

LOHN INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
YEAR ENDED AUGUST 31, 2025

LOHN INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
for the Year Ended August 31, 2025

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CERTIFICATE OF BOARD

Lohn Independent School District
Name of School District

McCulloch
County

160-905
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) _____ approved _____ disapproved for the year ended August 31, 2025 at a meeting of the board of trustees of such school district on the 10th day of December, 2025.

Signature of Board **Secretary**

Signature of Board **President**

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

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Lohn Independent School District
P. O. Box 277
Lohn, TX 76852-0277

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lohn 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 Lohn Independent School District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Lohn Independent School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's 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 *Governmental Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Lohn Independent School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lohn Independent School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund, Schedule of the District's Proportionate Share of the Net Pension Liability, Schedule of the District's Contributions for Pensions, Schedule of the District's Proportionate Share of the Net OPEB Liability, and Schedule of the District's Contributions for Other Post-Employment Benefits as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Government 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 an 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 Lohn Independent School District basic financial statements. The combining and individual nonmajor fund financial statements 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.

Other Information

Management is responsible for the other information included in the annual report. 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. This information is in exhibits identified in the Table of Contents as J-1 through- J-4. but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2025, on our consideration of the Lohn Independent School 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 Lohn Independent School District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lohn Independent School District’s internal control over financial reporting and compliance.



Ede & Company, LLC
Certified Public Accountants
Uvalde, Texas

November 26, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Lohn Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2025. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total combined net position was \$3,686.4 thousand at August 31, 2025.
- During the year, the District's expenses were \$1,591.2 thousand less than the \$4,738.7 thousand generated in taxes and other revenues for governmental activities.
- The total cost of the District's programs was virtually unchanged from last year, and no new programs were added this year.
- The general fund reported a fund balance this year of \$2,381.9 thousand.

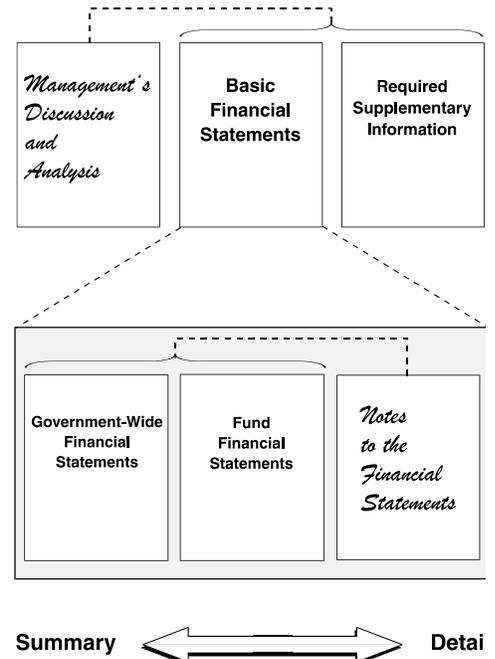
OVERVIEW OF THE FINANCIAL STATEMENTS

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

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. 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-1, Required Components of the District's Annual Financial Report



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 position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional nonfinancial 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.

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 the following kinds of funds:

- *Governmental funds*—Most of the District’s basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Fiduciary funds*—The District is the trustee, or *fiduciary*, 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 fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities 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 was \$3,686.4 thousand at August 31, 2025. (See Table A-1).

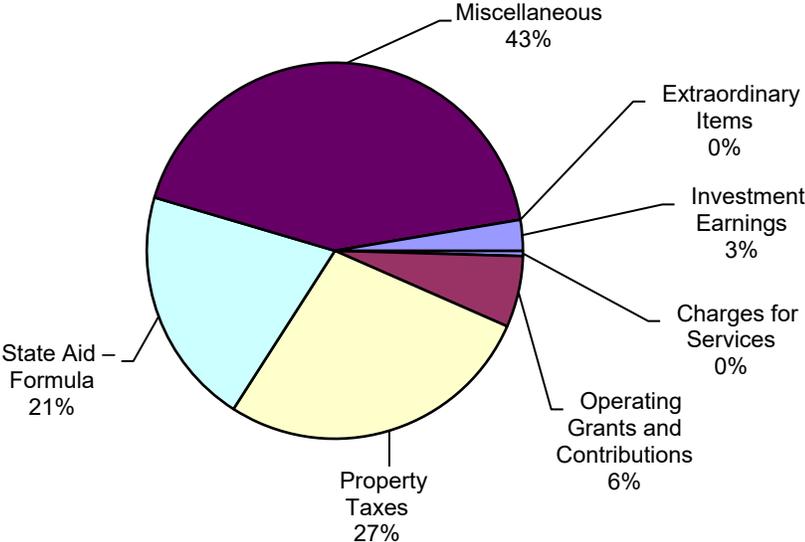
Table A-1
Lohn Independent School District's Position
(in thousands dollars)

	Governmental Activities		Total Percentage Change
	2025	2024	2025-2024
Current assets:			
Cash and cash equivalents	\$ 2,476.7	\$ 1,823.6	35.8%
Property taxes receivable	2.5	1.6	56.8%
Allowance for uncollectible taxes	(0.0)	(0.0)	0.0%
Due from other governments	100.2	158.1	-36.6%
Internal balances	-	-	0.0%
Total current assets	<u>2,579.4</u>	<u>1,983.3</u>	<u>30.1%</u>

Noncurrent assets:			
Capital Assets	4,987.0	4,085.6	22.1%
Less accumulated depreciation	<u>(2,073.8)</u>	<u>(1,944.7)</u>	<u>6.6%</u>
Total noncurrent assets	<u>2,913.2</u>	<u>2,140.9</u>	<u>36.1%</u>
Total Assets	<u>5,492.6</u>	<u>4,124.2</u>	<u>33.2%</u>
Deferred Outflows of Resources			
Deferred Outflow - Pensions	218.5	344.3	-36.5%
Deferred Outflow - OPEB	<u>596.7</u>	<u>553.2</u>	<u>7.9%</u>
Total Deferred Outflows of Resources	<u>815.2</u>	<u>897.5</u>	<u>-9.2%</u>
Current liabilities:			
Accounts payable	45.2	12.0	277.0%
Interest Payable	-	-	0.0%
Accrued wages payable	85.9	242.2	-64.5%
Due to othe governments	-	-	0.0%
Accrued expenses	2.6	3.5	-25.4%
Unearned Revenue	<u>-</u>	<u>-</u>	<u>0.0%</u>
Total current liabilities	<u>133.8</u>	<u>257.7</u>	<u>-48.1%</u>
Long-term liabilities:			
Due Within One Year	65.0	64.4	0.9%
Bonds Payable	430.0	500.1	-14.0%
Special Termination Benefits & Comp. Absence	79.2	-	100.0%
Net Pension Liability	708.1	827.7	-14.4%
Net OPEB Liability	<u>623.2</u>	<u>462.6</u>	<u>34.7%</u>
Total Long-term liabilities	<u>1,905.5</u>	<u>1,854.8</u>	<u>2.7%</u>
Total Liabilities	<u>2,039.2</u>	<u>2,112.5</u>	<u>-3.5%</u>
Deferred Inflows of Resources			
Deferred Inflow - Pensions	30.0	31.4	-4.5%
Deferred Inflow - OPEB	<u>552.2</u>	<u>699.2</u>	<u>-21.0%</u>
Total Deferred Outflows of Resources	<u>582.2</u>	<u>730.6</u>	<u>-20.3%</u>
Net Position:			
Invested in capital assets	2,418.2	1,576.4	53.4%
Restricted for Federal & State Programs	5.9	16.7	-64.5%
Restricted for Debt Service	61.2	33.6	82.3%
Unrestricted	<u>1,201.0</u>	<u>551.9</u>	<u>117.6%</u>
Total Net Position	<u>\$ 3,686.4</u>	<u>\$ 2,178.6</u>	<u>69.2%</u>

Changes in net position. The District's total revenues were \$4,738.6 thousand. A significant portion, 27 percent, of the District's revenue comes from taxes. (See Figure A-3.) 21 percent comes from state aid – formula grants, while less than 1 percent relates to charges for services. The total cost of all programs and services was \$3,147.4 thousand 40 percent of these costs are for instructional and student services.

Figure A-3 2025 Revenue Sources



Governmental Activities

- A 0.3% decrease in Property tax rates in 2025, along with a 21.2% increase in values resulted in the increase of tax revenues from \$1,074.9 thousand to \$1,302.2 thousand.

