JUDSON INDEPENDENT SCHOOL DISTRICT

Meeting Date: November 19, 2026

Submitted By: Amanda Martinez
Title: Director of Finance & Budget

Agenda Item: Consider and take action regarding approving the Judson ISD Annual Financial Audit Report for the Fiscal Year 2026, as presented by Whitley Penn and Associates, pursuant to Texas Education Code § 44.008.

CONSENT ITEM

RECOMMENDATION:

Judson ISD administration recommends that the Board of Trustees approve the Judson ISD Annual Financial Audit Report for Fiscal year 2026 as presented by the firm of Whitley Penn, LLP.

IMPACT/RATIONALE:

In accordance with the requirements of the Texas Education Code, Section 44.008, and Single Audit under the Office of Management and Budget (OMB), Uniform Guidance 2 CFR.200, Subpart F, an annual financial audit must be performed for school districts. The Board of Trustees is required to take action regarding the Financial Audit Report before it is submitted to the Texas Education Agency.

BOARD ACTION REQUESTED:

Approval/Disapproval

JUDSON INDEPENDENT SCHOOL DISTRICT

Annual Financial Report

For the Year Ended
June 30, 2026

JUDSON INDEPENDENT SCHOOL DISTRICT
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CERTIFICATE OF BOARD

Judson Independent School District	**Bexar**	**015-916**
Name of School District	County	Co. - Dist. No.

We, the undersigned, certify that the attached annual financial reports of the above named school district was reviewed and approved for the year ended June 30, 2026, at a meeting of the Board of Trustees of such school district on November 19, 2026.

President of the Board

Secretary of the Board



FINANCIAL SECTION


JISD

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Judson 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 Judson ISD (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.

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.

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 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 auditing standards generally accepted in the United States of America. In our opinion, the combining 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 Reporting Required by Government Auditing Standards

In accordance with GAS, we have also issued our report dated November 19, 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.

Whitley Penn LLP

San Antonio, Texas
November 19, 2026


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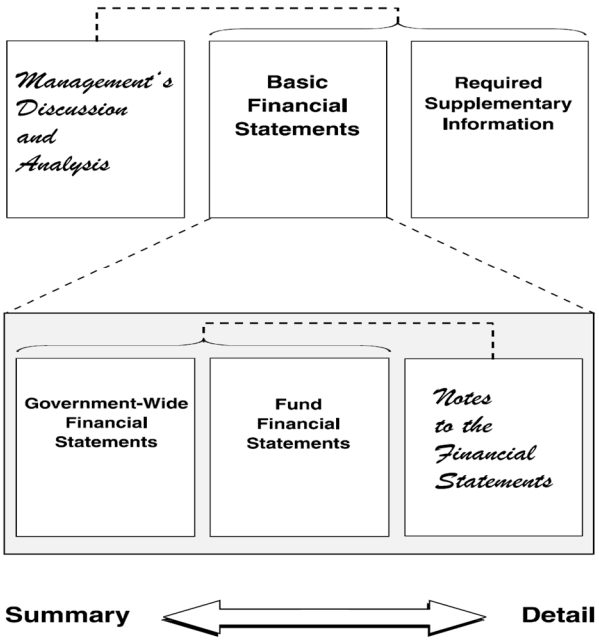
This section of the annual financial report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2026. Please read it in conjunction with the District's financial statements, which follow this section.

Overview of The Financial Statements

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

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

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



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

Government-Wide Statements

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

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

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's tax base.

The government-wide financial statements of the District include the Governmental Activities. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services, and general administration. Property taxes and grants finance most of these activities.

Fund Financial Statements

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

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

The District has the following kinds of funds:

- *Governmental* funds - Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent pages that explain the relationship (or differences) between them.
- *Proprietary funds* - Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.
- *Fiduciary funds* - The District is the fiduciary, for certain student activity funds, which qualify as custodial funds. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

Financial Summary

Both current period and prior year data are presented with discussion of significant changes in the accounts. Our analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the District's government-wide activities.

This year-over-year comparison provides an indication of the District's financial well-being. Increases and decreases in net position may serve over time as a useful indicator of a government's financial position. As of June 30, 2026, the District's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $72,851,958 which is a $57.6 million decrease from prior year's net position.

Table A-1
Judson Independent School District's Net Position

	Governmental Activities		
	2026	2025	Change
Assets:			
Current and other assets	$ 323,899,784	$ 407,561,827	$ (83,662,043)
Capital assets	689,195,067	690,065,722	(870,655)
Total Assets	1,013,094,851	1,097,627,549	(84,532,698)
Deferred Outflows of Resources	59,895,516	69,563,362	(9,667,846)
Total Assets and Deferred Outflows of Resources	1,072,990,367	1,167,190,911	(94,200,544)
Liabilities:			
Long term liabilities	1,000,904,356	1,043,999,124	(43,094,768)
Other liabilities	63,875,512	73,124,548	(9,249,036)
Total Liabilities	1,064,779,868	1,117,123,672	(52,343,804)
Deferred Inflows of Resources	81,062,457	65,286,672	15,775,785
Total Liabilities and Deferred Inflows of Resources	1,145,842,325	1,182,410,344	(36,568,019)
Net Position:			
Net investment in capital assets	15,056,765	42,554,337	(27,497,572)
Restricted	28,293,738	43,193,039	(14,899,301)
Unrestricted	(116,202,461)	(100,966,809)	(15,235,652)
Total Net Position	$ (72,851,958)	$ (15,219,433)	$ (57,632,525)

Net investment in capital assets of $15,056,765 reflects the District's investment in capital assets (e.g., land, buildings, furniture and equipment, construction in progress, subscription assets, and lease assets) less any related debt used to acquire those assets and unspent bond proceeds. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. An additional portion of the District's net position, $28,293,738, represents resources that are subject to external restrictions on how they may be used.

As of the end of the current year, the District's unrestricted net position was a deficit balance of $116.2 million. The deficit is caused primarily by approximately $85.7 million in net pension liability and $46.6 million in net OPEB Liability. These liabilities represent the District's proportionate share of the respective TRS pension and TRS-Care OPEB obligations and are recognized in accordance with applicable accounting standards. Because governmental funds recognize expenditures based on the use of current financial resources, these long-term liabilities are not reported in the governmental fund financial statements. The District has made all required contributions, as reflected in the required supplementary information, and maintains sufficient fund balance to meet its ongoing obligations.

Governmental Activities: Current and other assets decreased by $83.7 million from the prior year, primarily due to a decrease in cash and investments. The decrease reflects the use of bond proceeds to fund ongoing construction and renovation projects, coupled with a $20.6 million decrease in revenues and a $12.0 million increase in expenses, which reduced the resources available to replenish cash and investment balances.

Other liabilities in governmental activities decreased by $9.2 million compared with the prior year. This change was driven primarily by a $19.6 million decrease in accounts payable, partially offset by a $13.1 million increase in interest payable. The decline in accounts payable was largely attributable to the District's transition from a self-funded medical plan to a fully insured medical plan effective January 1, 2026. Because claims incurred after that date are the responsibility of the insurance carrier, health claims payable at year end consist only of run-out claims incurred under the self-funded plan on or before December 31, 2025. The increase in interest payable primarily reflected a greater amount of accrued interest at year-end based on the timing of scheduled debt-service payments and the allocation of those payments between principal and interest.

