

Cedar Hill ISD

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDING JUNE 30, 2026

Final Draft 11.9.26

CEDAR HILL

Independent School District

Cedar Hill, Texas

Annual Financial Report

For the Year Ended June 30, 2026

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CEDAR HILL INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2026

PREPARED BY THE BUSINESS OFFICE

285 UPTOWN BOULEVARD
BUILDING 300
CEDAR HILL, TEXAS 75104

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CEDAR HILL INDEPENDENT SCHOOL DISTRICT
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CERTIFICATE OF THE BOARD

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CERTIFICATE OF BOARD

Cedar Hill Independent School District	**Dallas**	**057-904**
Name of School District	County	Co. - Dist. No.

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and _____**approved/** _____ **disapproved** for the year ended June 30, 2026, at a meeting of the Board of Trustees of such school district on November 16, 2026.

Signature of Board President	Signature of Board Secretary

If the Board of Trustees disapproved of the auditor's report, the reason(s) for disapproving is/are (attach list if necessary).

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FINANCIAL SECTION

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FINANCIAL SECTION :

INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Cedar Hill Independent School District

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cedar Hill Independent School District (the "District"), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2026, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and GAS, we:

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

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

Required Supplementary Information

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

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Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements and required Texas Education Agency (TEA) schedules 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 GAAS. In our opinion, the combining and individual nonmajor fund financial statements and required TEA schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule L-1 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 16, 2026 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with GAS in considering the District's internal control over financial reporting and compliance.

Dallas, Texas
November 16, 2026

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FINANCIAL SECTION :

MANAGEMENT'S DISCUSSION AND ANALYSIS



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As management of the District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2026. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which follow this section.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business.

The *statement of net position* presents information on all of the District's assets, liabilities, deferred outflows and deferred inflows, with the difference between the sum of the assets and deferred outflows and the sum of the liabilities and deferred inflows reported as *Net Position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information for all of the current year's revenues and expenses regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both of the District's government-wide financial statements distinguish the functions of the District as being principally supported by taxes and intergovernmental revenues (*governmental activities*) as opposed to *business-type activities* that are intended to recover all or a significant portion of their costs through user fees and charges. The District has no component units for which it is financially accountable. The government-wide financial statements can be found on pages 21-23 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The fund financial statements provide more detailed information about the District's most significant funds-not the District as a whole.

- Some funds are required by State law and/or bond covenants.
- Other funds may be established by the Board to control and manage money for particular purposes or to show that it is properly using certain taxes or grants.

All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The District adopts an annual appropriated budget for its general fund, debt service fund and child nutrition fund. Budgetary comparison schedules have been presented to demonstrate compliance with these budgets. The basic governmental fund financial statements can be found on pages 24-27 of this report.

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Proprietary Funds. The District maintains an internal service fund for medical insurance. Internal service funds, one type of proprietary fund, are an accounting device used to accumulate and allocate costs internally among the District's various funds and functions. Because this service predominantly benefits governmental functions, it has been included within governmental activities in the government-wide financial statements.

Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District is the trustee, or fiduciary, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The District's fiduciary fund statements can be found on pages 31-32.

Notes to the basic financial statements. The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 33 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. Required supplementary information can be found on pages 64-72 of this report. The District also presents additional supplementary information in the form of combining and individual fund statements and schedules beginning on page 76 of this report.

Financial Summary and Detailed Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The sum of the District's assets and deferred outflows exceeded the sum of its liabilities and deferred inflows by $13.1 million at June 30, 2026, an increase of $7.7 million from the previous year.

The District's Net Position

	Governmental Activities	
	2026	**2025**
Assets		
Current assets	$ 323,200,722	$ 301,843,562
Capital assets, net of accumulated depreciation	101,738,101	91,219,421
Total Assets	424,938,823	393,062,983
Deferred Outflows of Resources		
Deferred outflows	9,289,722	9,945,692
Total Deferred Outflows of Resources	9,289,722	9,945,692
Liabilities		
Other liabilities	14,607,362	12,987,701
Non-current liabilities	388,024,618	365,904,521
Total Liabilities	402,631,980	378,892,222
Deferred Inflows of Resources		
Deferred inflows	18,515,383	18,764,857
Total Deferred Inflows of Resources	18,515,383	18,764,857
Net Position		
Net investment in capital assets	17,357,091	14,584,694
Restricted	22,089,356	19,083,887
Unrestricted	(26,365,265)	(28,316,985)
Total Net Position	$ 13,081,182	$ 5,351,596

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Governmental Activities

Net investment in capital assets of $17.4 million, reflects the District's investment of $101.7 million in capital assets (e.g. land, buildings, right-to-use lease assets, subscription assets, improvements, and furniture and equipment), less any outstanding related debt used to acquire those assets. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position is used to segregate the net position on which external constraints have been placed (e.g., constraints imposed by creditors, grantors or by law). The District is reporting a balance of $22.1 million which represents balances for debt service, federal and state programs, and local grants.

The remaining balance, unrestricted net position, consists of the deficit net position that does not meet the criteria of the other two elements described above. The District is reporting a deficit of $26.4 million in this category. Total net position increased $7.7 million compared to an increase of $12.1 million in the prior fiscal year. Revenues decreased approximately $1.5 million mainly driven by a decrease in investment earnings due to lower interest rates.

Current and other assets increased in governmental activities by $21.4 million from the prior year, primarily due to an increase in cash and investments resulting from proceeds received from capital-related debt issuances. Capital assets of governmental activities increased by $10.5 million, primarily due to construction and renovation projects net of depreciation and amortization expense for the year.

Other liabilities in governmental activities increased $1.6 million, primarily due to a $2.9 million increase in accounts payable primarily related to construction and renovation activity during the year.

Long-term liabilities of governmental activities increased by $22.1 million, primarily due to the issuance of $29.2 million in Bonds reduced by $5.5 million in principal payments and a $3.8 million decrease in the net OPEB liability. The decrease in the net OPEB liability was primarily attributable to an increase in the discount rate used to measure the liability.

The District's overall net position increased by $7.7 million from the prior year. The reasons for this overall increase are discussed in the following sections.

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Changes in the District's Net Position

	Governmental Activities	
	2026	**2025**
Revenues		
Program Revenues:		
Charges for services	$ 4,752,198	$ 5,057,540
Operating grants & contributions	7,225,012	7,052,736
General Revenues:		
Property taxes	61,757,819	62,656,420
State aid (grants)	20,942,907	19,600,253
Investment earnings	11,260,488	13,493,361
Gain on sale of capital assets	422,597	-
Miscellaneous local and intermediate - other	1,171,990	1,219,498
Total Revenues	107,533,011	109,079,808
Expenses		
Instruction	36,949,257	37,953,015
Instructional resources and media services	643,824	704,307
Curriculum and staff development	1,761,229	1,198,245
Instructional leadership	948,129	1,261,548
School leadership	4,152,767	4,427,235
Guidance, counseling, and evaluation services	2,502,508	3,059,501
Social work services	52,067	40,986
Health services	1,948,858	834,467
Student transportation	3,904,116	5,017,455
Food service	4,262,086	4,293,749
Extracurricular activities	2,265,296	2,736,804
General administration	4,861,699	3,331,037
Facilities maintenance and operations	8,593,135	9,604,513
Security and monitoring services	2,484,872	2,838,722
Data processing services	1,606,492	2,198,891
Community services	197,654	283,547
Debt Service - Interest on long-term debt	14,344,921	10,083,473
Debt Service - Bond issuance cost and fees	481,734	2,107,501
Facilities acquisition and construction	5,875,386	3,167,138
Purchase of WADA to reduced excess local revenue	1,732,684	1,604,956
Payments related to shared services arrangements	-	44,235
Payments to JJAEP	3,000	3,000
Other intergovernmental charges	231,711	213,730
Total Expenses	99,803,425	97,008,055
Change in net position	7,729,586	12,071,753
Beginning Net Position (Deficit)	5,351,596	(6,720,157)
Ending Net Position	$ 13,081,182	$ 5,351,596

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Revenues are generated primarily from three sources, State aid formula grants, operating grants and contributions, and ad valorem property taxes. State aid formula grants and operating grants and contributions in the amount of $20.9 million represents 20 percent of total revenues, and property taxes in the amount of $61.8 million represents 57 percent of total revenues. The remaining revenue is generated from charges for services, investment earnings and miscellaneous revenues.

Total revenues decreased by approximately $1.5 million, from $109 million to $107.5 million. Grants and contributions not restricted to specific programs increased by approximately $1.3 million, primarily due to increased funding provided through the State's Foundation School Program (FSP), reflecting changes in the State's school finance formulas and additional funding provided under House Bill 2. The change in state funding included new funding for teacher and support staff retention, special education, school safety, and basic operating costs.

This increase was partially offset by a $0.9 million decrease in property tax revenue, primarily attributable to the increase in the State-mandated residence homestead exemption from $100,000 to $140,000. The increased exemption, approved by Texas voters as Proposition 13 in November 2025, reduced the taxable value of qualifying residence homesteads subject to District property taxes. Investment earnings decreased by $2.2 million primarily due to lower interest rates. Operating grants and contributions remained relatively consistent with the prior year, increasing by $0.2 million.

The primary functional expense of the District is instruction ($36.9 million), which represents 37 percent of total expenses. Facilities maintenance and operations ($8.6 million) represents 9 percent of total expenses. Interest on debt ($14.3 million), represents 14 percent of total expenses. The remaining individual function categories of expenses are each 5 percent or less of total expenses.

Total expenses increased by $2.8 million, from $97 million to $99.8 million. Instruction expense decreased by $1.0 million primarily due to reduction in staff. That decrease was offset by an increase in curriculum and staff development due to compensation increases, and interest on long-term debt due to the issuance of additional debt.

Detailed Analysis of the Governmental Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, bond covenants, and segregation for particular purposes. The District reports three major funds individually in the governmental fund financial statements, the General Fund, the Debt Service Fund, and the Capital Projects Fund.

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the District itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the District's Board of Trustees.

At June 30, 2026, the District's governmental funds reported combined fund balances of $311.7 million, an increase of $20.5 million in comparison with the prior year. Of this amount, $15.6 million, or 5%, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is either *restricted* or *committed,* to indicate that it is (1) restricted for particular purposes, $295.7 million; or(2) committed for particular purposes, $0.5 million.

General Fund. The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was $15.6 million while total fund balance was also $15.6 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned and total fund balance represents 24% of total general fund expenditures. The District's general fund balance increased by $2.2 million during the current fiscal year primarily driven by an increase in state funding, which exceeded increases in expenditures during the year and proceeds from sale of property in the amount of $1.2 million.

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General Fund revenues decreased by $0.9 million, from $67.5 million in the prior year to $66.6 million in fiscal year 2026. State program revenues decreased by $0.8 million, primarily due to decline in enrollment. Local and intermediate revenues decreased by $0.4 million, primarily due to lower property tax revenues resulting from the increase in the State-mandated residence homestead exemption from $100,000 to $140,000, which reduced the taxable value of qualifying residence homesteads within the District.

General Fund expenditures decreased by $5.2 million, from $70.8 million to $65.6 million. Instruction expenditures decreased by $1.2 million and represented the largest component of the decrease, primarily due to reduction in staff. Additionally, the general fund also has $1.2 million in proceeds from sale of property in the current fiscal year. Prior fiscal year did not have any proceeds from sale of property.

Debt Service Fund. The debt service fund ended fiscal year 2026 with a fund balance of $25.4 million, all of which is restricted for debt service. The District makes semi-annual debt service payments in February and August of each year. Debt service payments including bond fees for the fiscal year ended June 30, 2026 were $19.8 million. Fund balance increased by $3.8 million during the year, primarily due to property taxes collections and state program revenues exceeding the required debt service payments during the year.

Capital Projects Fund. The Capital Projects Fund ended fiscal year 2026 with a fund balance of $268.8 million, which is restricted for authorized construction projects. The increase in fund balance during the current year of $14.7 million was primarily attributable to $29.2 million of capital-related debt proceeds received during the year, which exceeded expenditures incurred as the District continued construction and other capital improvement projects under its voter-authorized bond program. Capital project expenditures totaled $25.2 million during fiscal year 2026. The increase in fund balance reflects the timing of bond proceeds received relative to expenditures incurred as projects progress through design and construction. The remaining fund balance will be used for continuing projects authorized under the District's bond program.

Significant Capital Asset and Long-term Financing Activity

Capital Assets. The District's investment in capital assets as of June 30, 2026 was $101.7 million (net of accumulated depreciation/amortization). This investment in capital assets includes land, construction in progress, buildings and improvements, furniture and equipment, and subscription assets. The total increase in the District's investment in capital assets was $10.6 million. Major capital asset events during the current fiscal year included the following:

	Governmental Activities	
	2026	**2025**
Land	$ 8,551,321	$ 8,551,321
Construction in progress	16,688,482	3,062,053
Buildings and improvements	167,933,087	166,985,931
Furniture and equipment	23,913,585	21,828,348
Right-to-use lease assets	838,760	933,735
Totals at Historical Costs	217,925,235	201,361,388
Less accumulated depreciation/amortization for:		
Buildings and improvements	(98,101,033)	(93,632,732)
Furniture and equipment	(17,278,793)	(15,911,617)
Right-to-use lease assets	(807,308)	(597,618)
Net Capital Assets	$ 101,738,101	$ 91,219,421

Additional information on the District's capital assets can be found in Note 6 of this report.