Table A-2
Changes in Lohn Independent School District's Net Position
(In thousands dollars)

	Governmental Activities		Percentage Change
	2025	2024	2025-2024
Program Revenues:			
Charges for Services	\$ 21.6	\$ 35.7	-39.6%
Operating Grants and Contributions	290.3	512.9	-43.4%
General Revenue			
Property Taxes	1,302.2	1,074.9	21.1%
State Aid - Formula	972.2	1,282.6	-24.2%
Investment Earnings	124.8	102.4	21.9%
Other	2,027.5	563.4	259.9%
Total Revenue	<u>4,738.6</u>	<u>3,571.9</u>	<u>32.7%</u>
Instruction	1,268.6	1,415.8	-10.4%
Instructional Resources and Media Services	3.0	2.5	18.4%
Curriculum and Instructional Staff Development	4.9	5.9	-16.9%
Instructional Leadership	-	44.2	-100.0%
School Leadership	155.3	188.2	-17.5%
Guidance Counseling and Evaluation Services	3.0	3.0	0.0%
Health Services	18.0	49.6	-63.7%
Student (Pupil) Transportation	125.0	110.3	13.3%
Food Services	171.2	177.2	-3.4%
Cocurricular/Extracurricular Activities	135.6	158.7	-14.6%
General Administration	269.3	310.1	-13.1%
Plant Maintenance and Operations	719.7	335.5	114.5%
Security and Monitoring Services	11.5	17.2	-32.9%
Data Processing Service	51.5	146.0	-64.7%
Debt Service - Interest	28.5	31.4	-9.2%
Community Services	37.1	36.7	1.1%
Facilities Acquisition and Construction	-	-	0.0%
Payments to Fiscal Agent	110.2	65.7	67.7%
Other Intergovernment Charges	34.8	30.8	13.1%
Total Expense	<u>3,147.4</u>	<u>3,128.8</u>	<u>0.6%</u>
Excess (Deficiency) Before Other Resources, Uses & Transfers	1,591.3	443.1	259.1%
Other Resources (Uses)	<u>-</u>	<u>-</u>	<u>0.0%</u>
Increase (Decrease) in Net Position	<u>\$ 1,591.3</u>	<u>\$ 443.1</u>	<u>259.1%</u>

Figure A-4 2025 Expenses by Function

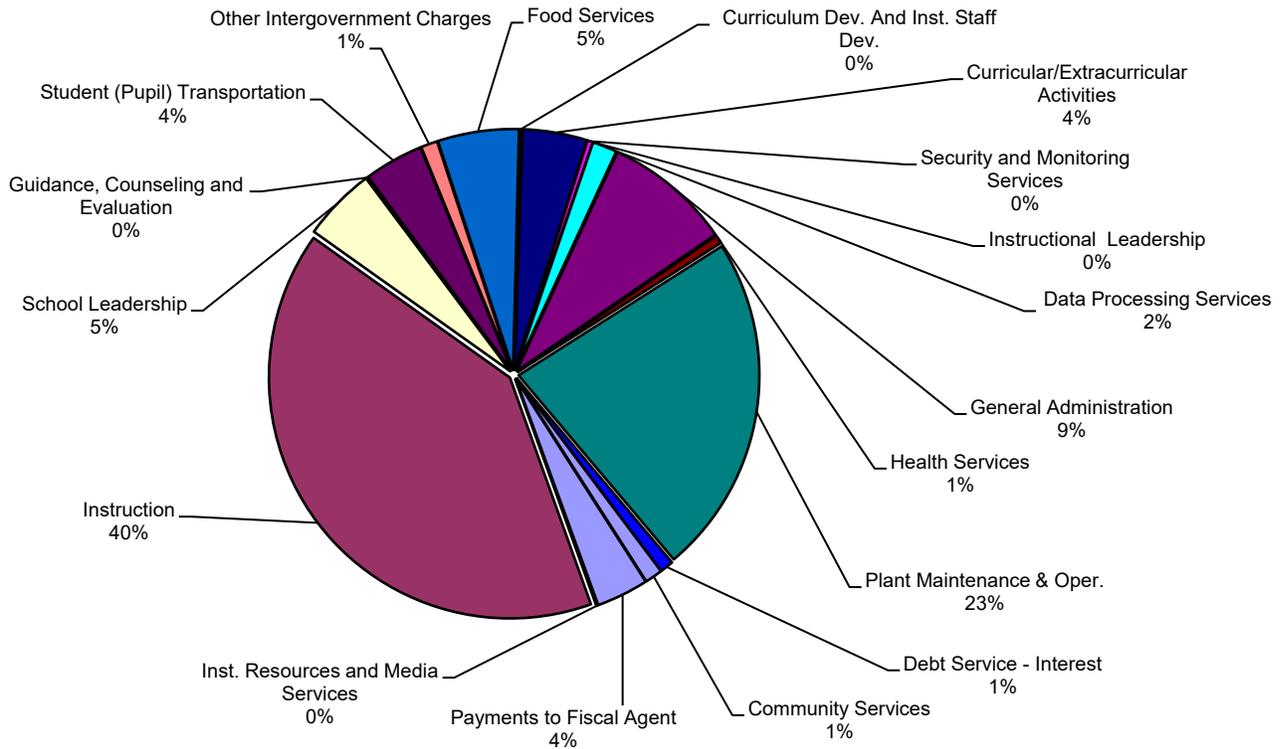


Table A-3 presents the cost of each of the District's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

- The cost of all *governmental* activities this year was \$3,147.4 thousand.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$1,302.2 thousand.
- Some of the cost was paid by those who directly benefited from the programs \$21.5 thousand, or
- By grants and contributions \$290.2 thousand.

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

	Total Costs of Services			Net Cost of Services		
	2025	2024	Percent Change	2025	2024	Percent Change
Instructional	\$ 1,268.6	\$ 1,415.8	-10.4%	\$ 1,121.4	\$ 1,213.9	-7.6%
School Administration	269.3	310.1	-13.1%	265.3	302.5	-12.3%
Plant Maintenance & Operations	719.7	335.5	114.5%	715.0	325.7	119.5%
Cocurricular/Extracurricular	135.5	158.8	-14.7%	132.0	148.5	-11.1%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$4,820.0 thousand compared to \$3,622.6 thousand, in the prior year.

General Fund Budgetary Highlights

Over the course of the year, the District amended its budget as needed, with these adjustments, actual expenditures were \$340.3 thousand below final budget amounts. However, resources available were \$498.1 thousand above the final budgeted amount. Some reasons for these differences are:

- Changes in personnel during the year.
- Major items and services were less than anticipated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2025, the District had invested \$4,987.0 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.) This amount represents a 22.1% increase (including additions and deductions) over last year.

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

	Governmental Activities		Percentage
	2025	2024	Change 2025-2024
Land	\$ 2.1	\$ 2.1	0.0%
Construction in Progress	800.5	-	100.0%
Building and Improvements	3,543.8	3,519.9	0.7%
Furniture & Equipment	623.3	546.2	14.1%
Right To Use Assets	17.2	17.2	0.0%
Totals at historical cost	4,986.9	4,085.4	22.1%
Total Accumulated Depreciation	(2,073.8)	(1,944.6)	6.6%
Net Capital Assets	\$ 2,913.1	\$ 2,140.8	36.1%

Debt Administration

At the end of the year the district had one bond issues still outstanding, with an outstanding balance of \$495,000 and right to use assets payable of \$0.

The District has a Net Pension Liability of \$708,117 and a Net OPEB Liability of \$623,171 at the end of the year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised values value used for the 2026 budget preparation will increase significantly.
- Tax rates decreased in 2026 from \$0.7633 to \$0.6723.
- State funding is subject to legislative cuts.
- ADA will increase slightly..

These indicators were taken into account when adopting the general fund budget for 2026. Amounts available for appropriation in the general fund budget are approximately \$2.922 million. Expenditures are budgeted at \$3.514 million. The District continues to coordinate local funds with federal funds to optimize instructional programs.