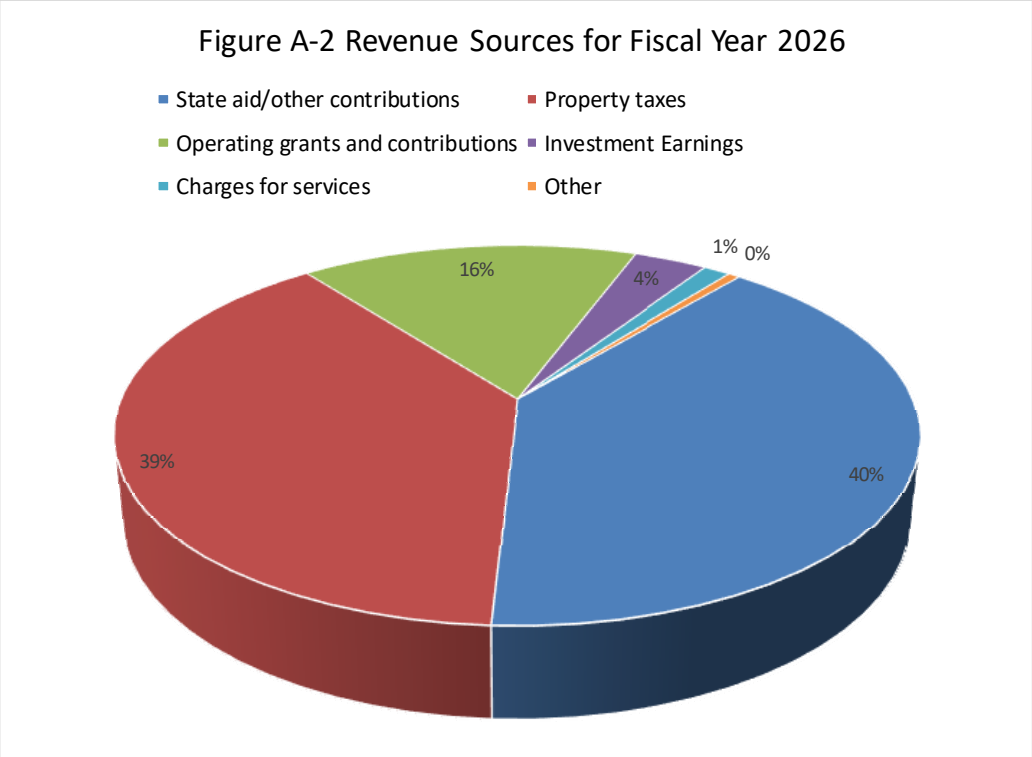
Long-term liabilities of governmental activities decreased by $43.1 million compared with the prior year. The decrease was attributable primarily to $21.5 million of principal payments on outstanding long-term debt, an $8.8 million decrease in the net pension liability, and a $14.7 million decrease in the net OPEB liability. The reductions in the pension and OPEB liabilities primarily reflected changes in the underlying actuarial measurements, including an increase in the discount rate used to measure the OPEB liability.

Table A-2
Judson Independent School District's Net Position

	Governmental Activities		
	2026	2025	Change
Program Revenues			
Charges for services	$ 4,437,832	$ 4,460,330	$ (22,498)
Operating grants and contributions	55,801,942	58,121,669	(2,319,727)
Capital grants and contributions	437,157	-	437,157
General Revenues			
Property taxes	133,855,105	147,575,671	(13,720,566)
State aid formula grants	137,427,846	134,245,091	3,182,755
Investment earnings	12,359,399	19,009,195	(6,649,796)
Miscellaneous	1,501,825	685,964	815,861
Total Revenues	345,821,106	364,097,920	(18,276,814)
Expenses			
Instruction and related services	193,499,371	190,734,269	2,765,102
Instructional and school leadership	20,095,341	20,827,443	(732,102)
Student support services	17,627,515	17,406,210	221,305
Student transportation	6,307,690	6,455,256	(147,566)
Food services	19,399,102	19,379,521	19,581
Extracurricular activities	9,858,563	9,637,424	221,139
General administration	14,377,797	43,656,959	(29,279,162)
Facilities maintenance and operations	33,591,742	31,222,896	2,368,846
Non-instruction support and ancillary services	23,037,017	13,617,778	9,419,239
Interest on long-term debt	56,333,053	31,888,866	24,444,187
Other debt service fees	881,611	364,492	517,119
Facilities planning	7,619,771	5,197,271	2,422,500
Payments to member districts of shared service arrangements	-	176,806	(176,806)
Other	825,058	840,703	(15,645)
Total Expenses	403,453,631	391,405,894	12,047,737
Change in net position	(57,632,525)	(27,307,974)	(30,324,551)
Beginning Net Position	(15,219,433)	11,761,864	(26,981,297)
Restatements	-	326,677	(326,677)
Ending Net Position	$ (72,851,958)	$ (15,219,433)	$ (57,632,525)

Governmental Activities: The District's governmental activities decreased by $57.6 million, compared with a $27.3 million decrease in the prior fiscal year. As a result, the District ended the year with a deficit net position of $72.9 million. The larger decrease in the current year was driven primarily by lower property tax revenue and investment earnings, together with higher instructional and other operating expenses.

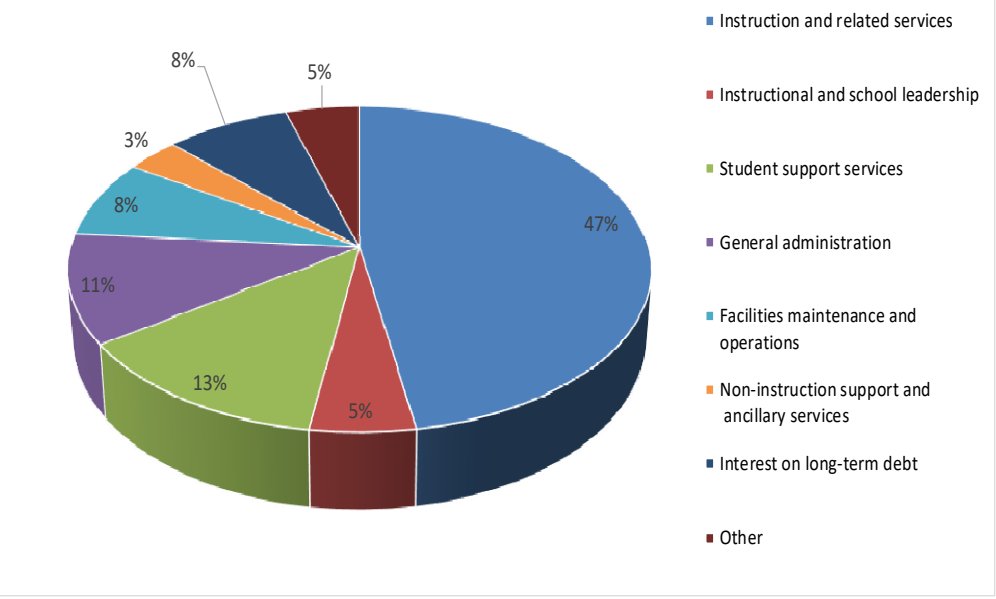
The District's total revenues were $345.8 million. Property taxes represented approximately 39 percent of total revenues (see Figure A-2), while state aid and other unrestricted contributions accounted for approximately 39 percent. Restricted operating grants and contributions represented approximately 17 percent, investment earnings accounted for approximately 5 percent, and the remaining revenue sources represented approximately 1 percent.



Total revenues decreased by $24.6 million, from $364.1 million in the prior year to $345.8 million in the current fiscal year. Property tax revenue decreased by $16.1 million, primarily due to the State-mandated increase in the residence homestead exemption from $100,000 to $140,000. The higher 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 $6.6 million, primarily as a result of lower interest rates and a reduced investment portfolio as the District liquidated investments to fund ongoing capital projects.

The primary functional expenses (see Figure A-3) of the District are instruction and instructional-related ($193.5 million), which represent 48% of total expenses, all student support services ($53.2 million) which represent 13% of total expenses, and Interest on long-term debt ($56.3 million), which represent 14% of total expenses. The remaining individual functional categories are each less than 8% of total expenses.