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Long-term liabilities. As of June 30, 2026, the District had general obligation bonded debt outstanding of $352.9 million (including premiums), an increase of $25 million from the prior year. The District's net pension liability was $20.1 million at June 30, 2026, a decrease of $1.4 million over the prior year. The District's net OPEB liability was $11.5 million at June 30, 2026, a decrease of $3.8 million over the prior year.

The District maintains an underlying bond rating of "AA+" from Standard and Poor's Rating Services and has also received an underlying bond rating of "AA+" from Fitch Ratings on the District's outstanding debt. Additionally, the District has received a AA+ financial bond rating from Standard & Poor's and Fitch Ratings. Key drivers for the District's rating are: (1) stable financial operations, (2) strong economy of the Dallas-Fort Worth metro area and (3) local and regional home price indicators.

Additional information on the District's long-term debt can be found in Note 8 of this report.

Currently Known Facts, Decisions or Conditions

During the 2025–2026 fiscal year, several key economic and operational factors influenced the District's financial condition. Taxable property values decreased by approximately six percent compared to the prior year, contributing to a moderate decline in the District's local revenue capacity. The Board of Trustees adopted a Maintenance and Operations (M&O) tax rate of $0.7869 and an Interest and Sinking (I&S) tax rate of $0.3410 per $100 of valuation, resulting in a total tax rate of $1.1279 for the 2025–2026 year.

Student enrollment continued to decline during the year, with the District serving 5,832 students, a decrease of 365 students from 2024-2025. Because state funding formulas are driven by Average Daily Attendance, this decline placed additional pressure on operating revenues. The District began the fiscal year with a General Fund balance of $13.3 million and concluded the year with $15.5 million. The increase in fund balance is attributable to reducing personnel cost through attrition, bond related costs being reclassified to the bond program, and being more strategic in utilizing grant and federal funds. However, continued rise in costs, underutilized buildings, and decline in enrollment led the District to adopt a deficit budget of $3.1 million for the 2026–2027 fiscal year. District leadership continues to evaluate opportunities to maximize available revenues and reduce operating expenditures in order to lessen the projected deficit and support long-term fiscal sustainability.

In June 2026, the Board of Trustees approved the 2026-2027 budget. For the upcoming fiscal year, taxable property values are estimated to slightly increase by approximately 3.9 percent. Due to tax compression, the Board adopted a reduced tax rate, $0.7785 for M&O and $0.3410 for I&S, for a combined rate of $1.1195. Enrollment for 2026–2027 is projected to further decline; however, the anticipated rate of decline is slower than that experienced in the prior year. These economic and demographic trends will continue to influence the District's financial planning and budget development processes in the near term.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances as well as demonstrate accountability for funds the District receives.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District's Financial Services Office:

Cedar Hill Independent School District
Business Services Office
285 Uptown Blvd. PO Box 248
Cedar Hill, TX 75104

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FINANCIAL SECTION :

BASIC FINANCIAL STATEMENTS



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CEDAR HILL INDEPENDENT SCHOOL DISTRICT *Exhibit A-1*

STATEMENT OF NET POSITION

June 30, 2026

Data Control Codes		Governmental Activities
	Assets	
1110	Cash and cash equivalents	$ 83,438,383
1120	Investments - current	234,786,976
1220	Property taxes receivables - delinquent	2,776,080
1230	Allowance for uncollectible taxes (credit)	(321,235)
1240	Due from other governments	2,100,610
1290	Other receivables (net)	419,908
	Capital Assets, not subject to depreciation/amortization:	
1510	Land	8,551,321
1580	Construction in Progress	16,688,482
	Capital Assets, net of accumulated depreciation/amortization:	
1520	Buildings and improvements, net	69,832,054
1530	Furniture and equipment, net	6,634,792
1550	Right-to-use assets, net	31,452
1000	**Total Assets**	424,938,823
	Deferred Outflows of Resources	
	Deferred outflows - pension	4,896,570
	Deferred outflows - OPEB	4,393,152
1700	**Total Deferred Outflows of Resources**	9,289,722
	Liabilities	
2110	Accounts payable	3,204,347
2140	Interest payable	5,473,591
2150	Payroll deductions & withholdings	384,740
2160	Accrued wages payable	3,769,135
2180	Due to other governments	1,775,549
	Noncurrent Liabilities:	
2501	Due within one year	3,102,624
2502	Due in more than one year	353,337,350
2540	Net pension liability - due in more than one year	20,135,345
2545	Net OPEB liability - due in more than one year	11,449,299
2000	**Total Liabilities**	402,631,980
	Deferred Inflows of Resources	
	Deferred gain on refunding	108,046
	Deferred inflows - pension	3,210,093
	Deferred inflows - OPEB	15,197,244
2600	**Total Deferred Inflows of Resources**	18,515,383
	Net Position	
3200	Net investment in capital assets	17,357,091
	Restricted for:	
3820	Federal and state programs	1,460,893
3850	Debt service	20,628,463
3900	Unrestricted	(26,365,265)
3000	**Total Net Position (Deficit)**	$ 13,081,182

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Data Control Codes	Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions
	Governmental Activities:			
11	Instruction	$ 36,949,257	$ 344,358	$ 3,567,153
12	Instructional resources and media services	643,824	-	14,057
13	Curriculum and staff development	1,761,229	-	1,246,641
21	Instructional leadership	948,129	-	530,533
23	School leadership	4,152,767	-	65,175
31	Guidance, counseling, and evaluation services	2,502,508	-	381,405
32	Social work services	52,067	-	-
33	Health services	1,948,858	-	256,678
34	Student transportation	3,904,116	-	112,859
35	Food service	4,262,086	4,001,939	73,760
36	Extracurricular activities	2,265,296	281,304	66,973
41	General administration	4,861,699	-	333,137
51	Plant maintenance and operations	8,593,135	124,597	62,491
52	Security and monitoring services	2,484,872	-	22,379
53	Data processing services	1,606,492	-	14,344
61	Community services	197,654	-	119,987
72	Interest on Long-Term Debt	14,344,921	-	357,440
73	Bond Insurance costs and fees	481,734	-	-
81	Facilities acquisition and construction	5,875,386	-	-
91	Purchase of WADA to reduced excess local revenue	1,732,684	-	-
95	Payments to JJAEP	3,000	-	-
99	Other intergovernmental charges	231,711	-	-
TG	**Total Governmental Activities**	$ 99,803,425	$ 4,752,198	$ 7,225,012

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Data Control Codes	Functions/Programs	Net (Expense) Revenue and Changes in Net Position Governmental Activities
	Governmental Activities:	
11	Instruction	$ (33,037,746)
12	Instructional resources and media services	(629,767)
13	Curriculum and staff development	(514,588)
21	Instructional leadership	(417,596)
23	School leadership	(4,087,592)
31	Guidance, counseling, and evaluation services	(2,121,103)
32	Social work services	(52,067)
33	Health services	(1,692,180)
34	Student transportation	(3,791,257)
35	Food service	(186,387)
36	Extracurricular activities	(1,917,019)
41	General administration	(4,528,562)
51	Plant maintenance and operations	(8,406,047)
52	Security and monitoring services	(2,462,493)
53	Data processing services	(1,592,148)
61	Community services	(77,667)
72	Interest on Long-Term Debt	(13,987,481)
73	Bond Insurance costs and fees	(481,734)
81	Facilities acquisition and construction	(5,875,386)
91	Purchase of WADA to reduced excess local revenue	(1,732,684)
95	Payments to JJAEP	(3,000)
99	Other intergovernmental charges	(231,711)
TG	**Total Governmental Activities**	(87,826,215)
	General Revenues:	
	Taxes:	
MT	Property taxes, levied for general purposes	43,099,625
DT	Property taxes, levied for debt service	18,658,194
SF	State-aid formula grants	20,942,907
IE	Investment earnings	11,260,488
MI	Miscellaneous	1,171,990
GS	Gain on sale of capital assets	422,597
TR	**Total General Revenues**	95,555,801
CN	Change in net position	7,729,586
NB	**Net Position - Beginning**	5,351,596
NE	**Net Position - Ending**	$ 13,081,182

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CEDAR HILL INDEPENDENT SCHOOL DISTRICT

Exhibit C-1

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2026

Data Control Codes		General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
	Assets					
1110	Cash and cash equivalents	$ 18,898,449	$ 25,303,201	$ 17,756,769	$ 1,953,989	$ 63,912,408
1120	Investments	-	-	254,060,354	-	254,060,354
	Receivables:					
1220	Delinquent property taxes receivables	1,957,981	818,099	-	-	2,776,080
1230	Allowance for uncollectible taxes (credit)	(226,568)	(94,667)	-	-	(321,235)
1240	Due from other governments	1,142,475	89,808	-	868,327	2,100,610
1260	Due from other funds	4,055,437	-	215,000	-	4,270,437
1290	Other receivables	78,167	-	292,019	24,101	394,287
1000	**Total Assets**	$ 25,905,941	$ 26,116,441	$ 272,324,142	$ 2,846,417	$ 327,192,941
	Liabilities, Deferred Inflows of Resources, and Fund Balances					
	Liabilities:					
2110	Accounts payable	$ 223,789	$ 14,387	$ 2,947,475	$ 18,695	$ 3,204,346
2150	Payroll deductions and withholdings	337,984	-	329	46,427	384,740
2160	Accrued wages payable	3,703,981	-	-	65,155	3,769,136
2170	Due to other funds	2,546,716	-	532,635	775,221	3,854,572
2180	Due to other governments	1,775,549	-	-	-	1,775,549
2000	**Total Liabilities**	8,588,019	14,387	3,480,439	905,498	12,988,343
	Deferred Inflows of Resources					
	Unavailable revenue - property taxes	1,731,413	723,523	-	-	2,454,936
2600	**Total Deferred Inflows of Resources**	1,731,413	723,523	-	-	2,454,936
	Fund Balances:					
	Restricted for:					
3450	Grants	-	-	-	1,460,893	1,460,893
3470	Capital acquisitions	-	-	268,843,703	-	268,843,703
3480	Debt service	-	25,378,531	-	-	25,378,531
	Committed for:					
3545	Other/campus activity funds	-	-	-	480,026	480,026
3600	Unassigned	15,586,509	-	-	-	15,586,509
3000	**Total Fund Balances**	15,586,509	25,378,531	268,843,703	1,940,919	311,749,662
4000	**Total Liabilities, Deferred Inflows of Resources and Fund Balances**	$ 25,905,941	$ 26,116,441	$ 272,324,142	$ 2,846,417	$ 327,192,941

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CEDAR HILL INDEPENDENT SCHOOL DISTRICT *Exhibit C-2*

RECONCILIATION OF BALANCE SHEET FOR GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION

June 30, 2026

Data Control Codes		
	Total Fund Balance, Governmental Funds	$ 311,749,662
	Amounts reported for governmental activities in the statement of net position (A-1) are different because:	
1	Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets at historical cost ($217,925,235), net of accumulated depreciation/amortization ($116,187,134), where applicable.	101,738,101
2	Property taxes receivable have been levied and are due this year, but are not available soon enough to pay for the current period's expenditures, these property taxes (net of allowance for uncollectible accounts) are deferred in the fund financial statements.	2,454,936
3	Deferred outflows related to TRS pension	4,896,570
4	Deferred outflows related to OPEB	4,393,152
	Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:	
5	General obligation bonds	(337,707,798)
6	Premium capital appreciation bonds	(1,486,690)
7	Accreted interest on capital appreciation bonds	(303,067)
8	Premium on bonds	(13,697,589)
9	Financing arrangements	(227,702)
10	Arbitrage liability	(1,978,032)
11	Lease liability	(22,504)
12	Compensated absences	(1,016,592)
13	Net pension liability	(20,135,345)
14	Net OPEB liability	(11,449,299)
15	Accrued interest payable	(5,473,591)
16	Deferred inflows related to TRS pension	(3,210,093)
17	Deferred inflows related to OPEB	(15,197,244)
18	Deferred gain on refunding	(108,046)
19	Addition of Internal Service fund net position	(137,647)
29	**Total Net Position - Governmental Activities**	$ 13,081,182

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CEDAR HILL INDEPENDENT SCHOOL DISTRICT