If these estimates are realized, the District's budgetary general fund balance is expected to decrease by \$619 thousand by the close of 2026.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

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

1

Data Control Codes	Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 2,476,780
1220 Property Taxes Receivable (Delinquent)	2,509
1230 Allowance for Uncollectible Taxes (Credit)	-
1240 Due from Other Governments	100,179
1267 Due from Fiduciary Funds	10
Capital Assets:	
1510 Land	2,160
1520 Buildings (Net)	1,903,579
1530 Furniture & Fixtures (Net)	206,910
1580 Construction in Progress	800,535
1000 Total Assets	<u>5,492,662</u>
DEFERRED OUTFLOWS OF RESOURCES	
1705 Deferred Outflows Related to TRS Pension	218,529
1706 Deferred Outflows Related to TRS OPEB	596,718
1700 Total Deferred Outflow of Resources	<u>815,247</u>
LIABILITIES	
2110 Accounts Payable	45,236
2160 Accrued Wages Payable	85,903
2180 Due to Other Governments	-
2200 Accrued Expenditures/Expenses	2,612
2300 Unearned Revenue	-
Noncurrent Liabilities	
2501 Due Within One Year	65,000
2502 Due in More Than One Year	430,000
2505 Special Termination Benefits & Comp. Absences	79,184
2540 Net Pension Liability	708,117
2545 Net OPEB Liability	623,171
2000 Total Liabilities	<u>2,039,223</u>
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflows Related to TRS Pension	30,051
2606 Deferred Inflows Related to TRS OPEB	552,226
2600 Total Deferred Inflow of Resources	<u>582,277</u>
NET POSITION	
3200 Invested in Capital Assets, Net of Related Debt	2,418,184
Restricted for:	
3820 Restricted for Federal and State Programs	5,935
3850 Restricted for Debt Service	61,246
3900 Unrestricted	<u>1,201,044</u>
3000 Total Net Position	<u>\$ 3,686,409</u>

The accompanying notes are an integral part of this statement.

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

Data Control Codes	1	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		3	4	6	
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	
Primary Government:					
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 1,268,624	\$ 9,300	\$ 137,902	(1,121,422)
12	Instructional Resources and Media Services	2,961	-	-	(2,961)
13	Curriculum and Staff Development	4,981	-	-	(4,981)
21	Instructional Leadership	-	-	-	-
23	School Leadership	155,255	-	3,109	(152,146)
31	Guidance Counseling and Evaluation Services	3,000	-	-	(3,000)
33	Health Services	17,991	-	-	(17,991)
34	Student (Pupil) Transportation	125,023	-	1,370	(123,653)
35	Food Services	171,232	9,369	113,147	(48,716)
36	Extracurricular Activities	135,585	2,906	659	(132,020)
41	General Administration	269,338	-	3,998	(265,340)
51	Facilities Maintenance and Operations	719,720	-	4,683	(715,037)
52	Security and Monitoring Services	11,542	-	6,895	(4,647)
53	Data Processing Services	51,532	-	17,580	(33,952)
61	Community Services	37,116	-	946	(36,170)
72	Debt Service - Interest on Long-Term Debt	28,505	-	-	(28,505)
93	Payments to Fiscal Agent/Member Districts of SSA	110,197	-	-	(110,197)
99	Other Intergovernmental Charges	34,832	-	-	(34,832)
	TG Total governmental activities	<u>3,147,434</u>	<u>21,575</u>	<u>290,289</u>	<u>(2,835,570)</u>
Data					
Control	General Revenues:				
Codes	Taxes:				
MT	Property Taxes, Levied for General Purposes				1,188,524
DT	Property Taxes, Levied for Debt Service				113,739
SF	State Aid - Formula Grants				972,215
IE	Investment Earnings				124,833
MI	Miscellaneous Local and Intermediate Revenue				2,027,519
FR	Extraordinary Item- Resource				-
TR	Total General Revenues and Transfers				<u>4,426,830</u>
CN	Change in Net Position				1,591,260
NB	Net Position—Beginning				2,179,839
	Prior Period Adjustment				(84,690)
NE	Net Position—Ending				<u>\$ 3,686,409</u>

The accompanying notes are an integral part of this statement.

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

Data Control Codes	10 General Fund	20 Special Revenue Funds
ASSETS		
1110	\$ 2,413,505	\$ 525
1220	2,381	-
1230	-	-
1240	95,540	4,626
1260	1,527	-
1290	-	-
1000	<u>\$ 2,512,953</u>	<u>\$ 5,151</u>
LIABILITIES		
2110	\$ 44,711	\$ 525
2160	81,761	4,142
2170	-	-
2180	-	-
2200	2,128	484
2000	<u>128,600</u>	<u>5,151</u>
DEFERRED INFLOWS OF RESOURCES		
2601	2,381	-
2600	<u>2,381</u>	<u>-</u>
FUND BALANCE		
Restricted Fund Balance:		
3450	5,935	-
3470	-	-
3480	-	-
Committed Fund Balance:		
3510	-	-
3530	-	-
Unassigned Fund Balance:		
3600	2,376,037	-
3000	<u>2,381,972</u>	<u>-</u>
4000	<u>\$ 2,512,953</u>	<u>\$ 5,151</u>

The accompanying notes are an integral part of this statement.

50 Debt Service Fund	98 Total Governmental Funds
\$ 62,750	\$ 2,476,780
128	2,509
-	-
13	100,179
-	1,527
-	-
<u>\$ 62,891</u>	<u>\$ 2,580,995</u>
\$ -	\$ 45,236
-	85,903
1,517	1,517
-	-
-	2,612
<u>1,517</u>	<u>135,268</u>
128	2,509
<u>128</u>	<u>2,509</u>
-	5,935
-	-
61,246	61,246
-	-
-	-
-	2,376,037
<u>61,246</u>	<u>2,443,218</u>
<u>\$ 62,891</u>	<u>\$ 2,580,995</u>

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

Total Fund Balances - Governmental Funds		\$ 2,443,218
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 \$ 4,085,550 and accumulated depreciation was \$1,944,689. In addition, long-term liabilities including bonds payable are \$560,000 and Right to Use Asset Payable are \$4,467.	1,576,394
2	Current year capital outlays and long-term debt principal payments are expended in the fund financial statements, but the 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 was to increase net position.	970,928
3	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 \$344,269 a Deferred Resource Inflow in the amount of (\$31,427) and a net pension liability in the amount of (\$827,694). The impact of this on Net Position is (\$514,852). Changes from the current year reporting of the TRS plan resulted in a decrease in net position in the amount of \$4,787. 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 (\$519,639).	(519,639)
4	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 OPEB was a Deferred Resource Outflow in the amount of \$553,240, a Deferred Resource Inflow in the amount of (\$699,158) and a net OPEB liability in the amount of (\$462,634). The impact of this on Net Position is (\$608,552). Changes from the current year reporting of the OPEBS plan resulted in an increase in net position in the amount of \$29,873. 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 (\$578,679).	(578,679)
5	The 2025 depreciation expense increased accumulated depreciation. The net effect on the current year's depreciation is to decrease net position.	(129,138)
6	Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, 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.	(76,675)
19	Net Position of Governmental Activities	\$ 3,686,409

The accompanying notes are an integral part of this statement.

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

Data	10	20
Control	General	Special Revenue
Codes	Fund	Funds
REVENUES:		
5700 Total Local and Intermediate Sources	\$ 3,359,812	\$ -
5800 State Program Revenues	1,087,376	43,987
5900 Federal Program Revenues	112,775	97,943
5020 Total Revenue	<u>4,559,963</u>	<u>141,930</u>
EXPENDITURES:		
Current:		
0011 Instruction	1,134,644	117,393
0012 Instructional Resources and Media Services	2,961	-
0013 Curriculum and Instructional Staff Development	6,023	-
0021 Instructional Leadership	-	-
0023 School Leadership	163,175	-
0031 Guidance Counseling and Evaluation Services	3,000	-
0033 Health Services	17,991	-
0034 Student (Pupil) Transportation	165,321	228
0035 Food Services	173,269	-
0036 Extracurricular Activities	126,352	-
0041 General Administration	272,822	477
0051 Facilities Maintenance and Operations	1,555,881	-
0052 Security and Monitoring Services	6,651	6,786
0053 Data Processing Services	52,511	17,046
0061 Community Services	39,755	-
Debt Service:		
0071 Debt Service - Principal on long-term debt	-	-
0072 Debt Service - Interest on long-term debt	-	-
0081 Facilities Acquisition and Construction	-	-
Intergovernmental:		
0093 Payments to Fiscal Agent/Member Districts of SSA	110,197	-
0099 Other Intergovernmental Charges	34,832	-
6030 Total Expenditures	<u>3,865,385</u>	<u>141,930</u>
1100 Excess (Deficiency) Revenues Over Expenditures	<u>694,578</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):		
7949 Other Resources	-	-
7915 Transfers In	47,000	-
8911 Transfers Out	(47,000)	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balances	694,578	-
0100 Fund Balance - September 1 (Beginning)	1,687,394	-
Prior Period Adjustment	<u>-</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 2,381,972</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