Figure A-3 Expenses by Function for Fiscal Year 2026



Total expenses increased by $12.0 million, from $391.4 million to $403.5 million. Interest on long-term debt increased by $24.4 million, primarily due to a greater portion of debt payments being allocated to interest. Non-instructional support and ancillary services increased by $9.4 million, largely due to spending on the districtwide network upgrade project.

Other notable increases in expenses included instruction expense increased by $2.8 million primarily due to increased employee compensation, including salary increases funded in part through the Teacher Retention Allotment established by House Bill 2. Facilities maintenance and operations increased $2.4 due to increases in utility expenses, and facilities planning increased $2.4 due primarily to higher architectural, engineering, and project-management costs associated with ongoing capital projects.

General administration expenses decreased by $29.3 million in the current fiscal year, largely reflecting changes in employee health care costs associated with the District's transition from a self-funded medical plan to a fully insured medical plan with Blue Cross and Blue Shield of Texas effective January 1, 2026. The District made the change in response to the increasing cost and volatility of the self-funded program, including exposure to large claim fluctuations and rising health care costs. Accordingly, fiscal year 2026 reflects six months of self-funded claims activity and six months of fixed monthly premiums under the fully insured plan, limiting direct comparability with the prior year. Additional information is presented in Note 13 of the notes to the basic financial statements.

Overall, lower property tax revenue and investment earnings, together with increased operating expenses, resulted in a $57.6 million decrease in governmental activities net position and an ending net position deficit of $72.9 million.

Detailed Analyses of Governmental Funds

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 financial performance of the District as a whole is reflected in its governmental funds. 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 the District's net resources available for spending at the end of a fiscal year.

As the District completed this year, its governmental funds reported a combined ending balance of $273.0 million of which $55.7 million, or 20% is considered unassigned and is available for spending at the District's discretion. The remainder of the fund balance is nonspendable or restricted to indicate that it is not available for new spending because it has already been designated for other obligations of the District.

General Fund: The General Fund is the primary operating fund of the District. The General Fund fund balance is $56.5 million for the year ended June 30, 2026. As measures of General Fund liquidity, unassigned fund balance and total fund balance represented 21% and 21%, respectively, of total General Fund expenditures. The General Fund balance decreased by $30.1 million during the current fiscal year, primarily due to lower property tax revenues and increased other financing uses offset by decreased operating expenditures.

General Fund revenues decreased by $10.1 million, from $261.1 million in the prior year to $251.0 million in fiscal year 2026. Local and intermediate revenues decreased by $11.0 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 $6.3 million, from $273.8 million to $267.5 million. Instruction expenditures decreased by $1.0 million, primarily due to a reduction in the number of District employees, partially offset by increased compensation, including salary increases funded in part by the Teacher Retention Allotment established under House Bill 2. Student transportation expenditures also decreased by $1.3 million because the District acquired fewer buses in the current year than in the prior year. These decreases were offset by increased transfers of $6.5 million to the District's internal service fund to eliminate the health insurance fund's net position deficit.

Debt Service Fund: The debt service fund ended fiscal year 2026 with a fund balance of $40.9 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 $54.57 million. Fund balance decreased by $3.4 million during the year, 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.

Capital Projects Fund: The Capital Projects Fund ended fiscal year 2026 with a fund balance of $167.0 million, which is restricted for capital acquisitions and contractual obligations. The decrease in fund balance during the current year of $46.4 million was primarily attributable to expenditures incurred as the District continued construction and other capital improvement projects under its voter-authorized bond program. Capital project expenditures totaled $54.1 million during fiscal year 2026. The decrease 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

At June 30, 2026, the District had invested $689.2 million in a broad range of capital assets, including land, equipment, buildings, vehicles, and right to use assets. (See Table 3). This amount represents a net decrease (including additions and deductions) of $0.9 million in net additions and deductions, as compared to the previous year.

Table A-3
District's Capital Assets

	2026	2025
Capital Assets		
Land	$ 26,419,753	$ 26,419,753
Construction in Progress	19,191,334	135,030,809
Buildings and Improvements	1,004,606,446	861,359,594
Furniture and equipment	64,081,993	74,840,834
Right-to-use assets - equipment	6,293,304	6,191,174
SBITA assets	5,723,002	4,885,820
Accumulated depreciation/amortization	(437,120,765)	(418,662,262)
Net Capital Assets	$ 689,195,067	$ 690,065,722

Construction Commitments: The District has active construction projects as of June 30, 2026. The projects include the construction, renovation, and equipment of school facilities. At year end, the District's remaining commitments with contractors totaled $24.7 million for ongoing projects.

Additional information on the District's capital assets can be found in Note 6 of the notes to the basic financial statements.

Long-Term Financing Activity

At year-end, the District had $859.3 million in bonds, tax maintenance notes, and right to use assets liabilities. This represents a decrease of $23.7 million from the $883.0 million outstanding in the prior year. During the fiscal year, the District refunded about $111.6 million in principal and issued $99.4 million in bonds. More detailed information about the District's long-term liabilities is presented in the notes to the financial statements. The largest balance of the long-term liabilities in both fiscal year 2025 and 2026 were bonds payable totaling $800.6 million and $774.9 million, respectively.

Currently Known Facts, Decisions, or Conditions

As of the date of this report, management identified the following currently known facts, decisions, and conditions that are expected to have a significant financial effect on the District in fiscal year 2027. The District entered fiscal year 2027 with a taxable-value and tax-rate environment affected by the State-mandated increase in the residence homestead exemption and continued tax-rate compression. These factors are expected to constrain local property tax revenue and increase the District's reliance on state funding and other available resources.

- The District continues to address an operating imbalance through position reductions and other expenditure-control measures. These actions are expected to reduce staffing costs in fiscal year 2027; however, management expects budgetary pressure to continue because projected recurring revenues remain below projected recurring expenditures.
- Enrollment and attendance trends remain a significant factor in the District's state funding. The District's fiscal year 2026 budget assumed refined average daily attendance of 20,723, compared with fiscal year 2025 actual average daily attendance of 20,890. Management expects attendance levels to continue affecting Foundation School Program revenue in fiscal year 2027.
- Effective January 1, 2026, the District transitioned from a self-funded medical plan to a fully insured medical plan. The District contributes $400 per month for each enrolled employee and will continue to pay claims incurred under the former self-funded plan during the run-out period through December 31, 2026. Accordingly, fiscal year 2027 will include six months of run-out claim payments in addition to fixed insurance premiums. After the run-out period, the District expects employee health care costs to consist primarily of fixed premium contributions, which should provide greater budget predictability.

Currently Known Facts, Decisions, or Conditions (continued)

The District also expects the $140,000 residence homestead exemption and the funding changes enacted by the 89th Texas Legislature, including House Bill 2, to affect the composition and amount of local and state revenues in fiscal year 2027. Management will continue to monitor certified taxable values, attendance, and state aid estimates and will recommend budget amendments as necessary when updated information becomes available.

Based on currently available information, the District expects continued use of General Fund balance in fiscal year 2027 while it implements measures intended to reduce the structural deficit and maintain an adequate level of unassigned fund balance. The ultimate financial effect will depend on actual property values, attendance, state funding, health-plan run-out claims, and the timing and effectiveness of expenditure reductions.

Contacting The District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, address requests to the Office of the Chief Financial Officer, Judson Independent School District, 8012 Shin Oak, Live Oak, Texas 78233.


