,890
Total Federal Program Revenue	\$ 12,656,890

SCHOOLS FIRST QUESTIONNAIRE

EXHIBIT L-1

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT

Fiscal Year 2025

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