50	98
Debt Service Fund	Total Governmental Funds
\$ 118,174	\$ 3,477,986
-	1,131,363
-	210,718
<u>118,174</u>	<u>4,820,067</u>
-	1,252,037
-	2,961
-	6,023
-	-
-	163,175
-	3,000
-	17,991
-	165,549
-	173,269
-	126,352
-	273,299
-	1,555,881
-	13,437
-	69,557
-	39,755
65,000	65,000
28,505	28,505
-	-
-	110,197
-	34,832
<u>93,505</u>	<u>4,100,820</u>
<u>24,669</u>	<u>719,247</u>
-	-
-	47,000
-	(47,000)
<u>-</u>	<u>-</u>
24,669	719,247
36,577	1,723,971
<u>-</u>	<u>-</u>
<u>\$ 61,246</u>	<u>\$ 2,443,218</u>

LOHN 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

Total Net Change in Fund Balances - Governmental Funds	\$ 719,247
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 decrease net position.	970,928
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect on the current year's depreciation is to decrease net position.	(129,138)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.	5,137
Current year changes due to GASB 75 decreased revenues in the amount of \$117,739 but also decreased expenditures in the amount of \$147,612. The net effect on the change in the ending net position was an increase of \$29,873	29,873
Current year changes due to GASB 68 increased revenues in the amount of \$36,734 but also increased expenditures in the amount of \$41,521. The net effect on the change in the ending net position was a decrease in the amount of \$4,787.	(4,787)
Change in Net Position of Governmental Activities	\$ 1,591,260

The accompanying notes are an integral part of this statement.

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

	Private Purpose Trust Fund	Total Custodial Funds
ASSETS		
Cash & Cash Equivalents	\$ -	\$ 25,520
Restricted Cash	3,189	-
Total Assets	\$ 3,189	\$ 25,520
LIABILITIES		
Accounts Payable	1,113	-
Due to Other Funds	-	10
Total Liabilities	1,113	10
NET POSITION		
Restriction for Scholarships	2,076	-
Restricted for Other Purposes	-	25,510
Total Net Position	\$ 2,076	\$ 25,510

The accompanying notes are an integral part of this statement.

LOHN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2025

	Private Purpose Trust Fund	Total Custodial Funds
ADDITIONS:		
Interest	\$ 106	\$ -
Contributions	1,000	-
Miscellaneous Revenue - Student Activities	-	43,473
Total Additions	<u>1,106</u>	<u>43,473</u>
DEDUCTIONS:		
Supplies and Materials	-	48,839
Scholarships Paid	-	-
Total Deductions	<u>-</u>	<u>48,839</u>
Change in Fiduciary Net Position	1,106	(5,366)
Total Net Position - September 1 (Beginning)	970	30,876
Prior Period Adjustment	<u>-</u>	<u>-</u>
Total Net Position - August 31 (Ending)	<u>\$ 2,076</u>	<u>\$ 25,510</u>

The accompanying notes are an integral part of this statement.

**LOHN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2025**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Lohn 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 (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in *GASB Statement No. 76*; 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.

Fair Value Measurement. As of August 31, 2020, Lohn Independent School District retrospectively / prospectively applied Government 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.

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.

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 included within the reporting entity.

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 Lohn Independent School District nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function 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 appear as due to/due from on the Governmental Fund Balance Sheet and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of 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.

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. 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 unmatured 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. 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 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. The fund equity is segregated into invested in capital assets net of related debt, restricted net position, and unrestricted net position.

Custodial Funds utilize the accrual basis of accounting but do not have a measurement focus as they report only assets and liabilities.

D. FUND ACCOUNTING

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.
2. **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
3. **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.

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

Fiduciary Funds:

4. **Private Purpose Trust Fund** – The District accounts for resources used to provide scholarships for former students. These scholarships are provided from earnings on investment of the corpus.
5. **Custodial Funds** – The District accounts for resources held for others in a custodial capacity in custodial funds. The Districts Custodial Funds are the Student Activity Fund.

E. FUND BALANCE POLICY

Lohn Independent School District reports fund balance for governmental funds in classifications based primarily on the extent to which the district is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The nonspendable classification represents assets that will be consumed or must be maintained intact and therefore will never convert to cash, such as inventories of supplies and endowments. Provisions of laws, contracts, and grants specify how fund resources can be used in the restricted classification. The nature of these two classifications precludes a need for a policy from the Board of Trustees. However, the Board has adopted fund balance policies for the three unrestricted classifications - committed, assigned, and unassigned.

From time to time, the Board of Trustees may commit fund balances by a majority vote in a scheduled meeting. The Board's commitment may be modified or rescinded by a majority vote in a scheduled meeting. Board commitments cannot exceed the amount of fund balance that is greater than the sum of nonspendable and restricted fund balances since that practice would commit funds that the district does not have. Commitments may be for facility expansion or renovation, program modifications, wage and salary adjustments, financial cushions and other purposes determined by the Board.

The Board of Trustees may delegate authority to specified persons or groups to make assignments of certain fund balances by a majority vote in a scheduled meeting. The Board may modify or rescind its delegation of authority by the same action. The authority to make assignments shall be in effect until modified or rescinded by the Board by majority vote in a scheduled meeting.

F. OTHER ACCOUNTING POLICIES

1. The District records purchases of supplies as expenditures.
2. The District records its investments in external investment pools at cost, which approximates fair value.

3. The District provides risk management obligations by carrying appropriate insurance. Property and general liability insurance are obtained from the Texas Association of School Boards Risk Management Fund. Risk of loss is not retained by the District.
4. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
5. The Data Control Codes refer to the account code structure prescribed by TEA in the Financial Accountability System Resource Guide. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to ensure accuracy in building a Statewide data base for policy development and funding plans.
6. 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.
7. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the government.
8. 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. The District implemented GASB 87 for reporting leases. A right-to-use lease is defined as a contract that conveys control of another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. To be accounted for as a lease, the lease must meet the definition of a "longterm" lease provided in GASB 87 and must meet the capitalization level set by the Board. The right-to-use lease liability is reported in the government-wide statements. The lease liability is calculated as the present value of the reasonably certain expected payments to be made over the term of the lease and the interest included in the lease payment is recorded as an expense.
9. 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 resources 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. With GASB 87, the initial measure of a new right-to-use lease arrangement is reported in government fund types as an other financial source during the current period. Monthly payments are reported as principal and interest payments during the reporting period of the fund level statements. Capital assets, which include land, buildings, furniture and equipment, and right-to-use lease assets are reported in the applicable governmental columns 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 right-to-use lease asset capitalization level is determined by the Board. The term of the lease must be the noncancelable period during which the District has the right to use the tangible assets of another entity plus any periods in which either the lessee or the lessor has the sole option to extend the lease if it is reasonably certain the option will be exercised, plus any periods in which either the lessee or the lessor has the sole option to terminate the lease if it is reasonably certain the option will not be exercised by that party and must not meet the definition of a short-term lease under GASB 87. If the lease is in a governmental fund, the full amount of the lease asset will be reported as an expenditure in the fund level statements the year the agreement is made. Note, with existing contracts that were evaluated as leases for this year of implementation, the recording of the lease asset and liability would not be reported in governmental fund statements but would be reported in the government-wide statements. 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, and lease assets of the District are depreciated using the straight-line method over the

following estimated useful lives or, for the lease asset, for the term of the lease if the estimated useful life is longer than the term of the lease, if there is an option to purchase, which is expected to be exercised:

Buildings, furniture and equipment and leased assets of the District are depreciated using the straight line method over the following estimated useful lives or, for the lease asset, for the term of the lease if the estimated useful life is longer than the term of the lease, if there is an option to purchase, which is expected to be exercised:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building Improvements	10-25
Vehicles	10
Furniture and Equipment	5-10

10. In addition to assets, the statement of financial 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 future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Districts deferred outflows of resources consist of differences between expected and actual actuarial experience (pension & OPEB), changes in actuarial assumptions (pension & OPEB), differences between projected and actual investment earnings (OPEB), change in proportion and differences between employer's contributions and the proportionate share of contributions (pension & OPEB), and contributions paid to TRS subsequent to the measurement date (pension & OPEB).
11. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Uncollected property taxes which are assumed collectible are reported in this category on the balance sheet for governmental funds. They are not reported in this category on the government wide statement of net position. In the government wide financial statements, the District reports a deferred inflow of resources for differences between expected and actual actuarial experience (pension & OPEB), changes in actuarial assumptions (pension & OPEB), differences between projected and actual investment earnings (pension), and changes in proportion and differences between employer's contributions and the proportionate share of contributions (pension).
12. Restricted assets consist of cash held to pay scholarships.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board of Trustees adopts an "appropriated budget" for the General Fund, and the Food Service Fund (which is included in Special Revenue Funds). The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1 and the other reports are in Exhibit J-4.

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.

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

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 participating in foreign currency transactions.