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BASIC FINANCIAL STATEMENTS


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JUDSON INDEPENDENT SCHOOL DISTRICT *Exhibit A-1*

STATEMENT OF NET POSITION

June 30, 2026

Data Control Codes		Governmental Activities
	Assets	
1110	Cash and cash equivalents	$ 5,016,137
1120	Current Investments	269,113,296
1220	Property taxes	5,760,708
1230	Allowance for doubtful accounts	(58,000)
1240	Due from other governments	42,112,374
1250	Accrued interest	15,001
1290	Other receivables	445,306
1300	Inventories	445,963
1410	Prepaid items	1,048,999
	Capital assets not subject to depreciation:	
1510	Land	26,419,753
1580	Construction in progress	19,191,334
	Capital assets net of depreciation:	
1520	Buildings and improvements	616,489,788
1530	Furniture and equipment	21,734,853
1550	Right-to-use assets	2,917,015
1553	SBITA assets	2,442,324
1000	**Total Assets**	1,013,094,851
	Deferred Outflows of Resources	
	Deferred charge on refunding	3,417,929
	Deferred outflows - pension	26,851,724
	Deferred outflows - OPEB	29,625,863
1700	**Total Deferred Outflows of Resources**	59,895,516
	Liabilities	
2110	Accounts payable	10,000,822
2140	Interest payable	21,651,226
2150	Payroll deductions and withholdings	4,065,126
2160	Accrued wages payable	27,672,973
2300	Unearned revenue	485,365
2501	Long-term liabilities due within one year	18,326,054
2502	Long-term liabilities due in more than one year	850,194,645
2540	Net pension liability	85,735,333
2545	Net OPEB liability	46,648,324
2000	**Total Liabilities**	1,064,779,868
	Deferred Inflows of Resources	
	Deferred gain on refunding	6,828,486
	Deferred inflows - pension	17,084,661
	Deferred inflows - OPEB	57,149,310
2600	**Deferred Inflows of Resources**	81,062,457
	Net Position	
3200	Net investment in capital assets	15,056,765
	Restricted for:	
3850	Debt service	21,760,509
3890	Other - Grant funds	6,533,229
3900	Unrestricted	(116,202,461)
3000	**Total Net Position**	$ (72,851,958)

JUDSON INDEPENDENT SCHOOL DISTRICT

Exhibit B-1

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2026

Data Control Codes	Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities
	Governmental Activities:					
11	Instruction	$ 182,858,650	$ 2,019,269	$ 17,567,248	$ 437,157	$ (162,834,976)
12	Instructional resources and media services	2,154,878	-	225,543	-	(1,929,335)
13	Curriculum development and instructional staff development	8,485,843	-	5,281,179	-	(3,204,664)
21	Instructional leadership	4,837,711	-	332,592	-	(4,505,119)
23	School leadership	15,257,630	-	836,935	-	(14,420,695)
31	Guidance, counseling, and evaluation services	11,964,995	-	1,131,846	-	(10,833,149)
32	Social work services	2,522,858	-	454,171	-	(2,068,687)
33	Health services	3,139,662	-	834,441	-	(2,305,221)
34	Student transportation	6,307,690	-	64,242	-	(6,243,448)
35	Food services	19,399,102	1,324,097	17,942,108	-	(132,897)
36	Extracurricular activities	9,858,563	506,222	2,444,331	-	(6,908,010)
41	General administration	14,377,797	-	71,064	-	(14,306,733)
51	Plant maintenance and operations	33,591,742	123,924	453,580	-	(33,014,238)
52	Security and monitoring services	11,677,056	464,320	36,244	-	(11,176,492)
53	Data processing services	11,010,947	-	55,990	-	(10,954,957)
61	Community services	349,014	-	160,851	-	(188,163)
72	Interest on long-term debt	56,333,053	-	7,909,577	-	(48,423,476)
73	Bond insurance costs and fees	881,611	-	-	-	(881,611)
81	Facilities planning	7,619,771	-	-	-	(7,619,771)
99	Other intergovernmental charges	825,058	-	-	-	(825,058)
TG	**Total Governmental Activities**	$ 403,453,631	$ 4,437,832	$ 55,801,942	$ 437,157	(342,776,700)
	General Revenues:					
	Taxes:					
MT	Property taxes, levied for general purposes					91,161,529
DT	Property taxes, levied for debt service					42,693,576
SF	State-aid formula grants					137,427,846
IE	Investment earnings					12,359,399
MI	Miscellaneous					1,501,825
TR	**Total General Revenues**					285,144,175
CN	Change in net position					(57,632,525)
NB	**Net Position - Beginning**					(15,219,433)
NE	**Net Position - Ending**					$ (72,851,958)

JUDSON INDEPENDENT SCHOOL DISTRICT *Exhibit C-1*

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2026

Data Control Codes		199 General Fund	599 Debt Service Fund	699 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
	Assets					
1110	Cash and cash equivalents	$ 1,873,709	$ -	$ -	$ 3,062,866	$ 4,936,575
1120	Current investments	44,973,673	40,533,092	174,045,324	5,971,522	265,523,611
	Receivables:					
1220	Property taxes - delinquent	3,978,308	1,782,400	-	-	5,760,708
1230	Allowance for uncollectible taxes (credit)	(40,000)	(18,000)	-	-	(58,000)
1240	Due from other governments	37,633,504	-	-	4,478,870	42,112,374
1250	Accrued interest	15,001	-	-	-	15,001
1260	Due from other funds	3,663,028	1,114,243	41,430	145,009	4,963,710
1290	Other receivables	445,306	-	-	-	445,306
1300	Inventories	445,963	-	-	-	445,963
1410	Prepaid items	269,160	-	770,622	9,217	1,048,999
1000	**Total Assets**	$ 93,257,652	$ 43,411,735	$ 174,857,376	$ 13,667,484	$ 325,194,247
	Liabilities					
2110	Accounts payable	$ 1,183,468	$ -	$ 7,893,942	$ 521,601	$ 9,599,011
2150	Payroll deductions and withholdings	4,065,126	-	-	-	4,065,126
2160	Accrued wages payable	26,382,579	-	-	1,290,394	27,672,973
2170	Due to other funds	2,210,678	-	1,097	2,751,935	4,963,710
2300	Unearned revenue	-	-	-	485,365	485,365
2000	**Total Liabilities**	33,841,851	-	7,895,039	5,049,295	46,786,185
	Deferred Inflows of Resources					
	Unavailable revenues - property taxes	2,960,804	2,472,174	-	-	5,432,978
2600	**Deferred Inflows of Resources**	2,960,804	2,472,174	-	-	5,432,978
	Fund Balances					
	Non-Spendable:					
3410	Inventories	445,963	-	-	-	445,963
3430	Prepaid items	269,160	-	770,622	-	1,039,782
	Restricted:					
3450	Grant funds	-	-	-	6,533,229	6,533,229
3470	Capital acquisitions and contractual obligations	-	-	166,191,715	-	166,191,715
3480	Debt service	-	40,939,561	-	-	40,939,561
	Committed:					
3545	Other purposes	-	-	-	2,084,960	2,084,960
3600	Unassigned	55,739,874	-	-	-	55,739,874
3000	**Total Fund Balances**	56,454,997	40,939,561	166,962,337	8,618,189	272,975,084
4000	**Total Liabilities, Deferred Inflows of Resources, and Fund Balances**	$ 93,257,652	$ 43,411,735	$ 174,857,376	$ 13,667,484	$ 325,194,247

JUDSON 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 Balances - Governmental Funds Balance Sheet	$ 272,975,084
	Amounts reported for governmental activities in the statement of net position are different because:	
	Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.	
1	Capital assets	1,126,315,832
2	Accumulated depreciation/amortization	(437,120,765)
	Capital Assets, Net	689,195,067
	Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.	
3	Deferred outflows - pensions	26,851,724
4	Deferred inflows - pensions	(17,084,661)
5	Deferred outflows - OPEB	29,625,863
6	Deferred inflows - OPEB	(57,149,310)
	Total Deferred Outflows and Inflows Related to Postemployment Benefits	(17,756,384)
7	Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.	5,432,978
8	The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.	3,267,436
	Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.	
9	Bonds payable	(774,869,038)
10	Tax notes	(900,000)
11	Compensated absences	(4,525,153)
12	Leases payable	(2,721,768)
13	SBITA payable	(227,936)
14	Accrued interest on long-term debt	(21,651,226)
15	Accreted interest on capital appreciation bonds	(21,633,897)
16	Arbitrage liability	(4,671,567)
17	Net pension liability	(85,735,333)
18	Net OPEB liability	(46,648,324)
	Total Long-Term Liabilities	(963,584,242)
	Governmental funds report the effect of premiums, discounts, and refundings and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
19	Deferred amounts on refunding	(3,410,557)
20	Premium on bonds	(58,971,340)
	Total Premiums and Deferred Items	(62,381,897)
29	**Total Net Position-Governmental Activities**	$ (72,851,958)