Exhibit C-3

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS

For the Year Ended June 30, 2026

Data Control Codes		General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
	Revenues					
5700	Local, intermediate, and out-of-state	$ 44,671,031	$ 19,420,341	$ 9,579,074	$ 1,367,501	$ 75,037,947
5800	State program revenues	21,380,190	3,431,483	-	1,063,331	25,875,004
5900	Federal program revenues	530,785	357,440	-	7,866,916	8,755,141
5020	**Total Revenues**	66,582,006	23,209,264	9,579,074	10,297,748	109,668,092
	Expenditures					
	Current:					
0011	Instruction	33,184,200	-	337,364	3,424,122	36,945,686
0012	Instructional resources and media services	666,985	-	-	6,573	673,558
0013	Curriculum and staff development	399,743	-	-	1,410,704	1,810,447
0021	Instructional leadership	515,908	-	-	527,890	1,043,798
0023	School leadership	4,030,155	-	-	12,986	4,043,141
0031	Guidance, counseling and evaluation services	2,063,667	-	-	411,549	2,475,216
0032	Social work services	34,367	-	-	-	34,367
0033	Health services	761,347	-	-	493	761,840
0034	Student transportation	4,084,734	-	878,410	49,618	5,012,762
0035	Food services	56,903	-	-	4,275,743	4,332,646
0036	Extracurricular activities	1,868,906	-	-	303,214	2,172,120
0041	General administration	2,962,242	-	173,953	45,732	3,181,927
0051	Facilities maintenance and operations	8,598,119	-	239,160	23,094	8,860,373
0052	Security and monitoring services	2,141,957	-	166,593	1,941	2,310,491
0053	Data processing services	1,640,901	-	-	-	1,640,901
0061	Community services	82,092	-	-	141,282	223,374
	Debt service:					
0071	Principal and interest on long-term debt	432,380	5,530,000	-	-	5,962,380
0072	Interest on long-term debt	23,098	14,192,452	391,025	-	14,606,575
0073	Bond issuance costs and fees	-	90,709	-	-	90,709
	Capital outlay:					
0081	Facilities acquisition and construction	72,699	-	23,034,786	-	23,107,485
	Intergovernmental:					
0091	Purchase of WADA to reduce excess local revenue	1,732,684	-	-	-	1,732,684
0095	Payments to Juvenile Justice Alt. Ed. Prgm.	3,000	-	-	-	3,000
0099	Other intergovernmental charges	231,711	-	-	-	231,711
6030	**Total Expenditures**	65,587,798	19,813,161	25,221,291	10,634,941	121,257,191
1100	Excess (deficiency) of revenues over expenditures	994,208	3,396,103	(15,642,217)	(337,193)	(11,589,099)
	Other Financing Sources (Uses)					
7911	Capital-related debt issued	-	-	29,225,000	-	29,225,000
7912	Proceeds from sale of property	1,249,482	-	-	-	1,249,482
7915	Transfers in	-	448,625	-	-	448,625
7916	Premium or discount on issuance of bonds	-	-	1,605,150	-	1,605,150
8911	Transfers out	-	-	(448,625)	-	(448,625)
7080	**Total Other Financing Sources (Uses)**	1,249,482	448,625	30,381,525	-	32,079,632
1200	Net change in fund balances	2,243,690	3,844,728	14,739,308	(337,193)	20,490,533
0100	**Fund Balance, Beginning**	13,342,819	21,533,803	254,104,395	2,278,112	291,259,129
3000	**Fund Balance - Ending**	$ 15,586,509	$ 25,378,531	$ 268,843,703	$ 1,940,919	$ 311,749,662

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CEDAR HILL INDEPENDENT SCHOOL DISTRICT

Exhibit C-4

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2026

Data Control Codes		
	Net Change in Fund Balances - Total Governmental Funds (from C-3)	$ 20,490,533
	Amounts reported for governmental activities in the statement of activities (B-1) are different because:	
1	Governmental funds report capital outlays ($18,693,421) as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/ amortization ($7,252,881) expense. This is the amount by which depreciation/amortization exceeded capital outlays.	11,440,540
2	The net effect of sales and disposals of capital assets is reported differently in the governmental funds and the statement of activities.	(921,860)
3	Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	88,780
4	Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
5	Proceeds from issuance of bonds	(29,225,000)
6	Premium received from issuance of long-term debt	(1,605,150)
7	Principal paid on bonds, financing arrangements and lease liabilities	5,962,380
8	Modification and termination of lease during the current fiscal year	94,975
	Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in the governmental funds:	
9	Amortization of premiums and discounts on issuance of bonds	333,625
10	Accreted interest on capital appreciation bonds	(49,370)
11	Increase in interest payable not recognized in fund statements	(460,742)
12	Increase to arbitrage liability not recognized in the fund statements	(1,978,032)
13	Amortization of deferred gain on refunding	2,025,148
14	Compensated absences	(902,209)
15	Changes in net pension liabilities and related deferred outflows and inflows of resources	754,812
16	Changes in net OPEB liabilities and related deferred outflows and inflows of resources	2,062,228
17	Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.	(381,072)
	Change in Net Position of Governmental Activities (see B-1)	$ 7,729,586

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CEDAR HILL INDEPENDENT SCHOOL DISTRICT *Exhibit D-1*

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2026

Data Control Codes		Governmental Activities - Internal Service Fund
	Assets	
	Current Assets:	
1110	Cash and cash equivalents	$ 252,597
	Total Current Assets	252,597
	Liabilities	
	Current Liabilities:	
2170	Due to other funds	390,244
	Total Current Liabilities	390,244
	Net Position	
3900	Unrestricted net position	(137,647)
3000	**Total Net Position**	$ (137,647)

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CEDAR HILL INDEPENDENT SCHOOL DISTRICT

Exhibit D-2

STATEMENT OF CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2026

	Governmental Activities - Internal Service Fund
Operating Revenues	
Employee and employer premiums	$ 1,659,203
Total Operating Revenues	1,659,203
Operating Expenses	
Professional and contracted services	76,945
Claims expense and other operating expenses	1,963,330
Total Operating Expenses	2,040,275
Operating Income Loss	(381,072)
Net Position - July 1 (Beginning)	243,425
Net Position - June 30 (Ending)	$ (137,647)

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CEDAR HILL INDEPENDENT SCHOOL DISTRICT *Exhibit D-3*

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2026

	Governmental Activities - Internal Service Fund
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows Provided by (Used for) Operating Activities:	
Cash received from employees and employer	$ 2,049,447
Cash payments for other operating expenses	(2,040,275)
Net Cash Provided by (Used for) Operating Activities	9,172
Net change in Cash and Cash Equivalents	9,172
Cash and Cash Equivalents at Beginning of Year	243,425
Cash and Cash Equivalents at End of Year	$ 252,597
Reconciliation to Balance Sheet	
Cash and Cash Equivalents Per Cash Flow	$ 252,597
Cash and Cash Equivalents per Balance Sheet	$ 252,597
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	$ (381,072)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Change in Assets and Liabilities:	
Increase (decrease) in Interfund Payables	390,244
Net Cash Provided by (Used for) Operating Activities	$ 9,172

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CEDAR HILL INDEPENDENT SCHOOL DISTRICT *Exhibit E-1*

STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2026

	Private Purpose Trust Fund	Custodial Fund
Assets		
Cash and cash equivalents	$ -	$ 64,175
Total Assets	-	64,175
Liabilities		
Accounts payable	$ -	$ 920
Due to other funds	-	25,621
Total Liabilities	-	26,541
Net Position		
Restricted for scholarships and other activities	-	37,634
Total Net Position	$ -	$ 37,634

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CEDAR HILL INDEPENDENT SCHOOL DISTRICT *Exhibit E-2*

STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
For the Year Ended June 30, 2026

	Private Purpose Trust Fund	Custodial Fund
Additions		
Gifts and contributions	$ 36	$ 131,533
Total Additions	36	131,533
Deductions		
Student activities	49,143	123,995
Total Deductions	49,143	123,995
Change in Net Position	(49,107)	7,538
Total Net Position July 1 (Beginning)	49,107	30,096
Total Net Position June 30 (Ending)	$ -	$ 37,634

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Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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", as amended by Statements No. 39, "Determining Whether Certain Organizations are Component Units", and No. 61, "The Financial Reporting Entity: Omnibus – an Amendment of GASB Statements No. 14 and No. 34". There are no component units included within the reporting entity

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Direct expenses are not eliminated from the various functional categories. Interfund services that are provided and used are not eliminated in the process of consolidation. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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 are reported using 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).

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Note 1 - Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, and claims and judgments, postemployment benefits and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the District the right-to-use lease assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

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

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

The Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilizes the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and all liabilities associated with the operation of these funds is included on the fund statement of net position. Net position is segregated into net investment in capital assets, restricted net position, and unrestricted net position.

Fund Accounting

The District reports the following major governmental funds:

Governmental Funds:

- 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.
- Debt Service Fund - The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.
- Capital Projects Fund - The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in the capital projects fund.

Additionally, the District reports the following non-major governmental funds:

- Special Revenue Funds - The District accounts for specific revenue sources legally restricted or committed for a specific purpose 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.

Proprietary Fund:

- Internal Service Funds - This fund is used to account for financing of goods or services provided by one department to other departments of the District on a cost-reimbursement basis. The District's internal service fund is used to operate health insurance services.

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Note 1 - Summary of Significant Accounting Policies (continued)

Fiduciary Funds:

- Private Purpose Trust Fund - The District accounts for donations for which the donor has stipulated that the income may be used for purposes that benefit parties outside the District. The District's private purpose trust fund is for a scholarship fund.

- Custodial Fund - The District accounts for resources held for others in a custodial fund. The District's custodial fund is for student activities.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. Investments for the District are reported at fair value. The District categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's local government investment pools are recorded at amortized costs as permitted by GASB Statement No. 79 *Certain Investment Pools and Pool Participants*.

Due From/Due To Other Funds

Inter-fund receivables and payables arise from inter-fund transactions and are recorded in all affected funds in the period in which transactions are executed in the normal course of operations.

Capital Assets

As the District constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost (except for intangible right-to-use lease assets. See Note 7). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation.

Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land is not depreciated. The other tangible and intangible property, equipment, the right to use lease equipment, and infrastructure of the primary government are depreciated/amortized using the straight-line method over the following estimated useful lives:

Asset Class	Years
Buildings	50
Building Improvements	15
Furniture and Equipment	5-7
Right-To-Use Lease Assets	Lease Term

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Note 1 - Summary of Significant Accounting Policies (continued)

Leases

The District is a lessee for noncancellable leases of buildings, furniture, and equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide and internal service fund financial statements. The District recognizes lease liabilities with an initial, individual value of $25,000 or more.

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

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

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

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

Compensated Absences

Employees of the District are entitled to vacation, non-duty, state, and local leave based on their employment category. Unused vacation, non-duty, local, and state leave accumulates up to the carryover limits as stated in Board Policy or Administrative Regulations. Vacation and state leave are not paid out upon separation.

An employee who retires from the District shall be eligible for payment of accumulated local leave under the conditions outlined in Board Policy DEC (Local). The employee shall receive payment for each day of accumulated local leave, up to a maximum of 60 days, at the rate adopted by the Board in the compensation manual.

The liability for compensated absences includes leave that is more likely than not to be used as time off, along with salary-related payments. The local leave balance more likely than not to be used as time off, plus salary-related payments, is not material to the financial statements.

Long-term Obligations

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

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

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Note 1 - Summary of Significant Accounting Policies (continued)

Deferred Outflows/Inflows of Resources

A *deferred outflow of resources* is a consumption of the District's net assets (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the District that is applicable to a future reporting period. The District has two items that qualify for reporting in this category:

- Deferred outflows of resources for pension - Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results 1) changes in actuarial assumptions; 2) differences between expected and actual actuarial experiences and 3) changes in the District's proportional share of pension liabilities. The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The remaining pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.
- Deferred outflows of resources for other post-employment benefits ("OPEB") - Reported in the government-wide financial statement of net position, this deferred outflow results from OPEB plan contributions made after the measurement date of the net OPEB liability and the results of 1) differences between projected and actual earnings on OPEB plan investments and 2) changes in the District's proportional share of OPEB liabilities. The deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on OPEB plan investments will be amortized over a closed five year period. The remaining deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEB through the OPEB plan.

Deferred Outflows/Inflows of Resources (continued)

A *deferred inflow of resources* is an acquisition of the District net assets (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the District that is applicable to a future reporting period. The District has four items that qualify for reporting in this category:

- Deferred inflows of resources for unavailable revenues - Reported only in the governmental funds balance sheet, unavailable revenues from property taxes arise under the modified accrual basis of accounting. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Deferred inflows of resources for refunding - Reported in the government-wide statement of net position, this deferred gain on refunding results from the difference of the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred inflows of resources for pension - reported in the government-wide financial statement of net position, these deferred inflows result primarily from 1) differences between projected and actual earnings on pension plan investments; 2) changes in actuarial assumptions; 3) differences between expected and actual actuarial experiences and 4) changes in the District's proportional share of pension liabilities. The deferred inflows resulting from differences between projected and actual earnings on pension plan investments will be amortized over a closed five year period. The remaining pension related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.
- Deferred inflows of resources for OPEB - Reported in the government-wide financial statement of net position, these deferred inflows result primarily from 1) changes in actuarial assumptions and 2) differences between expected and actual actuarial experiences. These OPEB-related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEB through the OPEB benefit plan.

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Note 1 - Summary of Significant Accounting Policies (continued)

Pensions

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

Other Post-Employment Benefits (OPEB)

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to 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.

Fund Balance

The governmental fund financial statements present fund balance classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Trustees. To be reported as committed, amounts cannot be used for any other purposes unless the District takes the same highest level of action to remove or change the constraint. The District establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by an official to which the Board of Trustees delegates this authority.
- Unassigned: This classification includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

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Note 1 - Summary of Significant Accounting Policies (continued)

Net Position

Net position represents the differences between assets, deferred outflows, liabilities, and deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings, used for the acquisition, construction, or improvement of those assets. Net investment in capital assets excludes unspent bond proceeds. Net position is reported as restricted when there are limitations imposed on its use through external grantors, laws, or regulations of other governments.

It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied. The order of spending and availability of the fund balance shall be to reduce funds from the listed areas in the following order: restricted, committed, assigned, and unassigned.

Net investment in capital assets at June 30, 2026 is calculated as follow:

Capital assets, net	$	101,738,101
Bonds payable and premiums		(352,892,077)
Lease liability		(22,504)
Capital-related liabilities		(2,947,804)
Financing arrangements		(227,702)
Def. gain on refunding		(108,046)
Unspent bond proceeds		271,817,123
	$	17,357,091

Data Control Codes

The Data Control Codes refer to the account code structure prescribed by TEA in the Resource Guide. The TEA requires school districts to display these codes in the financial statements filed with the TEA to ensure accuracy in building a statewide database for policy development and funding plans.