District Policies and Legal and Contractual Provisions Governing Investments

Compliance with the Public Funds Investment Act

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

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

As of August 31, 2025 Lohn Independent School District had the following investments which are reported as cash and cash equivalents on the balance sheet.

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Investment Rating</u>
<u>Investment Pools</u>				
Logic	257,317	257,317	N/A	AAAm
TexSTAR	60,395	60,395	N/A	AAAm
	317,712	317,712		

Credit Risk To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the District limits investments to depository bank certificates of deposits and state sponsored investment pools.

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. 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 investments in both depository bank certificates of deposits and state sponsored investment pools.

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

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 investing in foreign currencies.

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 Fund 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. INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at August 31, 2025, and Interfund transfers for the year ended August 31, 2025, consisted of the following individual fund balances:

Interfund Balance	<u>From</u> <u>Other Funds</u>	<u>To</u> <u>Other Funds</u>
General Fund:		
Trust & Agency	\$ 10	\$ -
Debt Service Fund	<u>1,517</u>	<u>-</u>
Total General Fund	<u>1,527</u>	<u>-</u>
Debt Service Fund		
General Fund	<u>-</u>	<u>1,517</u>
Total General Fund	<u>-</u>	<u>1,517</u>
Trust & Agency		
General Fund	<u>-</u>	<u>10</u>
Total Trust & Agency Fund	<u>-</u>	<u>10</u>
Total Interfund Balances	<u><u>\$ 1,527</u></u>	<u><u>\$ 1,527</u></u>
 Interfund Transfers		
General Fund:		
Within Fund	<u>\$ 47,000</u>	<u>\$ 47,000</u>
Total General Fund	<u>47,000</u>	<u>47,000</u>
TOTAL	<u><u>\$ 47,000</u></u>	<u><u>\$ 47,000</u></u>

The District had not cleared all interfund receivables and payables at the end of the year. All amounts are scheduled to be repaid within one year.

E. CAPITAL ASSET ACTIVITY

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

Governmental activities:

Capital assets not being depreciated:

Land	\$ 2,160	\$ -	\$ -	\$ 2,160
Construction in Process		<u>800,535</u>	<u>-</u>	800,535
Total capital assets not being depreciated	<u>2,160</u>	<u>800,535</u>	<u>-</u>	<u>802,695</u>

Capital assets being depreciated:

Buildings and Improvements	3,519,926	23,832	-	3,543,758
Furniture and Equipment	546,247	77,094	-	623,341
Right to Use Assets	<u>17,217</u>	<u>-</u>	<u>-</u>	<u>17,217</u>
Total capital assets being depreciated	<u>4,083,390</u>	<u>100,926</u>	<u>-</u>	<u>4,184,316</u>
Less accumulated depreciation for:				
Buildings and Improvements	1,563,483	76,696	-	1,640,179
Furniture and Equipment	368,294	48,137	-	416,431
Right To Use Assets	<u>12,912</u>	<u>4,305</u>	<u>-</u>	<u>17,217</u>
Total accumulated depreciation	<u>1,944,689</u>	<u>129,138</u>	<u>-</u>	<u>2,073,827</u>
Total capital assets being depreciated, net	<u>2,138,701</u>	<u>(28,212)</u>	<u>-</u>	<u>2,110,489</u>
Governmental activities capital assets, net	<u><u>\$ 2,140,861</u></u>	<u><u>\$ 772,323</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,913,184</u></u>

Depreciation was charged to functions as follows:

Instruction	\$ 82,279
Student Transportation	15,689
Cocurricular/Extracurricular	11,746
General Administration	11,599
Plant Maintenance and Operations	2,123
Security and Monitoring Services	5,195
Data Processing Service	507
	<u>\$ 129,138</u>

F. CHANGES IN LONG-TERM LIABLILTIES

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2025, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
General Obligation Bonds	\$ 560,000	\$ -	\$ 65,000	\$ 495,000	\$ 65,000
Right to Use Lease Liability	4,467	-	4,467	-	-
Net Pension Liability	827,694	-	119,577	708,117	-
Net OPEB Liability	462,634	160,537	-	623,171	-
Compensted Absences	84,690 **	-	5,506 *	79,184	-
Total	<u>\$ 1,777,006</u>	<u>\$ 160,537</u>	<u>\$ 194,550</u>	<u>\$ 1,905,472</u>	<u>\$ 65,000</u>

* The changes in the compensated absences liability is presented as a net change

** The beginning balance was adjusted to reflect the implementation of GASB 101

The District’s outstanding bond issue is as follows:

Lohn Independent School District Unlimited Tax School Building Bonds, Series 2002. Issued for school building construction and improvements in the original amount of \$1,500,000. Due in variable installments through August 15, 2032, with interest rates of 3.65% to 5.25%.

Current requirements for principal and interest are accounted for in the Debt Service Fund.

Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2025 are as follows:

<u>Year Ending August 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2026	65,000	24,750
2027	70,000	21,500
2028	75,000	18,000
2029	80,000	14,250
2030	80,000	10,250
2031-2032	125,000	8,250
Totals	<u>\$ 495,000</u>	<u>\$ 97,000</u>

G. RIGHT TO USE LEASE LIABILITY

The District leases photocopy machines with a agreement having a 5-year terms. Payments of \$377 are made monthly which consist of principal and imputed annual interest of 2.50%. No assets were pledged as collateral for these leases.

A summary of Right-to-Use Lease arrangements for the year ended August 31, 2025, is as follows

Description	Date of Origination	Discount Rate	Current Year Interest	Principal Balance at 9/1/2025	New Lease Agreements	Principal Paid This Year	Principal Balance at 8/31/2025	Principal Due Within One Year
Copy Machines	8/24/2020	2.5	\$ 61	\$ 4,467	\$ -	\$ 4,467	\$ -	\$ -

Future principal and interest payments due to maturity as of the end of the fiscal year are as follows:

<u>Year Ending August 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
	None		

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

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

Pension Plan Fiduciary Net Position. Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://www.trs.texas.gov/learning-resources/publications>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.T

Benefits Provided. TRS provides service and disability retirement, as well as death and survivor benefits to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional 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 postemployment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above. Accordingly, the 2023 Texas Legislature passed Senate Bill (SB) 10 and House Joint resolution (HJR) 2 to provide eligible retirees with a one-time-stipend and an ad hoc cost-of-living-adjustment (COLA).

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

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill(Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2019 thru 2025.

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%
Lohn ISD Measurement Year Employer Contributions		\$ 65,328
Lohn ISD Measurement Year Member Contributions		\$ 57,056
Lohn ISD Measurement Year NECE On-Behalf Contributions		\$ 88,445

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

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

- On the portion of the member’s salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member’s first 90 days of employment.
- When any part, or all of an employee’s salary is paid by federal funding sources or a privately sponsored source, from non-educational and general, or local funds.

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

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

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

Net Pension Liability

Components of the net pension liability of the plan as of August 31, 2024 are disclosed below: (From TRS Annual Comprehensive Financial Report 2024, p. 88.)

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 2024 TRS ACFR, page 88.

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

The actuarial methods and assumptions used in the determination of the total pension liability assumptions 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 21, 2023.

Discount Rate. A single discount rate of 7.0% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.0%. The projection of cash flows used to determine the single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 9.54% of payroll in fiscal year 2025 and thereafter This includes all employer and state contributions for active and rehired retirees.

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

The long-term expected rate of return on pension plan investments is 7.0%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major

asset class included in the Systems target asset allocation as of August 31, 2024 (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
Stable Value Hedge Funds	5.0	3.0	0.2
Absolute Return*	0.0	4.0	0.0
Real Return			
Real Estate	15.0	6.6	1.2
Energy, Natural Resources & Infrastructure	6.0	5.6	0.4
Commodities	0.0	2.5	0.0
Risk Parity	8.0	4.0	0.4
Asset Allocation Leverage			
Cash	2.0	1.0	0.0
Asset Allocation Leverage	(6.0)	1.3	(0.1)
Inflation Expectation			2.4
Volatility Drag****			(0.7)
Expected Return	100.0 %		7.9 %
*Absolute Return includes Credit Sensitive Investments.			
**Target allocations are based on the FY2024 policy model.			
***Capital Market Assumptions (CMA) come from 2024 SAA Study CMA Survey (as of 12/31/2023)			
****The volatility drag results from the conversion between arithmetic and geometric mean returns.			

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.