JUDSON 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		199 General Fund	599 Debt Service Fund	699 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
	Revenues					
5700	Local and intermediate sources	$ 97,102,016	$ 44,180,872	$ 7,720,983	$ 3,905,530	$ 152,909,401
5800	State program revenues	151,868,211	7,909,577	-	2,857,696	162,635,484
5900	Federal program revenues	2,031,798	-	-	37,170,728	39,202,526
5020	**Total Revenues**	251,002,025	52,090,449	7,720,983	43,933,954	354,747,411
	Expenditures					
	Current:					
0011	Instruction	162,431,089	-	-	13,406,218	175,837,307
0012	Instruction resources and media services	1,847,545	-	-	194,167	2,041,712
0013	Curriculum and instructional staff development	3,348,646	-	-	5,058,477	8,407,123
0021	Instructional leadership	4,523,565	-	-	252,018	4,775,583
0023	School leadership	14,072,964	-	-	621,861	14,694,825
0031	Guidance, counseling and evaluation services	10,617,620	-	-	950,292	11,567,912
0032	Social work services	1,951,813	-	-	424,180	2,375,993
0033	Health services	2,641,968	-	-	364,162	3,006,130
0034	Student transportation	6,184,949	-	-	8,778	6,193,727
0035	Food services	145,009	-	-	19,279,632	19,424,641
0036	Extracurricular activities	6,964,163	-	-	2,416,197	9,380,360
0041	General administration	7,670,953	-	80,529	-	7,751,482
0051	Facilities maintenance and operations	31,072,126	-	2,050,089	279,708	33,401,923
0052	Security and monitoring services	3,485,116	-	8,142,115	464,320	12,091,551
0053	Data processing services	7,307,459	-	332,411	-	7,639,870
0061	Community services	154,129	-	-	160,615	314,744
	Debt service:					
0071	Principal on long-term debt	2,063,028	13,590,048	37,637	4,138	15,694,851
0072	Interest on long-term debt	157,770	40,101,165	3,167	471	40,262,573
0073	Bond issuance costs and fees	-	881,611	-	-	881,611
	Capital outlay:					
0081	Facilities acquisition and construction	-	-	43,448,553	-	43,448,553
	Intergovernmental:					
0099	Other intergovernmental charges	825,058	-	-	-	825,058
6030	**Total Expenditures**	267,464,970	54,572,824	54,094,501	43,885,234	420,017,529
1100	Excess (deficiency) of revenues over expenditures	(16,462,945)	(2,482,375)	(46,373,518)	48,720	(65,270,118)
	Other Financing Sources (Uses)					
7901	Refunding bonds issued	-	99,415,000	-	-	99,415,000
7913	Issuance of leases and SBITAs	170,854	-	-	-	170,854
7916	Premium on issuance of bonds	-	13,451,045	-	-	13,451,045
8911	Transfers out	(13,800,000)	-		-	(13,800,000)
8940	Payment to bond refunding escrow agent	-	(113,820,494)	-	-	(113,820,494)
7080	**Total Other Financing Sources (Uses)**	(13,629,146)	(954,449)	-	-	(14,583,595)
1200	Net change in fund balances	(30,092,091)	(3,436,824)	(46,373,518)	48,720	(79,853,713)
0100	**Fund Balance - July 1 (Beginning)**	86,547,088	44,376,385	213,335,855	8,569,469	352,828,797
3000	**Fund Balance - June 30 (Ending)**	$ 56,454,997	$ 40,939,561	$ 166,962,337	$ 8,618,189	$ 272,975,084

JUDSON 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		
	Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:	
	Net Change in Fund Balances - Total Governmental Funds	$ (79,853,713)
	Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
1	Capital outlay	39,003,286
2	Depreciation/amortization	(39,551,894)
	The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase (decrease) net position.	
3	Loss on disposal of capital assets	(322,047)
	Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
4	Earned but unavailable taxes	1,144,875
5	Earned but unavailable taxes	1,166,376
	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.	
6	Issuance of refunding bonds	(99,415,000)
7	Payment to escrow agent	113,820,494
8	Issuance of bonds - premium	(13,451,045)
9	Lease issued	(102,130)
10	SBITA issued	(68,724)
11	Principal paid on bonds	13,590,048
12	Principal paid on tax note	440,000
13	Principal paid on leases	1,467,291
14	Principal paid on SBITAs	197,512
	Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
15	Accrued interest on long-term debt	(13,105,791)
16	Amortization of bond premiums and discounts	3,012,096
17	Amortization of deferred amounts of refunding	256,059
18	Arbitrage expense	(3,980,480)
19	Accreted interest on long-term debt	(2,252,364)
20	Compensated absences	(170,235)
21	Changes in net pension liabilities and related deferred outflows and inflows of resources	(968,855)
22	Changes in net OPEB liabilities and related deferred outflows and inflows of resources	5,276,470
23	Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.	16,235,246
	Change in Net Position of Governmental Activities	$ (57,632,525)

JUDSON INDEPENDENT SCHOOL DISTRICT *Exhibit D-1*

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2026

	Internal Service Fund
Assets:	
Current assets:	
Cash and cash equivalents	$ 79,562
Current investments	3,589,685
Total Assets	$ 3,669,247
Liabilities:	
Current liabilities:	
Claims payable	$ 401,811
Total Liabilities	$ 401,811
Net Position:	
Unrestricted	$ 3,267,436
Total Net Position	$ 3,267,436

JUDSON INDEPENDENT SCHOOL DISTRICT *Exhibit D-2*

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2026

	Internal Service Fund
Operating Revenues	
Charges for services	$ 8,343,871
Total Operating Revenues	8,343,871
Operating Expenses	
Insurance claims and expenses	5,908,625
Total Operating Expenses	5,908,625
Income before Transfers	2,435,246
Noncapital subsidies	
Transfer in	13,800,000
Total noncapital subsidies	13,800,000
Change in Net Position	16,235,246
Net Position - July 1 (Beginning)	(12,967,810)
Net Position - June 30 (Ending)	$ 3,267,436

JUDSON INDEPENDENT SCHOOL DISTRICT *Exhibit D-3*

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

	Internal Service Fund
Cash Flows from Operating Activities:	
Cash received for premiums	$ 8,343,871
Cash payments for insurance claims	(19,148,311)
Net Cash Used in Operating Activities	(10,804,440)
Cash Flows from Non-Capital Financing Activities:	
Transfer from other fund	13,800,000
Net Cash Provided by Non-Capital Financing Activities	13,800,000
Cash Flows from Investing Activities:	
Purchase of investments	(3,107,483)
Net Cash Used in Investing Activities	(3,107,483)
Net Change in Cash and Cash Equivalents	(111,923)
Cash and Cash Equivalents, Beginning of Year	191,485
Cash and Cash Equivalents, End of Year	$ 79,562
Operating Income	$ 2,435,246
Adjustments to Reconcile Operating Income to Net Cash (Used for) Operating Activities:	
Increase (decrease) in accounts payable	(13,239,686)
Total Adjustments	(13,239,686)
Net Cash Provided by Used in Operating Activities	$ (10,804,440)

JUDSON INDEPENDENT SCHOOL DISTRICT *Exhibit E-1*

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2026

	Custodial Fund
Assets	
Cash and cash equivalents	$ 294,180
Total Assets	$ 294,180
Net Position	
Restricted for student scholarships and other activities	$ 294,180
Total Net Position	$ 294,180

JUDSON INDEPENDENT SCHOOL DISTRICT *Exhibit E-2*

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Year Ended June 30, 2026

	Custodial Fund
Additions	
Fundraising	$ 306,685
Total Additions	306,685
Deductions	
Student activities	268,912
Total Deductions	268,912
Change in Net Position	37,773
Net Position Beginning of Year	256,407
Net Position End of Year	$ 294,180


JISD

Note 1 - Summary of Significant Accounting Policies

The basic financial statements of Judson Independent School District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Financial Reporting Entity

The Board of School Trustees, a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency (TEA) or to the State Board of Education are reserved for the Board of Trustees, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental reporting entity.