Encumbrance Accounting

The District employs encumbrance accounting, whereby encumbrances for goods or purchased services are documented by purchase orders and contracts. An encumbrance represents a commitment or Board appropriation related to unperformed contracts for goods and services. The issuance of a purchase order or the signing of a contract creates an encumbrance but does not represent an expenditure for the period; only a commitment to expend resources. Appropriations lapse at June 30 and encumbrances outstanding at that time are either canceled or appropriately provided for in the subsequent year's budget. There were no outstanding encumbrances at year end.

Management's Use of Estimates

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 at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

The amount of state foundation revenue a school district earns for a year can and does vary until the time when final values for each of the factors in the formula become available. Availability can be as late as midway into the next fiscal year. It is possible that the foundation revenue estimate as of fiscal year-end will change.

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Note 1 - Summary of Significant Accounting Policies (continued)

Implementation of New Standards

GASB issued Statement No. 103, *Financial Reporting Model Improvements,* in April 2024. The primary objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The requirements of this statement were implemented in 2026 and the impact is reflected in the financial statements.

GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, in September 2024. The primary objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The requirements of this statement were implemented in 2026 and the impact is reflected in the financial statements.

Note 2 - Deposits and Investments

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

At June 30, 2026, the carrying amount of the District's cash, savings, and time deposits was $1,221,236 and the bank balance was $2,853,600. The depository cash balances were covered by FDIC insurance and by collateral held by the District's agents in the District's name. The District's depository cash balances were properly collateralized at all times during the year.

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity; (2) portfolio diversification; (3) allowable investments; (4) acceptable risk levels; (5) expected rates of return; (6) maximum allowable stated maturity of portfolio investments; (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio; (8) investment staff quality and capabilities; and (9) bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit; (3) certain municipal securities; (4) money market savings accounts; (5) repurchase agreements; (6) bankers acceptances; (7) mutual funds; (8) investment pools; (9) guaranteed investment contracts; and (10) common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy. That policy addresses the following risks:

- Custodial Credit Risk - Deposits: In the case of deposits, this is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District's policy regarding types of deposits allowed and collateral requirements is: the depository may be a state bank authorized and regulated under Texas law; a national bank, savings and loan association, or savings bank authorized and regulated by federal law; or a savings and loan association or savings bank organized under Texas law; but shall not be any bank the deposits of which are not insured by the FDIC. The District is not exposed to custodial credit risk for its deposits, as all are covered by depository insurance and pledged securities.

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Note 2 - Deposits and Investments (continued)

- Custodial Credit Risk - Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District investments are with the Texas Local Government Investment Pool ("TexPool"), Lone Star Investment Pool ("Lone Star"), Texas CLASS Investment Pool ("Texas CLASS"), Texas Connect, and the Logic Investment Pool ("Logic"). The pools are public funds investment pools created to provide a safe environment for the placement of local government funds in authorized short-term investments. The District is not exposed to custodial credit risk for its investments.

  TexPool is duly chartered and overseen by the State Comptroller's Office and administered and managed by Federated Investors, Inc. The State Street Bank is the custodial bank. The portfolio consists of U.S. Government securities, collateralized repurchase and reverse repurchase agreements, no-load money market mutual funds regulated by the Securities and Exchange Commission (SEC) and rated AAA or equivalent by at least one nationally recognized statistical rating organization (NRSRO), and securities lending programs.
  Lone Star is duly chartered by the State of Texas Interlocal Cooperation Act, is administered by First Public, LLC, and managed by American Beacon Advisors and Standish. The State Street Bank is the custodial bank.

  Lone Star Investment Pool is restricted to invest in obligations of the U.S. or its agencies and instrumentalities, other obligations guaranteed or insured by the U.S., fully collateralized repurchase agreements having a defined termination date, secured by obligations described previously, reverse repurchase agreements, and SEC-regulated no-load money market mutual funds that invest exclusively in the obligations described above.

  Texas CLASS was organized pursuant to Section 2256.016 of the Public Fund Investment Act. Texas CLASS is administered by Public Trust Advisors, LLC and all funds are held by the custodial agent, Wells Fargo N.A. Texas CLASS may invest in obligations of the U.S. or its agencies and instrumentalities; collateralized reverse repurchase agreements; SEC-registered money market funds rated in the highest rating category by at least one NRSRO; and commercial paper rated A-1, P-1, or equivalent by two nationally recognized rating agencies. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application* provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

  LOGIC is a AAA rated investment program tailored to the investment needs of Texas local governments. LOGIC assists governments to make the most of taxpayer dollars. Local officials can improve the return on their invested balances by pooling their money with other entities to achieve economies of scale in a conservative fund in full compliance with the Texas Public Funds Investment Act.

  Texas Connect is a pooled investment option administered and managed exclusively for Texas government entities. It provides public entities with the core principles of safety, liquidity, and yield managed through a time-tested investment process that is governed by the Public Funds Investment Act. Texas Connect is managed in accordance with GASB 79 and measures its investments at amortized cost.

- Credit Risk - This is the risk that a counter party to a deposit or investment transaction will not fulfill its obligations. This is not to be confused with market risk, which is the risk that the fair value of an investment, collateral protecting a deposit, or securities underlying a repurchase agreement, will decline. Market risk is not depicted in this note.

State law and the District's investment policy limits investments in all categories to top ratings issued by nationally recognized statistical rating organizations.

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Note 2 - Deposits and Investments (continued)

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

Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

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

The District has no specific policy relating to the credit risk of investments. However, the District's investment policy requires that the investment portfolio be diversified to avoid incurring undue concentration in securities of one type at one financial institution, so that no single investment or class of investments can have a disproportionate impact on the total portfolio.

The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk.

- Interest Rate Risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. The weighted average maturity for the District's investment in external investment pools is less than 60 days.

To reduce exposure to changes in interest rates that could adversely affect the value of investments, the District uses final and weighted-average maturity limits and diversification. An investment has greater price volatility the longer it takes to mature. As described above, the District concentrates its investment portfolio in short and intermediate term securities to limit market risk caused by changes in interest rates. The District attempts to match its investments with anticipated cash flow requirements.

The District monitors interest rate risk using weighted average maturity and specific identification.

- Foreign Currency Risk - This is the risk that exchange rates will adversely affect the fair value of an investment. The District is not exposed to foreign currency risk.

- Concentration of Credit Risk - This is the risk of loss attributed to the magnitude of the District's investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as position of 5% or more in the securities of a single issuer. Investments issued by the U. S. Government and investments in investment pools are excluded from the 5% disclosure requirement. The District is not exposed to concentration of credit risk.

Investment pools are measured at amortized cost or net asset value. Such investments are not required to be reported by levels in the table above.

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Note 2 - Deposits and Investments (continued)

U.S. Agency, U.S. Treasury, and Commercial Paper are classified in Level 2 of the fair value hierarchy and are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The District reports its local government investment pools at amortized cost as permitted by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. In addition, TexPool, Lone Star, Texas CLASS, Texas Connect, and Logic investment pools do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. These pools do not impose any liquidity fees or redemption gates.

Money Market Mutual Funds are Institutional Prime and Institutional Tax Exempt money market mutual funds required to price and transact at a net asset value per share that fluctuate based upon the pricing of the underlying portfolio of securities. Such funds are not subject to level reporting of the fair value hierarchy.

The District's cash and investments at June 30, 2026, were as follows:

	Carrying Value	Weighted Average Maturity (Days)	Rating
Cash and Deposits:			
Governmental Activities	$ 1,157,061		N/A
Fiduciary Funds	64,175		N/A
Total Cash and Deposits	1,221,236		
Investments			
Governmental Activities:			
Logic Investment Pool	38,546,397	51	AAA
TexPool Investment Pool	204,427	47	AAA
Lone Star Investment Pool	2,548,954	45	AAA
Texas CLASS	4,506,952	53	AAA
Texas Connect	27,192,619	26	AAA
Money Market	1,907,866	28	AAA
Commercial Paper	46,765,926	117	A
U.S. Treasuries	142,052,324	454	AA+
U.S. Agencies	22,035,312	89	AA+
Municipal Bonds	31,307,521	341	AA
Total Investments	317,068,298	270	
Total Cash and Investments	$ 318,289,534		

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Note 3 - Property Taxes

Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The District levies its taxes on October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the period following the October 1 levy date. Taxes are delinquent if not paid by January 31. Delinquent taxes are subject to both penalty and interest charges plus 15% delinquent collection fees for attorney costs after June 30.

The tax rates assessed for the year ended June 30, 2026, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were $0.78690 and $0.3410 per $100 valuation, respectively, for the total of $1.1279 per $100 valuation.

Total tax collections for the year ended June 30, 2026 were 98% of the year end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. As of June 30, 2026, property taxes receivable, net of estimated uncollectible taxes, totaled $1,731,413 and $723,432 for the General and Debt Service Funds, respectively.

Note 4 - Due From and Due to Other Governments

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of June 30, 2026, are summarized below.

Fund	State Entitlements	Federal Grants	Total
General	$ 1,142,475	$ -	$ 1,142,475
Debt service	89,808	-	89,808
Non-major governmental	135,724	732,603	868,327
Total	$ 1,368,007	$ 732,603	$ 2,100,610

Amounts due to federal and state governments as of June 30, 2026, are summarized below.

Fund	State Entitlements	Total
General fund	$ 1,775,549	$ 1,775,549
Total	$ 1,775,549	$ 1,775,549

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Note 5 - Interfund Activities

Interfund balances consist of short-term lending/borrowing arrangements that result primarily from payroll, and other regularly occurring charges that are paid by the general fund and then charged back to the appropriate fund. Additionally, some lending/borrowing may occur between two or more non-major governmental funds. The composition of interfund balances as of June 30, 2026, is as follows:

Fund	Interfund Receivable	Interfund Payable
General	$ 4,055,437	$ 2,546,716
Capital projects	215,000	532,635
Non-major governmental	-	775,221
Internal service funds	-	390,244
Fiduciary Funds	-	25,621
	$ 4,270,437	$ 4,270,437

Interfund transfers are defined as "flows of assets without equivalent flow of assets in return and without a requirement for repayment." Transfers are the use of funds collected in one fund and are transferred to finance various programs accounted for in other funds. The following is a summary of the District's transfers for the fiscal year ended June 30, 2026 The transfers relate to capital expenditures.

Transfers Out	Transfers In	Amount
Capital projects fund	Debt service fund	$ 448,625
		$ 448,625

Note 6 - Capital Assets

A summary of changes in capital assets for the year ended June 30, 2026, follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, Not Being Depreciated/Amortized				
Land	$ 8,551,321	$ -	$ -	$ 8,551,321
Construction in progress	3,062,053	16,032,794	(2,406,365)	16,688,482
Total Capital Assets, Not Being Depreciated/Amortized	11,613,374	16,032,794	(2,406,365)	25,239,803
Capital Assets, Being Depreciated/Amortized				
Buildings and improvements	166,985,931	2,406,365	(1,459,209)	167,933,087
Furniture and equipment	21,828,348	2,660,627	(575,390)	23,913,585
Lease assets:				
Buildings	94,975	-	(94,975)	-
Equipment	838,760	-	-	838,760
Total Capital Assets, Being Depreciated/Amortized	189,748,014	5,066,992	(2,129,574)	192,685,432
Less Accumulated Depreciation/Amortization				
Buildings and improvements	(93,632,732)	(5,100,625)	632,324	(98,101,033)
Furniture and equipment	(15,911,617)	(1,942,566)	575,390	(17,278,793)
Lease assets:				
Equipment	(597,618)	(209,690)	-	(807,308)
Total Accumulated Depreciation/Amortization	(110,141,967)	(7,252,881)	1,207,714	(116,187,134)
Governmental (Net) Capital Assets	$ 91,219,421	$ 13,846,905	$ (3,328,225)	$ 101,738,101

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Note 6 - Capital Assets (continued)

Depreciation/amortization expense has been charged to the following functions in the government-wide statements:

Function	Depreciation/ Amortization Expense
Instruction	$ 2,656,190
Instructional resources and media services	23,280
Curriculum and staff development	65,019
Instructional leadership	52,438
School leadership	308,801
Guidance, counseling and evaluation services	121,896
Social work services	17,700
Health services	1,223,375
Student transportation	309,614
Food Services	270,845
Extracurricular activities	186,930
General administration	1,387,763
Facilities maintenance and operations	166,713
Security and monitoring services	447,374
Data processing services	14,943
Total Depreciation Expense	$ 7,252,881

The District had $12,870,484, in outstanding construction commitments at June 30, 2026.

Note 7 – Leases Payable

The District has several agreements to lease buildings and equipment. One agreement is for an office space and requires annual payment of $50,000 and matures in fiscal year 2026. The second agreement is for a piece of equipment and it requires monthly payments of $109 and matures in fiscal year 2027. The third agreement is for a piece of equipment and it requires monthly payments of $21,097 and matures in fiscal year 2027. As of June 30, 2026, the value of the lease liability was $22,504. The lease liability was measured at a discount rate of 2.541%. The value of the right-to-use assets as of the end of the current fiscal year was $838,760 and had accumulated amortization of $807,308.

The future principal and interest payment as of June 30, 2026 on the corresponding right-to-use lease assets payable is as follows:

Year Ending June 30,	Principal	Interest	Amount
2027	$ 22,504	$ 199	$ 22,703
Total	$ 22,504	$ 199	$ 22,703

All amounts paid were previously included in the measurement of the lease liability and there were no other related outflows of resources for the period such as variable payments or termination penalties. In addition, there were no commitments incurred prior to commencement of any lease term and there were no impairment losses related to lease assets.