	<u>1% Decrease in Discount Rate (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase in Discount Rate (8.00%)</u>
Lohn ISD's proportionate share of the net pension liability:	\$ 1,131,042	\$ 708,117	\$ 357,693

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2025, Lohn Independent School District reported a liability of \$708,117 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to Lohn Independent School District. The amount recognized by Lohn 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 Lohn Independent School District were as follows:

District's Proportionate share of the collective net pension liability	\$ 708,117
State's proportionate share that is associated with the District	<u>958,701</u>
Total	<u>\$ 1,666,818</u>

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

At August 31, 2024 the employer's proportion of the collective net pension liability was .0011592477% which was a 0.0000478755% increase 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.

Changes in Benefits - The 2023 Texas Legislature passed Senate Bill 10 (SB10), 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 on-time stipends and \$3,355 billion for COLAs. This appropriation is treated as a supplemental contribution and included in other additions. Since the Legislature appropriated funds for this one-time stipend and COLA, there was no impact on the Net Pension Liability of TRS.

For the year ended August 31, 2025, Lohn Independent School District recognized pension expense of \$114,581 and revenue of \$114,581 for support provided by the State in the Government Wide Statement of Activities.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 39,030	\$ 5,529
Changes in actuarial assumptions	36,562	4,902
Difference between projected and actual investment earnings	4,304	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	76,510	19,620
Contributions paid to TRS subsequent to the measurement date [to be calculated by employer]	62,123	
Total	\$ 218,529	\$ 30,051

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 in pension expense as follows:

Year ended August 31:	Pension Expense Amount
2026	\$ 30,306
2027	96,097
2028	17,365
2029	(17,342)
2030	(339)
Thereafter	1

DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN

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 postemployment 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. Lohn Independent School District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan 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 Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.texas.gov/learning-resources/publications>; by writing to TRS at P.O. Box 149676, Austin, TX, 78714-0185; or by calling (800) 223-8778

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

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

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

TRS-Care Monthly 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 salary. Section

1575.204 establishes a public school contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the school. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act which is 0.75 percent of each active employee's pay for fiscal year 2024. 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 TRSCare liability for the measurement period.

<u>Contribution Rates</u>		<u>2025</u>
Active Employee		0.65%
Non-Employer Contributing Entity (State)		1.25%
Employers		0.75%
Federal/private Funding by employer		1.25%
District's Measurement Year Employer Contributions	\$	18,650
District's Measurement Year Member Contributions	\$	5,958
District's Measurement Year NECE (State) Contributions	\$	23,368

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

Actuarial Assumptions.

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

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	Based on the Society of Actuaries' 2013 Study "Health Care Costs - From Birth to Death".
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Salary Increases	2.95% to 8.95%, including inflation
Ad Hoc Post-Employment Benefit Changes	None

From 2024 TRS ACFR, Note 9, page 79.

The initial medical trend rate was 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. The initial prescription drug trend rate was 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 decrease of 0.26 percent in the discount rate since the previous year. Because the investments are held in cash and there is no intentional objective to advance fund the benefits, the Single Discount Rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate is the Bond Buyers's "20-Bond GO index" as of August 31, 2024 using the Fixed Income Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% 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%)
Lohn ISD's proportionate share of the net OPEB liability:	\$ 740,356	\$ 623,171	\$ 528,484

Healthcare Cost Trend Rates 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
Lohn ISD's proportionate share of the net OPEB liability:	\$ 507,480	\$ 623,171	\$ 773,928

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At August 31, 2025, Lohn Independent School District reported a liability of \$623,171 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to Lohn Independent School District. The amount recognized by Lohn Independent School 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 Lohn Independent School District were as follows:

District's Proportionate share of the collective net OPEB liability	\$ 623,171
State's proportionate share that is associated with the District	<u>780,825</u>
Total	<u>\$ 1,403,996</u>

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

On August 31, 2024, the employer's proportion of the collective net OPBE liability was .0020531785% which was an increase (decrease) of (.0000365653%) from its proportion measured as of August 31, 2023.

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:

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

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

For the year ended August 31, 2025, Lohn Independent School District recognized OPEB expense of \$23,368 and revenue of \$23,368 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 119,441	\$ 310,996
Changes in actuarial assumptions	79,759	203,334
Difference between projected and actual investment earnings	-	1,745
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	386,051	36,151
Contributions paid to TRS subsequent to the measurement date	11,467	
Total	\$ 596,718	\$ 552,226

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

Measurement Year ended August	OPEB Expense Amount
2026	\$ (26,958)
2027	1,267
2028	(4,145)
2029	10,114
2030	36,741
Thereafter	16,006

I. MEDICARE PART D – ON BEHALF PAYMENTS

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which became 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. These on-behalf payments must be recognized as equal revenues and expenditures/expenses by the District. These payments totaled, \$7,783, \$7,944 and \$11,205, for fiscal years 2025, 2024, and 2023, respectively.

J. HEALTH CARE COVERAGE

The District participates in TRS-Active Care sponsored by the Teacher Retirement System of Texas. TRS-Active Care (the Plan) 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.

K. 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.

<u>FUND</u>	<u>STATE ENTITLEMENT</u>	<u>FEDERAL GRANT</u>	<u>OTHER</u>	<u>TOTAL</u>
General	\$ 95,328	\$ -	\$ 212	\$ 95,540
Special Revenue		4,625	-	4,625
Debt Service	-	-	13	13
	<u>\$ 95,328</u>	<u>\$ 4,625</u>	<u>\$ 225</u>	<u>\$ 100,178</u>

L. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Property Taxes	\$ 1,188,885	\$ 113,747	\$ 1,302,632
Penalties & Interest and Other			
Tax -related Income	1,348	80	1,428
Investment Income	92,426	4,346	96,772
Food Sales	15,408	-	15,408
Rent	1,750	-	1,750
Insurance Proceeds	1,999,178	-	1,999,178
Co-curricular Student Activities	2,906	-	2,906
Other	57,912	-	57,912
	<u>\$ 3,359,812</u>	<u>\$ 118,174</u>	<u>\$ 3,477,986</u>

M. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

The District participates in numerous State and Federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2025 may be impaired. In the opinion of the District, there were no significant contingent liabilities relating to compliance with rules and regulations governing the respective grants, therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

N. LITIGATION

The District is occasionally involved in litigation in the general course of business. Attorneys for the District indicate that the Lohn Independent School District has no pending or threatened litigation as of August 31, 2025, No provision has been made in the financial statements regarding these matters.

P. TAX ABATEMENTS

On March 28, 2016, the Lohn Independent School District Board of Trustees approved an agreement with Rattlesnake Power, LLC, and on November 21, 2016, approved an agreement with Heart of Texas Wind, LLC for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes pursuant to the Chapter 313 of the Texas Tax Code. Value limitation agreements are a part of a state program, originally created in 2011 which allows school districts to limit the taxable value of an approved project for Maintenance and Operations (M&O) for a period of years specified in statute. The projects must be consistent with the state’s goal to “encourage large scale capital investments in this state.” Chapter 313 grants eligibility to companies engaged in manufacturing, research and development, renewable electric energy production, clean coal projects, nuclear power generation and Texas Priority projects. Rattlesnake Power, LLC, and Heart of Texas Wind, LLC qualified for a tax limitation agreement under Texas Tax Code §313.024(b)(5), as a renewable energy electric generation project.

The application, the agreements and state reporting requirement documentation can be viewed at the Texas Comptroller’s website: <https://www.comptroller.texas.gov/economy/local/ch313/agreement-docs.php>. The agreement and the supporting documentation was assigned Texas Comptroller Application No. 1096, and 1129.

Each applicant, including Rattlesnake Power, LLC, and Heart of Texas Wind, LLC, has been required to meet a series of capital investment, job creation, and wage requirements specified by state law. At the time of the applications approval, it was determined by both the District’s Board of Trustees and the Texas Comptroller’s Office that the projects would meet these standards. After approval, the applicant company must maintain a viable presence in the District for the entire period of the value limitation plus a period of years thereafter. In addition, there are specific reporting requirements, which are monitored on an annual and biennial basis in order to ensure relevant job, wage, and operational requirements are being met.

In the event that Rattlesnake Power, LLC, or Heart of Texas Wind, LLC terminates these agreements without the consent of the District, or in the event that the company or its successor-in-interest fails to comply in any material respect with the terms of this agreement or to meet any material obligation under this agreement, then the District shall be entitled to the recapture of all ad valorem tax revenue lost as a result of this agreement together with the payment of penalty and interest, on that recaptured ad valorem tax revenue. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code §33.01(a), or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code §33.01(c), or its successor statute. The agreement provides an administrative procedure any company liability. Ultimately, enforcement of any payment obligation is through the local state district court.

As of the date of this audit, the applicant company is in full compliance with all of its obligations under law and the agreement itself.