Government-Wide and Fund Financial Statements

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

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

The *capital projects fund* accounts for bond proceeds and expenditures for the construction of school facilities as approved by the District's voters.

In addition, the District reports the following non-major governmental funds:

The *special revenue funds* account for the District's federal, state and locally funded grants or contributions. These grants are awarded to the District with the purpose of accomplishing specific educational tasks as defined in the grant awards.

Note 1 - Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements (continued)

Proprietary Funds:

The *internal service fund* is used to account for revenues and expenses related to services provided to parties inside the District. The fund facilitates distribution of support costs to the users of support services on a cost reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the governmental activities column of the government-wide financial statements. The District accounts for its employee health care program in the Health Insurance Fund, an internal service fund. Through December 31, 2025, the District operated a self-funded medical plan, under which contributions collected from the District and its employees were used to pay claim costs, administrative costs, and stop-loss premiums, and claims in excess of specified thresholds were covered by a stop-loss carrier. Effective January 1, 2026, the District transitioned to a fully insured medical plan, under which the District pays fixed monthly premiums to the insurance carrier. The District remains responsible for claims incurred under the self-funded plan on or before December 31, 2025, which continue to be paid from the Health Insurance Fund during the plan's run-out period. See Note 13 for additional information.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because the District is the custodian of these funds and not available to support District programs, these funds are not included in the government-wide statements. The *custodial fund* (a fiduciary fund type) are used to report student activity funds held in a purely custodial capacity.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide and fiduciary fund financial statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty (60) days after year end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the state are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Budgetary information

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources. The Board adopts an appropriated budget on a basis consistent with GAAP for the general fund, debt service fund, and food service fund (which is special revenue fund included in the nonmajor funds).

At a minimum, the District is required to present the original and the final amended budgets for revenues and expenditures compared to actual revenues and expenditures for these three (3) funds.

Note 1 - Summary of Significant Accounting Policies (continued)

Budgetary information (continued)

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

Prior to June 19, the District prepares a budget based on the modified zero-based budgeting concept for departmental budgets, and the programmatic budgeting concept for campuses, for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.

After one (1) or more budget workshops with the Board, a meeting is called for the purpose of adopting the proposed budget. At least ten (10) days but not more than thirty (30) days public notice of the meeting is required.

Prior to June 30, the Board of Trustees legally adopts the budget for the general fund, debt service fund, and food service fund.

After the budget for the above listed funds is approved, any amendment that causes an increase or decrease in a fund or functional spending category or total revenue or other resources object category requires Board approval prior to the fact. These amendments are presented to the Board at its regular monthly meeting and are reflected in the official minutes. Because the District has a policy of careful budgetary control, several budgetary amendments were necessary throughout the year.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash and cash equivalents

The District's cash and cash equivalents are considered to be cash-on-hand, demand deposits, and public funds investment pools with original maturities of less than three (3) months from the date of acquisition.

Investments

Investments for the District are stated at fair value. The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Note 1 - Summary of Significant Accounting Policies (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Investments (continued)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable values or reflective of future fair values. Furthermore, while the District believes its valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Deposit accounting policy

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities 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.

Investment accounting policy

The District's general policy is to report money market investments and short-term participating interest- earning investment contracts at net asset value (NAV) or amortized cost.

Property taxes

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

Allowances for uncollectible tax receivables within the General Fund are $23,000 and $10,000 for the debt service fund and are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

Inventories and Prepaid Items

Inventories of supplies on the balance sheet are stated at weighted average cost, while inventories of food commodities are recorded at market values supplied by the Texas Department of Agriculture. Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of activity, while food commodities are used only in the food service program. Inventories also include plant maintenance and operation supplies as well as instructional supplies.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Note 1 - Summary of Significant Accounting Policies (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Encumbrance accounting

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at June 30, 2026, and encumbrances outstanding at that time are to be canceled and appropriately provided for in the subsequent year's budget.

Capital assets – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated assets are recorded at their acquisition value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of $5,000 is used and land and construction in progress is not depreciated. Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

Capital Asset Classes	Estimated Useful Lives (Years)
Buildings and improvements	35
Portable buildings	25
Buses and heavy equipment	7
Office and computer equipment	5
Vehicles and other	5-10
SBITAs	Subscription term
Right-to-use equipment	Lease term

Receivable and payable balances **-** The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

Compensated absences - A liability is recognized for compensated absences when leave time meets the following criteria:

- It has been earned for services previously rendered by employees.
- It accumulates and is allowed to be carried over to subsequent years.
- It is more likely than not (MLTN) to be used as time off or settled (e.g., paid in cash to the employee or deposited into a flexible spending account) during or upon separation from employment.

Based on these criteria, the following types of leave meet the recognition requirements under GASB Statement No. 101:

- State Personal Leave
- State Sick Leave (Pre-1995)
- Local Sick Leave
- Vacation Leave

Leave Policies Effective During the Current Fiscal Year

- **State Personal Leave –** Employees earn 5 days per year and can be accumulated without limit. This leave is eligible for payout at retirement if an employee has been with the District 10 years or more. Depending on the role of the employee, the daily rate used ranges from $75 per day to the full daily rate of an employee when the years of services equals or exceeds 25 years.
- **State Sick Leave (Pre-1995) –** This leave is no longer earned, but is unlimited and is eligible for payout at retirement.
- **Local Sick Leave** – Employees, depending on their role, earn 5 to 7 days of local leave. The leave accumulates without limit and is eligible for payout at retirement or voluntary separation for those employees with 10 or more years of service. The daily rate used varies based on the role of the employee.

Note 1 - Summary of Significant Accounting Policies (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Leave Policies Effective During the Current Fiscal Year (continued)

- **Vacation Leave** – Only 12-month employees are eligible to earn 80 hours per year. The leave accumulates with administrative limits and is eligible to be paid out upon voluntarily separating from the District.

Liability Measurement The District applied a Last-In, First-Out (LIFO) flow assumption in determining the liability for leave expected to be used as time off. Based on data from the past three years, the percentage of leave MLTN to be used as time off is zero. Therefore, the liability is calculated based solely on amounts due at retirement or separation, in accordance with *policy limits. Payroll-related costs have been added to the liability for fiscal years 2025 and 2026.* All of the balance is considered long-term.

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 postemployment benefits – The fiduciary net position of the 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 other postemployment benefit (OPEB) liability, deferred outflows of resources, and deferred inflows of resources related to other postemployment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from the 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.

Deferred outflows and inflows of resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then. The District has several items that qualify for reporting in this category. One is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other items are related to pensions and other postemployment benefit liabilities.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has several items that qualify for reporting in this category. Unavailable revenue from property taxes arises under the modified accrual basis of accounting and is reported only in the governmental funds balance sheet. The amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The other deferred inflow of resources relate to pension and other postemployment benefits liabilities and are reported on the government-wide statement of net position.

Interfund activity - Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers in and transfers out are netted and presented as a single transfer line on the government- wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single internal balances line on the government-wide statement of net position

Note 1 - Summary of Significant Accounting Policies (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

In the general fund, the District strives to maintain an unassigned fund balance to be used for local and regional emergencies without borrowing.