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Note 8 - Long-Term Liabilities and Debt Service Requirements

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the government.

Bonds are payable solely from future revenues of the Debt Service Fund. The District is in compliance with all significant bond compliance requirements. Other long-term liabilities are generally liquidated with resources of the General Fund. See Note 10 for additional disclosures regarding the defined benefit pension plan and Note 11 for the defined other post-employment benefit plan.

A summary of changes in long-term liabilities for the year ended June 30, 2026, follows:

	Balance July 1, 2025	Additions	Retirements	Balance June 30, 2026	Due Within One Year
General Obligation Bonds	$ 314,012,798	$ 29,225,000	$ (5,530,000)	$ 337,707,798	$ 2,832,966
Premium Capital Appreciation Bonds	1,486,690	-	-	1,486,690	-
Premium on Bonds	12,426,064	1,605,150	(333,625)	13,697,589	-
Total Bonds Payable	327,925,552	30,830,150	(5,863,625)	352,892,077	2,832,966
Accreted Interest on Capital Appreciation Bonds	253,697	49,370	-	303,067	-
Financing arrangement	422,263	-	(194,561)	227,702	198,482
Arbitrage liability	-	1,978,032	-	1,978,032	-
Lease liability	355,298	-	(332,794)	22,504	22,504
Compensated Absences	114,383	902,209 *	-	1,016,592	-
Total Long-Term Liabilities	$ 329,071,193	$ 33,759,761	$ (6,390,980)	$ 356,439,974	$ 3,053,952

* *Net change for the year.*

The District's governmental activities' bonds payable at June 30, 2026 consist of the following:

Description	Amount of Original Issue	Interest Rate (%)	Maturity Date	Principal Balance 6/30/2026	Premium CAB	Total Outstanding 6/30/2026
2002 School Building & Refunding	$ 34,298,816	6.00%	8/15/2032	$ 3,049,763	$ -	$ 3,049,763
2013-A School Refunding	27,053,973	4.00%	2/15/2034	13,945,000	-	13,945,000
2013 Qualified School Building	8,940,000	4.00%	2/15/2035	8,940,000	-	8,940,000
2015 Unlimited Tax Refunding	11,819,352	3.00%	8/15/2034	6,830,000	-	6,830,000
2019 Unlimited Tax Refunding	37,164,969	3.00%	2/15/2043	33,923,035	1,486,690	35,409,725
2024 School Building & Refunding	243,400,000	6.00%	8/15/2032	241,795,000	-	241,795,000
2025 Unlimited Tax	29,225,000	2.58% - 4.86%	8/15/2050	29,225,000	-	29,225,000
				$ 337,707,798	$ 1,486,690	$ 339,194,488

During the year ended June 30, 2026, the District issued $29,225,000 Unlimited Tax School Building Bonds, Series 2025. The bonds bear interest at rates ranging from 2.58% to 4.86% and mature in varying annual installments through 2051. Proceeds from the issuance are to be used to construct, acquire, renovate, improve and equip school buildings and for the purchase of new school buses. The bonds were issued at a premium of $1.6 million, resulting in total proceeds of $30.4 million before issuance costs. Principal and interest requirements are payable from ad valorem taxes.

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Note 8 - Long-Term Liabilities and Debt Service Requirements (continued)

Debt service requirements for the general obligation bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2027	$ 2,832,966	$ 20,279,667	$ 23,112,633
2028	1,312,036	22,028,298	23,340,334
2029	3,566,260	20,202,224	23,768,484
2030	4,072,508	20,143,585	24,216,093
2031	4,502,872	20,053,441	24,556,313
2032-2036	53,471,156	78,818,162	132,289,318
2037-2041	70,920,000	53,563,257	124,483,257
2042-2046	91,245,000	35,092,017	126,337,017
2047-2051	105,785,000	13,332,838	119,117,838
	337,707,798	283,513,489	$ 621,221,287
Reclass of Premium CABs	1,486,690	(1,486,690)	
	$ 339,194,488	$ 282,026,799	

A capital appreciation bond ("CAB") is a bond bearing no interest that is sold at a significant discount but matures at its stated value. Accreted interest is the obligation associated with capital appreciation bonds (CABs) and reflects periodic increases in the obligation to reflect it at stated value at maturity. Premium on bonds represents premium received on the issuance of these bonds.

There are a number of limitations and restrictions contained in the general obligation bond indenture. The District is in compliance with all significant limitations and restrictions at June 30, 2026.

Defeasance of Debt

In prior years, the District defeased certain previously issued and outstanding bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. As of June 30, 2026, the District did not have any defeased debt outstanding.

Financing Arrangement

In 2019, the District entered into a financing arrangement for $1,468,700 with the Texas Comptroller of Public Accounts through its State Energy Conservation Office. The purpose of the arrangement was to finance energy efficiency projects. All energy projects have been completed and a final repayment schedule has been determined by the State. The arrangement will be repaid over 8 years with an annual interest rate of 2%.

Debt service requirements for the financing arrangement are as follows:

Year Ending June 30,	Principal	Interest	Total
2027	$ 198,482	$ 3,492	$ 201,974
2028	29,220	251	29,471
	$ 227,702	$ 3,743	$ 231,445

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Note 9 - Revenues from Local and Intermediate Sources

During the current period, governmental funds revenues from local and intermediate sources consisted of the following:

	General Fund	Debt Service Fund	Capital Projects Fund	Non-major Governmental Funds	Total
Property taxes	$ 42,762,481	$ 18,507,337	$ -	$ -	$ 61,269,818
Food sales	-	-	-	186,171	186,171
Investment income	826,763	790,149	8,910,632	64,502	10,592,046
Penalties, interest and other tax related income	273,685	122,855	-	-	396,540
Co-curricular student activities	179,609	-	-	531,279	710,888
Private grants	-	-	-	538,340	538,340
Insurance recovery	4,629	-	-	-	4,629
Other	623,864	-	668,442	47,209	1,339,515
	$ 44,671,031	$ 19,420,341	$ 9,579,074	$ 1,367,501	$ 75,037,947

Note 10 - Defined Benefit Pension Plan Employees' Retirement Plan

Plan Description

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

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

Pension Plan Fiduciary Net Position

Detail information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Financial Report (AFR) 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, or by writing to TRS at attention Finance Division, P.O. BOX 149676, Austin, TX, 78714-0185, or by calling 1-800-223-8778.

Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule.

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Note 10 - Defined Benefit Pension Plan Employees' Retirement Plan (continued)

Benefits Provided (continued)

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

Contributions

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Employee contribution rates are set in state statute, Texas Government Code 825.402.

	Contribution Rates		
	September 1, 2025 to June 30, 2026	July 1, 2025 to August 31, 2025	Contribution Amounts
Active Employee	8.25%	8.25%	$ 3,921,393
Non-Employer Contributing Entity (State)	8.25%	8.25%	2,921,170
District	8.25%	8.25%	1,973,028

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

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

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

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

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Note 10 - Defined Benefit Pension Plan Employees' Retirement Plan (continued)

Actuarial Assumptions

The following table discloses the assumptions that were applied to this measurement period.

Component	Result
Valuation Date	August 31, 2024, rolled forward to August 31, 2025
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 30, 2025	5.23% - 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)	2124
Inflation	2.30%
Salary Increases	3.20% to 9.20% including inflation
Ad hoc post-employment benefit changes	None

Effective with the measurement date of August 31, 2025, the salary increase assumption was modified to reflect anticipated changes in future contribution levels resulting from the enactment of House Bill 2 (HB2) by the 2025 Texas Legislature. Except for the change in salary increase assumption, the actuarial assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2024. For a full description of these assumptions please see the actuarial valuation report dated November 21, 2024.

Discount Rate

A single discount rate of 7.00% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the Legislature during the 2019 session. It is assumed that future employer and state contributions will be 9.54% of payroll in fiscal year 2026 and thereafter. This includes all employer and state contributions for active and rehired retirees.

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

The long-term rate of return on pension plan investments is 7.00%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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Note 10 - Defined Benefit Pension Plan Employees' Retirement Plan (continued)

Discount Rate (continued)

Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2025 are summarized below:

Asset Class	Target Allocation[2]	Long-Term Expected Geometric Real Rate of Return[3]	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
All Country	39.00%	4.14%	2.18%
USA	0.00%	3.85%	0.00%
Non-U.S. Developed	5.00%	4.60%	0.31%
Emerging Markets	1.00%	4.71%	0.07%
Private Equity	12.00%	6.80%	1.19%
Stable Value			
Government Bonds - Nominal	10.00%	2.59%	0.33%
Government Bonds - Real	6.00%	1.97%	0.13%
Absolute Return[1]	0.00%	3.91%	0.00%
Stable Value Hedge Funds	5.00%	1.68%	0.09%
Real Return			
Real Estate	15.00%	4.60%	0.86%
Energy, Natural Resources & Infrastructure	6.00%	4.86%	0.36%
Commodities	0.00%	2.96%	0.00%
Risk Parity	5.00%	4.38%	0.26%
Asset Allocation Leverage			
Cash	2.00%	0.51%	0.01%
Asset Allocation Leverage	-6.00%	0.81%	-0.05%
Inflation Expectation			2.30%
Volatility Drag[4]			-0.71%
Expected Return	100.00%		7.33%

[1] Absolute Return includes Credit Sensitive Investments.

[2] Target allocations are based on the fiscal year 2025 policy model.

[3] Capital Market Assumptions (CMA) come from Meketa Investment Group's 2025 CMAs.

[4] The volatility drag results from the conversion between arithmetic and geometric mean returns.

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Note 10 - Defined Benefit Pension Plan Employees' Retirement Plan (continued)

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net pension liability if the discount rate used was 1 percentage point lower than and 1 percentage point higher than the discount rate that was used (7.00%) in measuring the Net pension liability:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District's proportional share of the net pension liability	$ 31,209,120	$ 20,135,345	$ 9,869,918

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

At June 30, 2026, the District reported a liability of $20,135,345 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	$ 20,135,345
State's proportionate share of that is associated with the District	31,619,728
Total	$ 51,755,073

The net pension liability was measured as of August 31, 2024 and rolled forward to August 31, 2025 and the total pension lability 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, 2024 through August 31, 2025.

At August 31, 2025, the District's proportion of the collective net pension liability was 0.0320% which was a decrease of 0.0033% from its proportion measured as of August 31, 2024.

All future statutorily required contributions will be made from the District's General Fund.

Changes in Assumptions and Benefits Since the Prior Actuarial Valuation

The 2025 Texas Legislature passed HB2, which modified the future compensation structure for active employees covered by the System. As a result, a new salary increase assumption was adopted for determining the Net Pension Liability as of the August 31, 2025 measurement date. All other actuarial assumptions and methods remain the same as used in the determination of the prior year's Net Pension Liability. There have been no changes to the benefit provisions since the prior valuation.

For the year ended June 30, 2026, the District recognized pension expense of $1,218,380. The District also recognized on-behalf pension expense and revenue of $2,935,469 for support provided by the State.

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Note 10 - Defined Benefit Pension Plan Employees' Retirement Plan (continued)

Changes since the Prior Actuarial Valuation

At June 30, 2026, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 1,208,065	$ (70,552)
Changes of assumption	1,931,024	-
Net difference between projected and actual earnings on pension plan investments	-	(915,059)
Changes in proportion and differences between District contributions and proportionate share of contributions	65,953	(2,224,482)
District contributions subsequent to the measurement date of the net	1,691,528	-
Total	$ 4,896,570	$ (3,210,093)

The District recognized $1,691,528 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the measurement year ended August 31, 2026. The other amounts of the District's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Amount
2027	$ 1,242,272
2028	(244,335)
2029	(799,250)
2030	(229,341)
2031	25,603
	$ (5,051)

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Note 11 - Defined Other Post-Employment Benefit Plan

Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS- Care). It is a 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 Annual Financial Report (AFR) 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, or by writing to TRS at attention Finance Division, P.O. BOX 149676, Austin, TX, 78714-0185, or by calling 1-800-223-8778.

Benefits Provided

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

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

The 88th Legislature amended the Texas Insurance Code Chapter 1575 via Senate Bill 1854 allowing TRS to offer coverage for dental and vision care to retirees. In accordance with Chapter 1575.1601, TRS established the TRS-Care Dental and TRS-Care Vision plans. TRS-Care Dental and TRS-Care Vision are optional plans that are available to retirees who are eligible for TRS-Care. This includes their dependents, surviving spouses, and surviving dependent children. Retirees do not have to be enrolled in TRS-Care medical and pharmacy plans to be eligible TRS-Care Dental and TRS-Care Vision. The first enrollment period for the plans began in October 2024 and coverage started in January 2025.

The General Appropriations Act passed by the 88th Legislature included funding to maintain TRS-Care premiums at their current level through 2025. Also, the 86th Legislature passed Senate Bill 1682 which requires TRS to establish a contingency reserve in the TRS-Care fund equal to 60 days of expenditures. This amount is estimated at $381,400,000 as of August 31, 2025.

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Note 11 - Defined Other Post-Employment Benefit Plan (continued)

Benefits Provided (continued)

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

TRS-Care Monthly Premium Rates

	Medicare	Non-Medicare	TRS-Care Dental	TRS-Care Vision
Retiree or Surviving Spouse	$ 75	$ 200	$ 41.64	$ 6.89
Retiree and Spouse	280	689	83.29	13.79
Retiree or Surviving Spouse and Children	408	408	87.45	15.57
Retiree and Family	613	999	129.93	24.08

Contributions

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65 percent of salary. Section 1575.204 establishes a public school contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the employer. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act, which is .75 percent of each active employee's pay for fiscal year 2026. The following table shows contributions to the TRS-Care plan by type of contributor.