Project	First Year Value Limitations	(A) Project Value FY2025	(B) Project's Value Limitation Amount FY2025	(C) Amount of Applicant's M&O Taxes Paid FY2025	(D) Amount of Applicant's M&O Taxes Reduced FY2025	(E) Company Revenue Loss Payments to School District FY2025	(F) Company Supplemental Payments to School District FY2025	(G) Net Benefit (Loss) to the School District FY2025 (C+E+F)
Rattlesnake Power, LLC (Application # 1096)	2018	18,291,126	15,000,000	146,501	30,538	-	12,215	158,716
Heart of Texas Wind, LLC (Application # 1129)	2020	136,687,352	15,000,000	193,860	1,129,137	1,369	50,000	245,229

Q. IMPLEMENTATION OF GASB STATEMENT NO. 101, COMPENSATED ABSENCES

Effective for the fiscal year ending August 31, 2025, the Lohnt Independent School District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. This statement establishes recognition and measurement guidance for liabilities related to compensated absences, including vacation, sick leave, and other paid time off, replacing previous guidance under GASB Statement No. 16.

Under GASB 101, compensated absences are recognized as a liability when:

- The leave is attributable to services already rendered,
- The leave accumulates and carries forward,
- The leave is more likely than not to be used for time off or otherwise paid out.

The liability is measured using the employee's pay rate as of the financial reporting date, and includes salary-related payments (e.g., FICA, retirement contributions) that are directly associated with the leave.

As a result of implementing GASB 101:

- The Lohn Independent School District evaluated all compensated absence policies and determined which leave types meet the recognition criteria.
- A liability for compensated absences was recorded in the government-wide financial statements where applicable.
- The implementation did not result in a material change to previously reported liabilities, but enhanced consistency and comparability in accordance with updated GASB guidance.

The cumulative effect of applying GASB 101 did not require a restatement of beginning net position, as the change was applied prospectively.

Management believes the implementation of GASB 101 improves transparency and aligns with best practices in governmental financial reporting.

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REQUIRED SUPPLEMENTARY
SCHEDULES

LOHN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2025

Data	Budgeted Amounts	
Control	Original	Final
Codes	Original	Final
REVENUES:		
5700 Total Local and Intermediate Sources	\$ 1,104,206	\$ 2,471,706
5800 State Program Revenues	1,473,439	1,473,439
5900 Federal Program Revenues	116,700	116,700
5020 Total Revenue	<u>2,694,345</u>	<u>4,061,845</u>
EXPENDITURES:		
Current:		
0011 Instruction	1,195,835	1,195,835
0012 Instructional Resources and Media Services	3,109	11,109
0013 Curriculum and Instructional Staff Development	9,557	14,557
0021 Instructional Leadership	51,553	51,553
0023 School Leadership	198,384	198,384
0031 Guidance Counseling and Evaluation Services	3,800	13,800
0033 Health Services	84,746	42,546
0034 Student (Pupil) Transportation	134,625	187,625
0035 Food Services	173,893	192,893
0036 Extracurricular Activities	96,432	146,432
0041 General Administration	237,098	287,098
0051 Facilities Maintenance and Operations	394,789	1,567,789
0052 Security and Monitoring Services	12,669	20,669
0053 Data Processing Services	50,387	60,387
0061 Community Services	29,346	49,346
0071 Debt Service - Principal	4,500	9,500
0081 Facilities Acquisition and Construction	-	-
0093 Payments to Fiscal Agent/Member Districts of SSA	68,000	115,200
0099 Other Intergovernmental Charges	35,000	41,000
6030 Total Expenditures	<u>2,783,723</u>	<u>4,205,723</u>
1100 Excess (Deficiency) Revenues Over Expenditures	<u>(89,378)</u>	<u>(143,878)</u>
OTHER FINANCING SOURCES (USES):		
7949 Other Resources	-	-
7915 Operating Transfers In	33,083	52,083
8911 Operating Transfers Out	<u>(33,083)</u>	<u>(52,083)</u>
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balances	(89,378)	(143,878)
0100 Fund Balance - September 1 (Beginning)	1,687,394	1,687,394
Prior Period Adjustment	-	-
3000 Fund Balance - August 31 (Ending)	<u>\$ 1,598,016</u>	<u>\$ 1,543,516</u>

Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
\$ 3,359,812	\$ 888,106
1,087,376	(386,063)
112,775	(3,925)
<u>4,559,963</u>	<u>498,118</u>
1,134,644	61,191
2,961	8,148
6,023	8,534
-	51,553
163,175	35,209
3,000	10,800
17,991	24,555
165,321	22,304
173,269	19,624
126,352	20,080
272,822	14,276
1,555,881	11,908
6,651	14,018
52,511	7,876
39,755	9,591
-	9,500
-	-
110,197	5,003
34,832	6,168
<u>3,865,385</u>	<u>340,338</u>
<u>694,578</u>	<u>838,456</u>
-	-
47,000	(5,083)
<u>(47,000)</u>	<u>5,083</u>
<u>-</u>	<u>-</u>
694,578	838,456
1,687,394	-
<u>-</u>	<u>-</u>
<u>\$ 2,381,972</u>	<u>\$ 838,456</u>

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

	FY 2025 Plan Year 2024	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015
Districts Proportion of the Net Pension Liability (Asset)	0.000011592477	0.000012049637	0.000011113722	0.0010399184%	0.0009028539%	0.0008040580%	0.0007225832%	0.0007876021%	0.0006561013%	0.0007467000%
Districts Proportionate Share of the Net Pension Liability (Asset)	\$ 708,117	\$ 827,694	\$ 659,793	\$ 264,830	\$ 483,550	\$ 417,974	\$ 397,727	\$ 251,833	\$ 247,931	\$ 263,949
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	958,701	1,164,599	1,043,592	415,876	751,449	689,527	817,940	546,496	611,801	632,728
Total	<u>\$ 1,666,818</u>	<u>\$ 1,992,293</u>	<u>\$ 1,703,385</u>	<u>\$ 680,706</u>	<u>\$ 1,234,999</u>	<u>\$ 1,107,501</u>	<u>\$ 1,215,667</u>	<u>\$ 798,329</u>	<u>\$ 859,732</u>	<u>\$ 896,677</u>
District's Covered Payroll	\$ 1,395,210	\$ 1,541,997	\$ 1,460,307	\$ 1,359,215	\$ 993,525	\$ 938,058	\$ 932,872	\$ 1,000,260	\$ 874,429	\$ 877,918
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of Covered Payroll	50.75%	53.68%	45.18%	19.48%	48.67%	44.56%	42.63%	25.18%	28.35%	30.07%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.51%	73.15%	75.62%	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%

LOHN INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS
 TEACHER RETIREMENT SYSTEM
 FOR THE YEAR ENDED AUGUST 31, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually Required Contribution	\$ 72,118	\$ 4,690	\$ 59,103	\$ 52,262	\$ 44,378	\$ 37,252	\$ 27,121	\$ 24,342	\$ 25,813	\$ 20,839
Contribution in Relation to the Contractually Required Contribution	(72,118)	(4,690)	(59,103)	(52,262)	(44,378)	(37,252)	(27,121)	(24,342)	(25,813)	(20,839)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				
District's Covered Payroll	\$ 1,395,210	\$ 1,541,997	\$ 1,460,307	\$ 1,359,215	\$ 1,177,725	\$ 993,525	\$ 938,058	\$ 932,872	\$ 1,002,600	\$ 874,429
Contributions as a percentage of Covered Payroll	5.17%	0.30%	4.05%	3.85%	3.77%	3.75%	2.89%	2.61%	2.57%	2.38%

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

	FY 2025 <u>Plan Year 2024</u>	FY 2024 <u>Plan Year 2023</u>	FY 2023 <u>Plan Year 2022</u>	FY 2022 <u>Plan Year 2021</u>	FY 2021 <u>Plan Year 2020</u>	FY 2020 <u>Plan Year 2019</u>	FY 2019 <u>Plan Year 2018</u>	FY 2018 <u>Plan Year 2017</u>
Districts Proportion of the Net OPEB Liability (Asset)	0.000020531785	0.000020897438	0.0020397135%	0.0019186482	0.0010076705%	0.0010356150%	0.0010580453%	0.0011090571%
Districts Proportionate Share of the Net OPEB Liability (Asset)	623,171	462,634	\$ 488,389	\$ 740,108	\$ 383,061	\$ 489,753	\$ 528,292	\$ 482,287
State's Proportionate Share of the Net OPEB Liability (Asset) associated with the District	780,825	558,239	595,758	991,580	514,742	650,775	823,711	819,438
Total	<u>\$ 1,403,996</u>	<u>\$ 1,020,873</u>	<u>\$ 1,084,147</u>	<u>\$ 1,731,688</u>	<u>\$ 897,803</u>	<u>\$ 1,140,528</u>	<u>\$ 1,352,003</u>	<u>\$ 1,301,725</u>
District's Covered Payroll	\$ 1,395,210	\$ 1,541,997	\$ 1,460,307	\$ 1,359,215	\$ 993,525	\$ 938,058	\$ 932,872	\$ 1,002,600
District's Proportionate Share of the Net OPEB Liability (Asset) as a percentage of Covered Payroll	44.67%	30.00%	33.44%	54.45%	38.56%	52.21%	56.63%	48.10%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	13.70%	14.94%	11.52%	6.18%	4.99%	2.66%	1.57%	0.91%