Use of estimates – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Arbitrage Payable - The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt to make payments to the United States Treasury for investment income at yields that exceed the issuer's tax-exempt borrowing rates. The Treasury requires that rebatable arbitrage be calculated for tax purposes every fifth year that a debt issue is outstanding and at maturity. In the District's government-wide statements, a liability must be recognized as soon as rebatable arbitrage occurs. However, in the fund financial statements, consistent with the modified accrual basis of accounting, no liability is recognized until due and payable. The District estimates and updates its liability annually for all tax-exempt issuances. As of June 30, 2026, the District has estimated that it has an arbitrage liability of $4,671,567.

Data control codes - Data control codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA in order to insure accuracy in building a statewide database for policy development and funding plans.

Fund balance – The District has implemented GASB Statement 54 "*Fund Balance Reporting and Governmental Fund Type Definitions*" which provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority, to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose, positive amounts are reported only in the general fund.

The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. Assigned fund balance is delegated by the Board of Trustees to the Superintendent or Chief Financial Officer of the District.

In the General Fund, the District strives to maintain an unassigned fund balance to be used for local and regional emergencies without borrowing.

Note 1 - Summary of Significant Accounting Policies (continued)

Implementation of New Accounting 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

Cash deposits

At June 30, 2026, the carrying amount of the District's deposits was $5,310,317 and the bank balance was $10,637,090. The District also had $550 of cash on hand. Of the bank balance, $250,000 was covered by federal depository insurance, and the remainder was covered by collateral held in the pledging bank's trust department in the District's name. The District's cash deposits are held in JP Morgan Chase Bank, which is qualified as a public depository under Texas law, and is deemed to be insured and not subject to classification by credit risk. At June 30, 2026, the market value of pledged collateral was $23,000,000.

Investments

The District is required by Government Code Chapter 2256, the Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit. The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, (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.

Note 2 - Deposits and Investments (continued)

Public funds investment pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and are subject to the provisions of the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. In addition to other provisions of the Public Funds Investment Act designed to promote liquidity and safety of principal, it requires Pools to: (1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool, (2) maintain a continuous rating of no lower than AAA or AAAm or an equivalent rating by at least one nationally recognized rating service, and (3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

TexPool is an investment pool in which the Comptroller of Public Accounts is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company (the Trust Company), which is authorized to operate the pool. Federated Investors, Inc. manages the assets under an agreement with the Comptroller, acting on behalf of the Trust Company. TexPool is reported at amortized cost and does not have any limitations or restrictions on participants' withdrawals.

Lone Star Liquidity Corporate Overnight is sponsored by the Texas Association of School Boards and is governed by an 11-member Board of Trustees consisting of individuals representing school districts. First Public, LLC under an agreement with the Board is the administrator and American Beacon Advisors and Mellon Investments Corporation provide investment management services to the pool. Lone Star Liquidity uses net asset value to value the portfolio assets.

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the District manages its exposure to interest rate risk is by investing in investment pools which have no stated maturity date and securities with less than five years to maturity unless the investment's maturity is matched to cash flow needs of long-term obligations.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the specific investments and their maturity:

	Fair Value / Amortized Cost	Less than 1 year	WAM
Governmental Activities			
US Government Agencies - US Treasuries	$ 27,532,411	$ 27,532,411	2
Local Government Investment Pools:			
TexPool	184,380,464	184,380,464	47
Lone Star:			
Government Overnight	10,099	10,099	45
Corporate Overnight	808,792	808,792	49
Money Market Funds	53,889,665	53,889,665	
Federal Home Loan Bank	2,491,315	2,491,315	16
Total Governmental Activities	$ 269,112,746	$ 269,112,746	
Weighted average of total investments			33

Note 2 - Deposits and Investments (continued)

Interest rate risk (continued)

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. 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 investments in US government agencies are categorized as Level 2 investments and are valued using observable market data of similar securities.

Credit risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required (where applicable) by the District's investment policy and PFIA and the actual rating as of year-end for each investment as noted by Standard & Poors:

Description	Minimum Legal Rating	Investment Rating	Rating Organization
TexPool Investment Fund	AAA	AAAm	Standard & Poors
Lone Star Pool Investment Fund	AAA	AAA	Standard & Poors

Concentration of credit risk – The District is required to disclose investments in any one issuer that represents 5% or more of total investments. However, investments issued or explicitly guaranteed by the United States government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by PFIA. The District's exposure to concentration of credit risk at June 30, 2026 is as follows:

TexPool and Lone Star Investment Funds are rated at AAAm and AAA, respectively by Standard and Poor's. Investments in this rating category meet the highest standards for credit quality, conservative investment policies, and safety of principal. TexPool and Lone Star Investment Funds invests in a high quality portfolio of debt securities investments that are legally permissible for local governments in the state. The District is not exposed to a concentration of credit risk.

Note 3 - Property Taxes

The Texas Legislature in 1979 adopted a comprehensive Property Tax Code (the "Code") which established a county-wide appraisal district and an appraisal review board in each county in the State. The District's appraisal district is responsible for the recording and appraisal of all property in the District. Under the Code, the District's Board sets the tax rates on property and the County Tax Assessor/Collector provides tax collection services. The appraisal district is required under the Code to assess property at 100% of its appraised value. Further, real property must be reappraised at least every three years. Under certain circumstances, taxpayers and taxing units, including the District, may challenge orders of the Appraisal Review Board through various appeals, and if necessary, legal action.

Property taxes are levied as of October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes and penalties and interest that are ultimately imposed. The net assessed value at for the 2026 fiscal year was $12,944,752,175. The District levied taxes based on a combined tax rate of $1.0346 per $100 of assessed valuation for local maintenance (general governmental services) and debt service.

Note 4 - Receivables, Unearned Revenue and Deferred Inflows of Resources

Below is the receivable by governmental fund.

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Funds
Due from State of Texas/Other Governments	$ 37,633,504	$ -	$ -	$ 4,478,870

The majority of the receivable in the General Fund is related to Foundation School Program and Available School Fund cash payments received made subsequent to year end for revenue earned. The amounts due from the State in the nonmajor funds are related to federal and state grants.

The District reports $485,365 in unearned revenue for advance payments received for various grants, but not earned.

The deferred inflows of resources are related to unavailable property taxes in the amount of $1.4 million and $0.5 million in the General Fund and Debt Service Fund, respectively.

Note 5 - Interfund Receivables, Payables, and Transfers

Due to and from other funds

Balances due to and due from other funds at June 30, 2026, consisted of the following:

Governmental Activities:	Interfund Receivable	Interfund Payable
General Fund	$ 3,663,028	$ 2,210,678
Debt Service Fund	1,114,243	-
Capital projects fund	41,430	1,097
Nonmajor funds	145,009	2,751,935
	$ 4,963,710	$ 4,963,710

All amounts due are scheduled to be repaid within one year. The District also reported several operating transfers in and out of various funds. The General Fund transferred $13.8 million to the internal service fund to reduce the deficit net position during the fiscal year.