	Contribution Rates Measurement Year		
	September 1, 2025 to June 30, 2026	July 1, 2025 to August 31, 2025	Contribution Amounts
Active Employee	0.65%	0.65%	$ 308,956
Non-Employer Contributing Entity (State)	1.25%	1.25%	944,690
District:			
District, Excluding Federal/Private Funding	0.75%	0.75%	386,990
Federal/Private Funding	1.25%	1.25%	44,343
Total District			431,333
Total			$ 1,684,979

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

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.

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Note 11 - Defined Other Post-Employment Benefit Plan (continued)

Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2024. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2025. The actuarial valuation was determined using the following actuarial assumptions:

Component	Result
Valuation Date	August 31, 2024, rolled forward to August 31, 2025
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	5.23% as of August 31, 2025
Aging Factors	Based on the Society of Actuaries' 2013 Study "Health Care Costs - From Birth to Death".
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claim costs.
Projected Salary Increases	3.20% to 9.20% including inflation
Healthcare Trend Rates	The initial medical trend rate was 7.35% for non-Medicare retirees and 9.00% for Medicare retirees. The initial prescription drug trend rate was 9.00% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 14 years.
Election Rates	Normal Retirement: 62% participation rate prior to age 65 and 25% participation rate after age 65. Pre-65 retirees: 30% of pre-65 retirees are assumed to discontinue coverage at age 65.
Ad hoc post-employment benefit changes	None

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, 2024 TRS pension actuarial valuation that was rolled forward to August 31, 2025: (a) Rates of Mortality, (b) Rates of Retirement, (c) Rates of Termination, (d) Rates of Disability, (e) General Inflation, and (f) 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.

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Note 11 - Defined Other Post-Employment Benefit Plan (continued)

Discount Rate

A single discount rate of 5.23% was used to measure the Total OPEB Liability. There was an increase of 1.36% 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 Buyer's "20-Bond GO Index" as of August 31, 2025 using the Fixed Income Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

Discount Rate Sensitivity Analysis

Discount Rate – 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 (5.23%) in measuring the net OPEB Liability.

	Discount Rate		
	1% Decrease 4.23%	Current Rate 5.23%	1% Increase 6.23%
District's proportional share of the net OPEB liability	$ 13,446,003	$ 11,449,299	$ 9,803,875

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

At June 30, 2026, the District reported a liability of $11,449,299 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective Net OPEB Liability	$ 11,449,299
State's proportionate share that is associated with (employer)	15,190,027
Total	$ 26,639,326

The Net OPEB Liability was measured as of August 31, 2024 and rolled forward to August 31, 2025 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The District's proportion of the Net OPEB Liability was based on the District's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2024 through August 31, 2025.

At August 31, 2025, the District's proportion of the collective Net OPEB Liability was 0.0459% which was a decrease of 0.0043% from its proportion measured as of August 31, 2024.

All future statutorily required contributions will be made from the District's General Fund.

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Note 11 - Defined Other Post-Employment Benefit Plan (continued)

Healthcare Trend Rate Sensitivity Analysis

Healthcare Cost Trend Rates – The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1% less than and 1% greater than the health trend rates assumed.

	Healthcare Cost Trend Rate		
	1% Decrease	Current Rate	1% Increase
District's proportional share of the net OPEB liability	$ 9,466,962	$ 11,449,299	$ 13,966,284

Changes Since the Prior Actuarial Valuation

The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability (TOL) since the prior measurement period:

- The single discount rate changed from 3.87% as of August 31, 2024 to 5.23% as of August 31, 2025, 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 June 30, 2026, the District recognized negative OPEB expense of $1,630,628. The District also recognized negative on-behalf OPEB expense and revenue of $1,755,084 for support provided by the State.

At June 30, 2026, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 2,239,931	$ (6,818,712)
Changes of assumption	1,415,803	(4,702,533)
Net difference between projected and actual earnings on OPEB plan investments	-	(70,415)
Changes in proportion and differences between District contributions and proportionate share of contributions	369,562	(3,605,584)
District contributions subsequent to the measurement date of the net OPEB liability	367,856	-
Total	$ 4,393,152	$ (15,197,244)

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Note 11 - Defined Other Post-Employment Benefit Plan (continued)

Healthcare Trend Rate Sensitivity Analysis (continued)

Changes Since the Prior Actuarial Valuation (continued)

The District recognized $367,856 as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date, which will be recognized as a reduction of the net OPEB liability in the measurement year ended August 31, 2026. The other amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30	OPEB Expense
2027	$ (2,135,281)
2028	(2,487,356)
2029	(2,261,157)
2030	(1,491,225)
2031	(1,267,803)
Thereafter	(1,529,126)
	$ (11,171,948)

Medicare Part D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended June 30, 2026, 2025 and 2024, the subsidy payments received by TRS-Care on-behalf of the District were $394,883, $350,006, and $287,488, respectively. The information for the year ended June 30, 2026 is an estimate provided by the Teacher Retirement System. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements of the District.

Note 12 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2026, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

Litigation and Contingencies

The District is a party to various legal actions none of which is believed by administration to have a material effect on the financial condition of the District. Accordingly, no provision for losses has been recorded in the accompanying combined financial statements for such 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 June 30, 2026 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

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Note 12 - Risk Management (continued)

Health Care Coverage

Prior to September 1, 2022, district employees had a choice in health care plans for themselves and their dependents of TRS Active Care, as well as other alternative plans. With the enactment of SB 1444 in June of 2021, beginning with the 2022-2023 plan year, districts were awarded the opportunity to leave TRS Active Care. Further, districts that offered alternative plans could no longer participate in TRS Active Care. The District elected to exit the TRS Active Care program and continue to offer plans outside of TRS Active Care.

For the year ending June 30, 2026, employees of the district had a choice of coverage through either AETNA or The Texas School Health Benefits Program (TSHBP). Through TSHBP, employees were offered a choice of two plans: a copay (COPAY) or a high deductible (HDHP). The District contributed $325 per employee per month to the premiums. Employees authorized payroll withholdings to pay premiums above the $325 district contribution for the employee portion and all other premiums for family members.

The District was a member of a health insurance pool that experienced a loss, and every member district was assessed additional contributions to be paid over the next year.

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FINANCIAL SECTION :
REQUIRED SUPPLEMENTARY INFORMATION



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CEDAR HILL INDEPENDENT SCHOOL DISTRICT

Exhibit G-1

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

For the Year Ended June 30, 2026

	Budgeted Amounts		Variance with Original Budget - Over (Under) Final Budget	Actual Amounts	Variance with Final Budget - Over (Under) Actual Amounts
	Original	Final			
Revenues					
Local and intermediate sources	$ 44,231,293	$ 44,469,262	$ 237,969	$ 44,671,031	$ 201,769
State program revenues	20,041,821	19,717,441	(324,380)	21,380,190	1,662,749
Federal program revenues	2,095,168	484,233	(1,610,935)	530,785	46,552
Total Revenues	66,368,282	64,670,936	(1,697,346)	66,582,006	1,911,070
Expenditures					
Current:					
Instruction	34,263,467	34,620,273	356,806	33,184,200	(1,436,073)
Instructional resources and media services	749,536	724,460	(25,076)	666,985	(57,475)
Curriculum and staff development	727,769	412,465	(315,304)	399,743	(12,722)
Instructional leadership	760,049	517,383	(242,666)	515,908	(1,475)
School leadership	4,402,552	4,188,282	(214,270)	4,030,155	(158,127)
Guidance, counseling and evaluation services	3,281,544	2,171,018	(1,110,526)	2,063,667	(107,351)
Social work services	40,800	40,800	-	34,367	(6,433)
Health services	905,634	830,206	(75,428)	761,347	(68,859)
Student transportation	5,272,967	4,225,958	(1,047,009)	4,084,734	(141,224)
Food services	-	47,058	47,058	56,903	9,845
Extracurricular activities	2,081,631	1,947,329	(134,302)	1,868,906	(78,423)
General administration	3,613,105	2,987,174	(625,931)	2,962,242	(24,932)
Facilities maintenance and operations	9,457,923	9,128,162	(329,761)	8,598,119	(530,043)
Security and monitoring services	2,892,770	2,479,339	(413,431)	2,141,957	(337,382)
Data processing services	1,824,695	1,665,445	(159,250)	1,640,901	(24,544)
Community services	151,537	93,737	(57,800)	82,092	(11,645)
Debt Service:					
Principal and interest on long-term debt	506,000	477,975	(28,025)	455,478	(22,497)
Facilities acquisition and construction	-	80,000	80,000	72,699	(7,301)
Contracted instructional services between schools	1,683,966	1,767,053	83,087	1,732,684	(34,369)
Payments to Member Districts of SSA	44,235	44,235	-	-	(44,235)
Payments to Juvenile Justice Alternative Ed. Program	30,000	3,000	(27,000)	3,000	-
Other intergovernmental charges	231,711	231,711	-	231,711	-
Total Expenditures	72,921,891	68,683,063	(4,238,828)	65,587,798	(3,095,265)
Other Financing Sources (Uses)					
Proceeds from sale of property	-	1,249,482	1,249,482	1,249,482	-
Total Other Financing Sources (Uses)	-	1,249,482	1,249,482	1,249,482	-
Net change in fund balances	(6,553,609)	(2,762,645)	3,790,964	2,243,690	5,006,335
Fund Balances - Beginning	13,342,819	13,342,819	-	13,342,819	-
Fund Balances - Ending	$ 6,789,210	$ 10,580,174	$ 3,790,964	$ 15,586,509	$ 5,006,335

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Budgets

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Child Nutrition Program, which is reported as a nonmajor governmental fund. 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 two reports are in Exhibits H-3 and H-4.

The following procedures were followed in establishing the budgetary data reflected in the basic financial statements:

1. Prior to June 29, the District prepared a budget for the next succeeding fiscal year beginning July 1. The operating budget included proposed expenditures and the means of financing them.

2. A meeting of the Board was 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 July 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. The budget was properly amended throughout the period by the Board of Trustees.

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.

Variances Between Original and Final Budget

The District's general fund budget differs from the original budget due to budget revisions that were made during the fiscal year.

- Amendments approved shortly after the beginning of the new fiscal year for amounts restricted, committed, or assigned in the prior year.
- Amendments in early and late spring to revise estimates for local and state revenues based on the latest information on student attendance numbers and tax collections.
- Amendments during the year for unexpected occurrences and reduction in personnel.

General Fund Budgetary Highlights

Original budget compared to final budget. Over the course of the year, the District revised its budget. These adjustments resulted in decreases in budgeted revenues and expenditures of $1,697,346 and $4,238,828, respectively. Additionally, other financing sources' final budget increased by $1,249,482. The primary differences between the original and final budget of the general fund can be summarized as follows:

Revenues

- A decrease of $1.6 million to federal program revenues due to reduction in indirect costs and SHARS reimbursement revenues.

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Expenditures

- A decrease of $315,304 in curriculum and staff development due to reduction in personnel.
- A decrease of $242,666 in instructional leadership due to reduction in personnel.
- A decrease of $1,110,526 in guidance, counseling and evaluation services due to reduction in personnel.
- A decrease of $1,047,009 in student transportation due to reduction in third party services.
- A decrease of $625,931 in general administration due to reduction in personnel.
- A decrease of $413,431 in security and monitoring services due to reduction in overtime.
- A decrease of $57,800 in community services due to reduction in personnel.
- An increase of $80,000 in facilities and acquisition and construction due to the replacement of turf at the stadium.
- A decrease of $27,000 in payments to Juvenile Justice Alternative Ed. Program due to not utilizing JJAEP services.

Other Financing Source

- An increase of $1,249,482 in proceeds from sale of property due to the sale of two District-owned properties.

Final budget compared to actual results. There were no significant variances between final budgeted revenues and actual revenues. Expenditures with significant variances between final budgeted expenditures and actual expenditures are summarized as follows:

- Expenditures for social work services (Function 32) were under final budgeted amounts by $6,433 due to reduction in personnel.
- Expenditures for food services (Function 35) exceeded final budgeted amounts by $9,845 due to additional start-up costs due to eliminating FSMC.
- Expenditures for security and monitoring services (Function 52) were under final budgeted amounts by $337,382 due to reduction in overtime.
- Expenditures for community services (Function 61) were under final budgeted amounts by $11,645 due to reduction in personnel.
- Expenditures for payments to member districts of SSA (Function 93) were under final budgeted amounts by $44,235 due to the District utilizing a different object code than the one budgeted.