LOHN INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS
 TEACHER RETIREMENT SYSTEM
 FOR THE YEAR ENDED AUGUST 31, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually Required Contribution	\$ 13,526	\$ 10,982	\$ 11,700	\$ 10,868	\$ 14,988	\$ 7,659	\$ 7,337
Contribution in Relation to the Contractually Required Contribution	(13,526)	(10,982)	(11,700)	(10,868)	(14,988)	(7,659)	(7,337)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 1,395,210	\$ 122,338	\$ 1,460,307	\$ 1,359,215	#####	\$ 993,525	\$ 938,058
Contributions as Percentage of Covered Payroll	0.97%	8.98%	0.80%	0.80%	1.27%	0.77%	0.78%

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

A. Notes to Schedules for the TRS Pension

Changes in Benefits - The Texas 2023 Legislature passed Senate Bill 10 (SB 10), which provided a stipend payment to certain retirees and variable ad hoc cost-of-living adjustments (COLA) to certain retirees in 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 Assumptions - There were no changes in assumptions.

B. Notes to Schedules for the TRS OPEB Plan

Changes of Benefit – There were no changes in benefit terms since the prior measurement date.

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

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

REQUIRED TEA SCHEDULES

LOHN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2025

For Years Ended August 31	(1) Tax Rates		(2)	(3)	(10)
	Maintenance	Debt Service	Assessed/Appraised Value For School Tax Purposes	Beginning Balance 9/1/2024	
prior years	Various	Various	Various	\$214.82	
2017	1.17000	0.06707	27,262,310	14.72	
2018	1.17000	0.06448	28,288,800	46.41	
2019	1.12000	0.06450	58,422,035	71.53	
2020	1.03593	0.06250	66,505,364	56.47	
2021	1.02230	0.05000	82,107,841	224.02	
2022	0.92790	0.04000	111,994,458	160.47	
2023	0.91500	0.04300	116,474,047	231.57	
2024	0.72260	0.04300	140,619,301	597.77	
2025 (School year under audit)	0.72030	0.04300	170,459,122		
1000 TOTALS				\$ 1,617.78	
8000					

(20) Current Year's Total Levy	(31) Maintenance Total Collections	(32) Debt Service Total Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2025	(99) Taxes Refunded Under Section 26.115c
	\$ -	\$ -	\$ -	\$ 214.82	
	-	-	-	14.72	
	-	-	-	46.41	
	-	-	-	71.53	
	-	-	-	56.47	
	-	-	-	224.02	
	-	-	-	160.47	
	606.09	26.11	(632.20)	231.57	
	1,398.29	57.37	(1,276.29)	418.40	
<u>1,301,114.48</u>	<u>1,186,880.13</u>	<u>113,663.52</u>	<u>499.42</u>	<u>1,070.25</u>	
<u>\$ 1,301,114.48</u>	<u>\$ 1,188,884.51</u>	<u>\$ 113,747.00</u>	<u>\$ (1,409.07)</u>	<u>\$ 2,508.66</u>	

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

Data	Budgeted Amounts		
Control	Original	Final	
Codes			
REVENUES:			
5700	Total Local and Intermediate Sources	\$ 19,110	\$ 19,110
5800	State Program Revenues	5,000	5,000
5900	Federal Program Revenues	116,700	116,700
5020	Total Revenue	<u>140,810</u>	<u>140,810</u>
EXPENDITURES:			
Current:			
0035	Food Services	<u>173,893</u>	<u>192,893</u>
6030	Total Expenditures	<u>173,893</u>	<u>192,893</u>
1100	Excess (Deficiency) Revenues Over Expenditures	<u>(33,083)</u>	<u>(52,083)</u>
OTHER FINANCING SOURCES (USES):			
7915	Operating Transfers In	<u>33,083</u>	<u>52,083</u>
	Total Other Financing Sources (Uses)	<u>33,083</u>	<u>52,083</u>
1200	Net Change in Fund Balances	<u>-</u>	<u>-</u>
0100	Fund Balance - September 1 (Beginning)	3,650	3,650
1300	Cumulative Effect - Change in Accounting	-	-
3000	Fund Balance - August 31 (Ending)	<u>\$ 3,650</u>	<u>\$ 3,650</u>

Actual Amounts (Budgetary Basis) (See Notes A)	Variance With Final Budget Favorable (Unfavorable)
\$ 15,407	\$ (3,703)
372	(4,628)
112,775	(3,925)
<u>128,554</u>	<u>(12,256)</u>
<u>173,269</u>	<u>19,624</u>
<u>173,269</u>	<u>19,624</u>
<u>(44,715)</u>	<u>7,368</u>
<u>47,000</u>	<u>(5,083)</u>
<u>47,000</u>	<u>(5,083)</u>
<u>2,285</u>	<u>2,285</u>
3,650	-
-	-
<u>\$ 5,935</u>	<u>\$ 2,285</u>

LOHN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2025

Data	Budgeted Amounts		
Control	Original	Final	
Codes			
REVENUES:			
5700	Total Local and Intermediate Sources	\$ 107,773	\$ 117,773
5800	State Program Revenues		
5020	Total Revenue	<u>107,773</u>	<u>117,773</u>
EXPENDITURES:			
Current:			
0071	Debt Service - Principal on long-term debt	65,000	65,000
0171	Debt Service - Interest on long-term debt	26,908	36,908
6030	Total Expenditures	<u>91,908</u>	<u>101,908</u>
1100	Excess (Deficiency) Revenues Over Expenditures	<u>15,865</u>	<u>15,865</u>
OTHER FINANCING SOURCES (USES):			
7911	Capital Related Debt Issue (Regular Bonds)	-	-
7915	Transfers In	-	-
8911	Transfers Out	-	-
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>
1200	Net Change in Fund Balances	15,865	15,865
0100	Fund Balance - September 1 (Beginning)	<u>36,577</u>	<u>36,577</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ 52,442</u>	<u>\$ 52,442</u>

Actual Amounts (Budgetary Basis) (See Notes A)	Variance With Final Budget Favorable (Unfavorable)
\$ 118,174	\$ 401
<u>-</u>	<u>-</u>
<u>118,174</u>	<u>401</u>
65,000	-
<u>28,505</u>	<u>8,403</u>
<u>93,505</u>	<u>8,403</u>
<u>24,669</u>	<u>8,804</u>
-	-
-	-
-	-
<u>-</u>	<u>-</u>
24,669	8,804
36,577	-
<u>\$ 61,246</u>	<u>\$ 8,804</u>

LOHN INDEPENDENT SCHOOL DISTRICT
USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAMS
FOR THE YEAR ENDED AUGUST 31, 2025

Data
Codes

Section A: Compensatory Education Programs

AP 1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$115,962
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	\$ 63,876

Section B: Bilingual Education Programs

AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$1,083
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25,35)	\$ 747

OVERALL COMPLIANCE, INTERNAL CONTROLS
AND FEDERAL AWARDS SECTION

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENTAL AUDITING STANDARDS

Independent Auditor's Report

Board of Trustees
Lohn Independent School District
P. O. Box 277
Lohn, TX 76852-0277

Members of the Board:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lohn Independent School District, as of and for the year ended August 31, 2025 and the related notes to the financial statements, which collectively comprise Lohn Independent School District's basic financial statements, and have issued our report thereon dated November 26, 2025.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lohn Independent School District's financial statements are free of 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*.

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.



Ede & Company, LLC
Certified Public Accountants
Uvalde, Texas

November 26, 2025

SCHOOLS FIRST QUESTIONNAIRE

LOHN 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 agreements ?	No
SF3	Did the school district make timely payments to the Teacher Retirement System(TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF4	Was the school district issued a warrant hold? (Yes even if cleared within 30 days.)	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??	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 in effect at the fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values 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.	N/A