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CEDAR HILL INDEPENDENT SCHOOL DISTRICT

Exhibit G-2

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Teacher Retirement System of Texas

Last Ten Measurement Years

	2025	2024	2023	2022	2021
District's proportion of the net pension liability	0.0320%	0.0353%	0.0351%	0.0353%	0.0354%
District's proportionate share of the net pension liability	$ 20,135,345	$ 21,583,311	$ 24,136,583	$ 20,961,502	$ 9,002,540
State's proportionate share of the net pension liability associated with the District	31,619,728	32,387,055	39,900,598	35,376,464	16,054,413
Total	$ 51,755,073	$ 53,970,366	$ 64,037,181	$ 56,337,966	$ 25,056,953
District's covered payroll (for Measurement Year)	$ 48,015,918	$ 55,843,347	$ 44,512,377	$ 48,116,625	$ 47,296,661
District's proportionate share of the net pension liability as a percentage of its covered payroll	41.9%	38.6%	54.2%	43.6%	19.0%
Plan fiduciary net position as a percentage of the total pension liability *	78.24%	77.51%	73.15%	75.65%	88.79%
Plan's net pension liability as a percentage of covered payroll *	101.96%	102.39%	122.32%	112.72%	51.08%

	2020	2019	2018	2017	2016
District's proportion of the net pension liability	0.0416%	0.0446%	0.0452%	0.0429%	0.0407%
District's proportionate share of the net pension liability	$ 22,283,222	$ 23,209,652	$ 24,868,660	$ 13,730,917	$ 15,395,469
State's proportionate share of the net pension liability associated with the District	30,196,559	31,996,244	33,343,438	20,485,368	25,809,156
Total	$ 52,479,781	$ 55,205,896	$ 58,212,098	$ 34,216,285	$ 41,204,625
District's covered payroll (for Measurement Year)	$ 46,677,464	$ 47,324,619	$ 45,082,821	$ 43,932,499	$ 42,869,576
District's proportionate share of the net pension liability as a percentage of its covered payroll	47.7%	49.0%	55.2%	31.3%	35.9%
Plan fiduciary net position as a percentage of the total pension liability *	75.54%	75.24%	73.74%	82.17%	78.00%
Plan's net pension liability as a percentage of covered payroll *	110.36%	114.93%	126.11%	75.93%	92.75%

The amounts presented for each Plan year which ends the preceding August 31 of the District's fiscal year.

* Per Teachers Retirement System of Texas' Annual Financial Report

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CEDAR HILL INDEPENDENT SCHOOL DISTRICT *Exhibit G-3*

SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS

Teacher Retirement System of Texas

Last Ten Fiscal Years

	2026	2025	2024	2023	2022
Contractually required contributions	$ 1,973,028	$ 1,887,813	$ 1,971,611	$ 1,770,164	$ 1,653,669
Contributions in relation to the contractual required contributions	1,973,028	1,887,813	1,971,611	1,770,164	1,653,669
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 47,532,002	$ 48,356,768	$ 50,054,548	$ 50,211,632	$ 48,332,781
Contributions as a percentage of covered payroll	4.15%	3.90%	3.94%	3.53%	3.42%

	2021	2020	2019	2018	2017
Contractually required contributions	$ 1,532,050	$ 1,709,816	$ 1,554,144	$ 1,487,916	$ 1,385,663
Contributions in relation to the contractual required contributions	1,532,050	1,709,816	1,554,144	1,487,916	1,385,663
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 47,067,171	$ 46,851,466	$ 47,410,724	$ 44,311,335	$ 44,033,996
Contributions as a percentage of covered payroll	3.26%	3.65%	3.28%	3.36%	3.15%

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Changes of Assumptions

Measurement Year	Changes
2017	None
2018	The discount rate changed from 8.0% as of August 31, 2017 to a blended rate of 6.907% as of August 31, 2018. The long-term assumed rate of return changed from 8.0% as of August 31, 2017 to 7.25% as of August 31, 2018. Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. The total pension liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.
2019	None
2020	The state and employer contribution rate changed from 6.8% to 7.5%. The 1.5% public education employer contribution applied to just employers whose employees were not covered by OASDI in 2019 and it changed in 2020 to apply to all public schools, charter schools and regional education centers irrespective of participation in OASDI.
2021	The public education employer contribution rate changed from 1.5% in 2020 to 1.6% in 2021.
2022	Demographic and economic assumptions were updated based on experience study performed for TRS for the period ending August 31, 2021. The primary change was the lowering of the discount rate from 7.25% to 7.00%.
2023	None
2024	None
2025	Salary increase assumption updated to reflect impact of 2025 legislation.

Other Information

Effective September 1, 2014, employers who did not contribute to Social Security for TRS-eligible employees were required to contribute an additional 1.5% of TRS-eligible compensation which nearly doubled the District's contributions into the Plan. Because the District's proportional share of the plan is determined by its proportional share of contributions, the District recognized a corresponding increase in its share of net pension liability.

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CEDAR HILL INDEPENDENT SCHOOL DISTRICT

Exhibit G-4

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

Teacher Retirement System of Texas

Last Nine Measurement Years

	2025	2024	2023	2022	2021
District's proportion of the net OPEB liability	0.0459%	0.0502%	0.0509%	0.0520%	0.0531%
District's proportionate share of the net OPEB liability	$ 11,449,299	$ 15,250,017	$ 11,261,490	$ 20,057,386	$ 20,189,304
State's proportionate share of the net OPEB liability associated with the District	15,190,027	19,108,064	13,588,719	26,872,427	27,129,585
Total	$ 26,639,326	$ 34,358,081	$ 24,850,209	$ 46,929,813	$ 47,318,889
District's covered payroll (for Measurement Year)	$ 48,015,918	$ 55,843,347	$ 44,512,377	$ 47,296,661	$ 46,677,464
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	23.8%	27.3%	25.3%	42.4%	43.3%
Plan fiduciary net position as a percentage of the total OPEB liability *	18.26%	13.70%	14.94%	6.18%	4.99%
Plan's net OPEB liability as a percentage of covered payroll *	56.93%	67.98%	51.86%	100.13%	101.46%

	2020	2019	2018	2017
District's proportion of the net OPEB liability	0.0531%	0.0566%	0.0559%	0.0535%
District's proportionate share of the net OPEB liability	$ 20,189,304	$ 26,773,940	$ 27,892,122	$ 23,256,687
State's proportionate share of the net OPEB liability associated with the District	27,129,585	35,576,579	38,728,856	34,540,286
Total	$ 47,318,889	$ 62,350,519	$ 66,620,978	$ 57,796,973
District's covered payroll (for Measurement Year)	$ 46,677,464	$ 47,324,619	$ 45,082,821	$ 43,932,499
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	43.3%	56.6%	61.9%	52.9%
Plan fiduciary net position as a percentage of the total OPEB liability *	4.99%	2.66%	1.57%	0.91%
Plan's net OPEB liability as a percentage of covered payroll *	101.46%	135.21%	146.64%	132.55%

The amounts presented for each Plan year which ends the preceding August 31 of the District's fiscal year.

Net OPEB liability is calculated using a new methodology and will be presented prospectively in accordance with GASB 75.

* Per Teachers Retirement System of Texas' Annual Financial Report

Note: Ten years of data should be presented in this schedule but data is unavailable prior to 2017. Net OPEB liability and related ratios will be presented prospectively as data becomes available.

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CEDAR HILL INDEPENDENT SCHOOL DISTRICT *Exhibit G-5*

SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS

Teacher Retirement System of Texas

Last Ten Fiscal Years

	2026	2025	2024	2023	2022
Contractually required contributions	$ 431,333	$ 428,457	$ 455,600	$ 437,350	$ 429,671
Contributions in relation to the contractual required contributions	431,333	428,457	455,600	437,350	429,671
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 47,532,002	$ 48,356,768	$ 50,054,548	$ 50,211,632	$ 48,332,781
Contributions as a percentage of covered payroll	0.91%	0.89%	0.91%	0.87%	0.89%

	2021	2020	2019	2018	2017
Contractually required contributions	$ 396,709	$ 406,675	$ 418,830	$ 366,592	$ 278,262
Contributions in relation to the contractual required contributions	396,709	406,675	418,830	366,592	278,262
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 47,067,171	$ 46,851,466	$ 47,410,724	$ 44,311,335	$ 44,033,996
Contributions as a percentage of covered payroll	0.84%	0.87%	0.88%	0.83%	0.63%

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CEDAR HILL INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - OPEB

Teacher Retirement System of Texas

For the Year Ended June 30, 2026

Changes of Assumptions

Measurement Year	Discount	Other Changes
2017	3.42%	Updated the health care trend rate assumption, and revised demographic and economic assumptions based on the TRS experience study.
2018	3.69%	Lowered the participation rates and updated the health care trend rate assumption.
2019	2.63%	Lowered the participation rate assumption for employees who retire after the age of 65, and lowered the ultimate health care trend rate assumption to reflect the repeal of the excise (Cadillac) tax on high-cost employer health plans.
2020	2.33%	Lowered the participation rate assumption for employees who retire after the age of 65, and lowered the ultimate health care trend rate assumption to reflect the repeal of the excise (Cadillac) tax on high-cost employer health plans.
2021	1.95%	N/A
2022	3.91%	Lowered the participation rates, and updated the healthcare trend rate assumption.
2023	4.13%	Revised demographic and economic assumptions based on the TRS experience study.
2024	3.87%	The tables used to model the impact of aging on the underlying claims were revised.
2025	5.23%	Revised the salary increase rates to match those used in the TRS pension valuation and updates to the health care trend assumptions.

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FINANCIAL SECTION :

OTHER SUPPLEMENTARY INFORMATION



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Nonmajor Governmental Funds

Special Revenue Funds

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for particular purposes. Most, but not all, of these funds must be applied for through the Standard Application System (SAS).

Programs accounted for in the Special Revenue Funds include:

ESEA Title I, Part A - Improving Basic Programs
Improving Basic Programs: funds used to enable schools to provide opportunities for children served to acquire the knowledge and skills contained in the challenging State content standards and to meet State performance standards for all children. 1003(a) Priority and Focus School: funds provide supplemental funds to Title I campuses.

IDEA - Part B, Formula
Funds granted to operate educational programs for children with disabilities.

IDEA - Part B, Preschool
Funds granted for preschool children with disabilities.

Child Nutrition Program
Funds used to account for allowable expenditures as determined under the National School Breakfast and Lunch Program for the operation and improvement of Child Nutrition programs.

Summer Food Service Program
Funds with the purpose to provide nutritious meals to children in low-income areas during summer months when school is not in session.

ESEA II, A Training and Recruiting
Funds for increasing student academic achievement through improving teacher and principal quality.

ESEA III, A English Language Acquisition
Funds to improve the education of limited English proficient children by assisting the children to learn English and meet challenging State academic content and student academic achievement standards**.**

GEAR UP
GEAR UP stands for Gaining Early Awareness and Readiness for Undergraduate Programs. The funds follow all current seventh- and eighth-grade students through their first year of college to help them improve academic achievement, and ensure high school graduation and college enrollment. The funds are used to serve scholar, parent, and staff development.

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Nonmajor Governmental Funds

Special Revenue Funds (continued)

Other Federal Special Revenue Funds
Funds used to provide opportunities for academic enrichment and offer students a broad array of additional services, programs, and activities that are designed to reinforce and compliment the regular academic program.

State Textbook
Funds for the purchase of instructional materials, technological equipment, and technology related services. This follows the discontinuation of the State Technology Allotment.

State Funded Special Revenue
Silent Panic Alert Technology – funds to purchase silent panic alert technologies for campuses as a measure of school safety.
School Safety Standards – funds to purchase safety and security related costs like metal detectors, cameras, and monitoring tools.

Technology Lending – funds to provide students equipment necessary to access and use digital instructional materials at school and at home.

Campus Activity Funds
Funds to account for transactions related to a principal's activity fund.

Education Foundation
Locally funded grants by the Cedar Hill ISD Education Foundation.

Private Grants
Grants to campuses/departments funded by local companies and organizations that are designated for a specific purpose.

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Data Control Codes		211 ESEA Title I, Part A	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 Child Nutrition Program
	Assets				
1110	Cash and temporary investments	$ -	$ 399	$ -	$ 1,227,992
	Receivables:				
1240	Receivables from other governments	428,117	158,401	1,446	29,236
1290	Other receivables	-	537	1,725	18,351
1000	**Total Assets**	$ 428,117	$ 159,337	$ 3,171	$ 1,275,579
	Liabilities and Fund Balances				
	Liabilities:				
	Current Liabilities:				
2110	Accounts payable	$ 4,649	$ -	$ -	$ 3,747
2150	Payroll deduction and withholdings payable	16,015	11,707	30	15,371
2160	Accrued wages payable	-	65,155	-	-
2170	Due to other funds	407,453	82,475	3,141	24,052
2000	**Total Liabilities**	428,117	159,337	3,171	43,170
	Fund Balances:				
	Restricted:				
3450	Grants	-	-	-	1,232,409
	Committed:				
3545	Other/campus activity funds	-	-	-	-
3000	**Total Fund Balances**	-	-	-	1,232,409
4000	**Total Liabilities and Fund Balances**	$ 428,117	$ 159,337	$ 3,171	$ 1,275,579

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Data Control Codes		244 Summer Food Service Program for Children	255 ESSA II, A Training and Recruiting	263 ESSA III, A English Lang. Acquisition	274 Gear Up
	Assets				
1110	Cash and temporary investments	$ -	$ -	$ 116	$ -
	Receivables:				
1240	Receivables from other governments	722	43,243	2,462	-
1290	Other receivables	-	1,332	178	694
1000	**Total Assets**	$ 722	$ 44,575	$ 2,756	$ 694
	Liabilities and Fund Balances				
	Liabilities:				
	Current Liabilities:				
2110	Accounts payable	$ -	$ -	$ 266	$ -
2150	Payroll deduction and withholdings payable	1	992	244	-
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	721	43,583	2,246	694
2000	**Total Liabilities**	722	44,575	2,756	694
	Fund Balances:				
	Restricted:				
3450	Grants	-	-	-	-
	Committed:				
3545	Other/campus activity funds	-	-	-	-
3000	**Total Fund Balances**	-	-	-	-
4000	**Total Liabilities and Fund Balances**	$ 722	$ 44,575	$ 2,756	$ 694

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Data Control Codes		289 Other Federal Special Revenue Funds	410 State Textbook Fund	429 State Funded Special Revenue Funds	461 Campus Activity Funds
	Assets				
1110	Cash and temporary investments	$ -	$ 20,324	$ -	$ 530,677
	Receivables:				
1240	Receivables from other governments	68,976	65,039	70,685	-
1290	Other receivables	-	-	1,284	-
1000	**Total Assets**	$ 68,976	$ 85,363	$ 71,969	$ 530,677
	Liabilities and Fund Balances				
	Liabilities:				
	Current Liabilities:				
2110	Accounts payable	$ 2,126	$ -	$ 716	$ 2,367
2150	Payroll deduction and withholdings payable	70	-	565	-
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	66,780	14,843	70,294	48,284
2000	**Total Liabilities**	68,976	14,843	71,575	50,651
	Fund Balances:				
	Restricted:				
3450	Grants	-	70,520	394	-
	Committed:				
3545	Other/campus activity funds	-	-	-	480,026
3000	**Total Fund Balances**	-	70,520	394	480,026
4000	**Total Liabilities and Fund Balances**	$ 68,976	$ 85,363	$ 71,969	$ 530,677

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Data Control Codes		462 Education Foundation	491 Private Grants	Total Nonmajor Governmental Funds
	Assets			
1110	Cash and temporary investments	$ 20,204	$ 154,277	$ 1,953,989
	Receivables:			
1240	Receivables from other governments	-	-	868,327
1290	Other receivables	-	-	24,101
1000	**Total Assets**	$ 20,204	$ 154,277	$ 2,846,417
	Liabilities and Fund Balances			
	Liabilities:			
	Current Liabilities:			
2110	Accounts payable	$ -	$ 4,824	$ 18,695
2150	Payroll deduction and withholdings payable	-	1,432	46,427
2160	Accrued wages payable	-	-	65,155
2170	Due to other funds	3,079	7,576	775,221
2000	**Total Liabilities**	3,079	13,832	905,498
	Fund Balances:			
	Restricted:			
3450	Grants	17,125	140,445	1,460,893
	Committed:			
3545	Other/campus activity funds	-	-	480,026
3000	**Total Fund Balances**	17,125	140,445	1,940,919
4000	**Total Liabilities and Fund Balances**	$ 20,204	$ 154,277	$ 2,846,417

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Data Control Codes		211 ESEA Title I, Part A	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 Child Nutrition Program
	Revenues				
5700	Local, intermediate, and out-of-state	$ -	$ -	$ -	$ 235,217
5800	State program revenues	-	-	-	16,371
5900	Federal program revenues	2,334,292	1,112,746	27,412	3,799,397
5020	**Total Revenues**	2,334,292	1,112,746	27,412	4,050,985
	Expenditures				
	Current:				
0011	Instruction	1,123,001	809,001	-	-
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	557,023	-	-	-
0021	Instructional leadership	480,402	-	-	-
0023	School leadership	5,686	-	-	-
0031	Guidance, counseling and evaluation services	-	303,745	27,412	-
0033	Health services	-	-	-	-
0034	Student transportation	49,618	-	-	-
0035	Food service	-	-	-	4,275,743
0036	Extracurricular activities	-	-	-	-
0041	General administration	5,000	-	-	-
0051	Facilities maintenance and operations	-	-	-	4,686
0052	Security and monitoring services	-	-	-	-
0061	Community services	113,562	-	-	-
6030	**Total Expenditures**	2,334,292	1,112,746	27,412	4,280,429
1200	Net change in fund balances	-	-	-	(229,444)
	Fund Balance, Beginning	-	-	-	1,461,853
3000	**Fund Balance - Ending**	$ -	$ -	$ -	$ 1,232,409

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Data Control Codes		244 Summer Food Service Program for Children	255 ESSA II, A Training and Recruiting	263 ESSA III, A English Lang. Acquisition	274 Gear Up
	Revenues				
5700	Local, intermediate, and out-of-state	$ -	$ -	$ -	$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	97,396	299,617	46,074	21,023
5020	**Total Revenues**	97,396	299,617	46,074	21,023
	Expenditures				
	Current:				
0011	Instruction	85,645	5,071	30,674	21,023
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	11,751	278,122	15,400	-
0021	Instructional leadership	-	16,424	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0061	Community services	-	-	-	-
6030	**Total Expenditures**	97,396	299,617	46,074	21,023
1200	Net change in fund balances	-	-	-	-
	Fund Balance, Beginning	-	-	-	-
3000	**Fund Balance - Ending**	$ -	$ -	$ -	$ -

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Data Control Codes		289 Other Federal Special Revenue Funds	410 State Textbook Fund	429 State Funded Special Revenue Funds	461 Campus Activity Funds
	Revenues				
5700	Local, intermediate, and out-of-state	$ -	$ -	$ -	$ 546,735
5800	State program revenues	-	482,984	563,976	-
5900	Federal program revenues	128,959	-	-	-
5020	**Total Revenues**	128,959	482,984	563,976	546,735
	Expenditures				
	Current:				
0011	Instruction	93,757	482,984	184,057	135,998
0012	Instruction resources and media services	-	-	-	3,280
0013	Curriculum and instructional staff development	11,480	-	347,098	-
0021	Instructional leadership	-	-	-	-
0023	School leadership	2,555	-	-	-
0031	Guidance, counseling and evaluation services	21,167	-	-	2,717
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	296,374
0041	General administration	-	-	32,427	8,305
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	1,941
0061	Community services	-	-	-	27,720
6030	**Total Expenditures**	128,959	482,984	563,582	476,335
1200	Net change in fund balances	-	-	394	70,400
	Fund Balance, Beginning	-	70,520	-	409,626
3000	**Fund Balance - Ending**	$ -	$ 70,520	$ 394	$ 480,026

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Data Control Codes		462 Education Foundation	491 Private Grants	Total Nonmajor Funds
	Revenues			
5700	Local, intermediate, and out-of-state	$ 47,209	$ 538,340	$ 1,367,501
5800	State program revenues	-	-	1,063,331
5900	Federal program revenues	-	-	7,866,916
5020	**Total Revenues**	47,209	538,340	10,297,748
	Expenditures			
	Current:			
0011	Instruction	33,648	419,263	3,424,122
0012	Instruction resources and media services	3,293	-	6,573
0013	Curriculum and instructional staff development	-	189,830	1,410,704
0021	Instructional leadership	-	31,064	527,890
0023	School leadership	-	4,745	12,986
0031	Guidance, counseling and evaluation services	3,315	53,193	411,549
0033	Health services	493	-	493
0034	Student transportation	-	-	49,618
0035	Food service	-	-	4,275,743
0036	Extracurricular activities	-	6,840	303,214
0041	General administration	-	-	45,732
0051	Facilities maintenance and operations	-	18,408	23,094
0052	Security and monitoring services	-	-	1,941
0061	Community services	-	-	141,282
6030	**Total Expenditures**	40,749	723,343	10,634,941
1200	Net change in fund balances	6,460	(185,003)	(337,193)
	Fund Balance, Beginning	10,665	325,448	2,278,112
3000	**Fund Balance - Ending**	$ 17,125	$ 140,445	$ 1,940,919

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CEDAR HILL INDEPENDENT SCHOOL DISTRICT *Exhibit H-3*

BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
For the Year Ended June 30, 2026

	Budget			
	Original	Final	Actual	Variance with Final Budget - Over (Under) Actual Amounts
Revenues				
Local, intermediate, and out-of-state	$ 19,295,000	$ 19,386,000	$ 19,420,341	$ 34,341
State program revenues	4,401,634	3,186,012	3,431,483	245,471
Federal program revenues	353,235	350,000	357,440	7,440
Total Revenues	24,049,869	22,922,012	23,209,264	287,252
Expenditures				
Current:				
Debt Service:				
Principal and interest on long-term debt	8,919,474	5,540,721	5,530,000	10,721
Interest on long-term debt	14,192,452	14,192,452	14,192,452	-
Bond issuance costs and fees	90,709	90,709	90,709	-
Total Expenditures	23,202,635	19,823,882	19,813,161	10,721
Excess (deficiency) of revenues over expenditures	847,234	3,098,130	3,396,103	297,973
Other Financing Sources				
Transfers in	-	436,054	448,625	12,571
Total Other Financing Sources	-	436,054	448,625	12,571
Net Change in Fund Balance	847,234	3,534,184	3,844,728	310,544
Fund Balance - Beginning	21,533,803	21,533,803	21,533,803	-
Fund Balance - Ending	$ 22,381,037	$ 25,067,987	$ 25,378,531	$ 310,544

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CEDAR HILL INDEPENDENT SCHOOL DISTRICT *Exhibit H-4*

BUDGETARY COMPARISON SCHEDULE
CHILD NUTRITION FUND
For the Year Ended June 30, 2026

	Budget			
	Original	Final	Actual	Variance with Final Budget - Over (Under) Actual Amounts
Revenues				
Local, intermediate, and out-of-state	$ 225,200	$ 233,080	$ 235,217	$ 2,137
State program revenues	-	-	16,371	16,371
Federal program revenues	4,036,000	3,844,783	3,799,397	(45,386)
Total Revenues	4,261,200	4,077,863	4,050,985	(26,878)
Expenditures				
Current:				
Food services	4,236,880	4,341,325	4,275,743	65,582
Facilities maintenance and operations	23,500	4,686	4,686	-
Total Expenditures	4,260,380	4,346,011	4,280,429	65,582
Net Change in Fund Balance	820	(268,148)	(229,444)	38,704
Fund Balance - Beginning	1,461,853	1,461,853	1,461,853	-
Fund Balance - Ending	$ 1,462,673	$ 1,193,705	$ 1,232,409	$ 38,704

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FINANCIAL SECTION : REQUIRED TEA INFORMATION



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CEDAR HILL INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
For the Year Ended June 30, 2026

	1	2	3	10	20
Last Ten Fiscal Years	Tax Rates		Net Assessed/Appraised Value For School Tax Purposes	Beginning Balance 7/1/2025	Current Year's Total Levy
	Maintenance	Debt Service			
2017 and prior	Various	Various	Various	$ 247,978	$ -
2018	$ 1.0400	$ 0.4760	$ 3,239,875,025	53,957	-
2019	1.0400	0.3360	3,599,590,013	67,140	-
2020	0.9700	0.3360	3,858,629,764	101,188	-
2021	0.9473	0.3360	4,024,974,846	161,345	-
2022	0.9024	0.3360	4,487,355,360	174,960	-
2023	0.8546	0.3360	5,131,651,355	282,429	-
2024	0.7966	0.3360	5,289,475,417	459,858	-
2025	0.7869	0.3410	5,509,611,402	1,211,207	-
2026	0.7869	0.3410	5,910,128,936	-	58,906,026
1000 Totals				$ 2,760,062	$ 58,906,026

8000 Taxes Refunded

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Last Ten Fiscal Years	31 Maintenance Total Collections	32 Debt Service Total Collections	40 Entire Year's Adjustments	50 Ending Balance 6/30/2026	99 Total Taxes Refunded Under Section 26.1115 (c)
2017 and prior	$ 9,110	$ 3,816	$ (24,680)	$ 210,372	
2018	1,459	668	-	51,830	
2019	2,310	746	-	64,084	
2020	3,230	1,119	-	96,839	
2021	8,329	2,954	(1,078)	148,984	
2022	12,785	4,760	(11,554)	145,861	
2023	17,316	6,808	(25,058)	233,247	
2024	31,053	13,098	(104,618)	311,089	
2025	(113,036)	(48,984)	(884,290)	488,937	
2026	42,744,272	18,523,058	3,386,141	1,024,837	
1000 Totals	$ 42,716,828	$ 18,508,043	2,334,863	$ 2,776,080	
		Total Taxes Receivable Per Exhibit C-1		$ 2,776,080	
8000 Taxes Refunded					$ 35,476

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CEDAR HILL INDEPENDENT SCHOOL DISTRICT *Exhibit J-4*

BILINGUAL EDUCATION PROGRAM COMPLIANCE RESPONSES

For the Year Ended June 30, 2026

Data Codes	Bilingual Education Programs	Responses
AP1	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP3	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	$ 343,494
AP4	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PIC 25)	$ 141,352

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REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS

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SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered **to not have made** timely payments.) Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued. Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	Yes
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds and/or substantial doubt about the school district's ability to continue as a going concern?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?	Yes
SF8	Did the school district's administration and school board members discuss any changes and/or impact to local, state, and federal funding at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion of interest and premiums on CABs included in government-wide financial statements at fiscal year-end	$ 1,789,757

NOTE: This schedule is to be included as part of the annual financial audit report (AFR) submission on the required due date and published as a part of the school district's AFR. This schedule should be submitted in the data feed file and submitted as an Adobe Acrobat portable document file (pdf).

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

To the Board of Trustees
Cedar Hill Independent School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cedar Hill Independent School District (the "District"), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 16, 2026.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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To the Board of Trustees
Cedar Hill Independent School District

Purpose of this Report

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

Dallas, Texas
November 16, 2026

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CEDAR HILL INDEPENDENT SCHOOL DISTRICT ***Exhibit K-2***

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended June 30, 2026

Data Control Codes	I. Summary of Auditors' Results	
	Financial Statements	
q1	Type of auditors' report issued:	Unmodified
	Internal control over financial reporting:	
q2	Material weakness(es) identified?	No
q3	Significant deficiencies identified that are not considered to be material weaknesses?	None reported
q4	Noncompliance material to financial statements noted?	No

Exhibit K-3

Data Control Codes	II. Financial Statement Findings
	None Reported.

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