Note 6 - Capital Assets

Capital asset activity for the year ended June 30, 2026 was as follows:

	Balance July 1, 2025	Additions	(Retirements)	Transfers	Balance June 30, 2026
Capital Assets, Not being Depreciated					
Land	$ 26,419,753	$ -	$ -	$ -	$ 26,419,753
Construction in progress	135,030,809	12,068,931	-	(127,908,406)	19,191,334
Total Capital Assets, Not being Depreciated	161,450,562	12,068,931	-	(127,908,406)	45,611,087
Capital Assets, Being Depreciated/Amortized					
Buildings and improvements	861,359,594	20,827,536	-	122,419,316	1,004,606,446
Furniture and equipment	74,840,834	4,920,270	(21,168,201)	5,489,090	64,081,993
Right-to-use lease assets - equipment	6,191,174	102,130	-	-	6,293,304
SBITA assets	4,885,820	1,084,419	(247,237)	-	5,723,002
Total Capital Assets, Being Depreciated/Amortized	947,277,422	26,934,355	(21,415,438)	127,908,406	1,080,704,745
Less accumulated Depreciation/Amortization for:					
Buildings and improvements	(357,855,786)	(30,260,872)	-	-	(388,116,658)
Furniture and Equipment	(56,793,776)	(6,399,518)	20,846,154	-	(42,347,140)
Right-to-use lease assets - equipment	(1,854,323)	(1,521,966)	-	-	(3,376,289)
SBITA assets	(2,158,377)	(1,369,538)	247,237	-	(3,280,678)
Total Accumulated Depreciation/Amortization	(418,662,262)	(39,551,894)	21,093,391	-	(437,120,765)
Governmental Capital Assets	$ 690,065,722	$ (548,608)	$ (322,047)	$ -	689,195,067

Less:	
Outstanding principal of capital-related debt	(774,869,038)
Tax maintenance notes used for capital purchases	(900,000)
Unamortized premiums on bonds	(58,971,340)
Lease and SBITA liabilities	(2,949,704)
Plus:	
Unspent bond proceeds	166,962,337
Unamortized deferred losses on refunding	(3,410,557)
Net Investment in Capital Assets	$ 15,056,765

Note 6 - Capital Assets (continued)

Depreciation was charged to functions as follows:

Function	Depreciation/ Amortization Expense
Instruction	$ 20,302,967
Instructional resources & media services	260,986
Curriculum & instructional staff development	893,136
Instructional leadership	439,004
School leadership	1,609,941
Guidance, counseling & evaluation services	1,247,853
Social work services	261,035
Health services	319,077
Student (pupil) transportation	989,183
Food services	2,430,273
Cocurricular/extracurricular activities	968,247
General administration	1,058,031
Plant maintenance & operations	3,710,980
Security and monitoring services	1,264,635
Data processing services	3,761,439
Community services	35,107
	$ 39,551,894

Note 7 - Long-Term Liabilities

The District has entered into a continuing disclosure undertaking to provide annual reports and material event notices to the Municipal Securities Rule Making Board through the electronic municipal market access website. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

Long-term liabilities - Bonds

Bonded indebtedness of the District is reflected as governmental activities in the statement of net position. Effective interest rates range from 0.00% to 5.00%.

Description	Interest Rate Payable	Original Amounts Issued	Amount Outstanding as of June 30, 2026
School Building Bonds:			
School Building Bonds Series 2007	0.00%	$ 5,689,223	$ 2,719,175
School Building and Refunding Bonds Series 2016	3.00% to 5.00%	310,915,000	215,830,000
School Building Bonds Series 2016 B	3.25% to 5.00%	4,945,000	2,380,000
School Building Bonds Series 2017	4.00% to 5.00%	55,730,000	41,670,000
Refunding Bonds Series 2020	5.00%	11,710,000	1,505,000
Refunding Bonds Series 2020	0.00% to 2.16%	87,129,863	67,654,863
School Building Bonds Series 2023	4.00% to 5.00%	87,470,000	72,770,000
School Building Bonds Series 2024	4.21% to 5.00%	245,890,000	240,120,000
Unlimited Tax Refunding Bonds Series 2024	5.00%	31,955,000	30,805,000
Unlimited Tax Refunding Bonds Series 2025A	5.00%	97,850,000	97,850,000
Unlimited Tax Refunding Bonds Series 2025B	5.00%	1,565,000	1,565,000
Total all Bonds		$ 940,849,086	$ 774,869,038

Note 7 - Long-Term Liabilities (continued)

Additions are made up of interest accreted on capital appreciation bonds for the year ended June 30, 2026. The capital appreciation bonds were originally recorded at their face value and have only been reduced as principal payments were made. Since these bonds mature at different dates the bonds are now included in bonds payable at their accreted value, for principal amounts due as of June 30, 2026.

During fiscal year 2026, the District issued $97,850,000 of Unlimited Tax Refunding Bonds, Series 2025A, to current refund $109,845,000 of outstanding unlimited tax-supported obligations. Proceeds were deposited with an escrow agent to redeem portions of the Series 2016 School Building and Refunding Bonds, Series 2016A Refunding Bonds, and Series 2017 School Building Bonds. The refunding reduced future debt service by approximately $9.3 million and resulted in an economic gain of approximately $7.5 million. The bonds mature in fiscal years 2028 through 2039.

During fiscal year 2026, the District issued $1,565,000 of Unlimited Tax Refunding Bonds, Series 2025B (Non-PSF), to current refund $1,715,000 of outstanding Series 2016B Unlimited Tax Refunding Bonds. Proceeds were deposited with an escrow agent to redeem the refunded bonds. The refunding reduced future debt service by approximately $228,714 and resulted in an economic gain of approximately $170,909. The bonds mature in fiscal years 2033 through 2038.

The reacquisition price exceeded the net carrying amount of the old debt by $5.2 million for both Series 2025 A and B.

Summary information on the capital appreciation bonds is as follows:

Series	Maturity	Original Amount	Accreted Value	Value at
2007	2026-2027	$ 5,689,223	$ 25,717,761	$ 26,400,000
2020	2038-2039	7,364,863	8,970,222	21,170,000

Long-term liabilities include debt and other long-term liabilities. Changes in long-term liabilities for the year ended June 30, 2026 are as follows:

	Balance June 30, 2025	Additions	Retirements	Balance June 30, 2026	Due Within One Year
Long-term Debt					
Governmental Activities:					
General obligation bonds	$ 800,604,086	$ 99,415,000	$ (125,150,048)	$ 774,869,038	$ 11,654,175
Premium on bonds	57,261,079	13,451,045	(11,740,784)	58,971,340	-
Capital appreciation bonds - accreted interest	19,381,533	2,252,364	-	21,633,897	-
Tax notes - direct borrowing	1,340,000	-	(440,000)	900,000	445,000
Total Bonds Payable	878,586,698	115,118,409	(137,330,832)	856,374,275	12,099,175
Other long-term liabilities:					
Arbitrage liability	691,087	3,980,480	-	4,671,567	4,671,567
Compensated absences	4,354,918	170,235	-	4,525,153	-
Lease liability	4,086,929	102,130	(1,467,291)	2,721,768	1,395,203
Subscription liability	356,724	68,724	(197,512)	227,936	160,109
Total Governmental Activities	$ 888,076,356	$ 119,439,978	$ (138,995,635)	$ 868,520,699	$ 18,326,054

The general fund, the primary governmental activity fund type, is typically used to liquidate compensated absences.

Note 7 - Long-Term Liabilities (continued)

Debt service requirements

Debt service requirements on long-term debt at June 30, 2026, are as follows:

Fiscal Year	Principal	Interest	Totals
2027	$ 11,654,175	$ 42,176,481	$ 53,830,656
2028	20,700,000	31,486,788	52,186,788
2029	21,990,000	30,802,946	52,792,946
2030	22,770,000	30,096,422	52,866,422
2031	23,375,000	29,437,530	52,812,530
2032 - 2036	131,605,000	131,821,792	263,426,792
2037 - 2041	146,479,863	117,038,873	263,518,736
2042 - 2046	187,535,000	69,152,850	256,687,850
2047 - 2051	140,060,000	33,834,624	173,894,624
2052-2053	68,700,000	4,377,900	73,077,900
Totals	$ 774,869,038	$ 520,226,206	$ 1,295,095,244

The outstanding 2016 Series Bonds include Serial and Capital Appreciation Bonds (CABs). The interest shown above, with respect to the Capital Appreciation Bonds, includes the interest to be paid on bonds maturing in the respective years and does not include accrued interest on bonds not maturing in those years. The remaining payments for the 2016 CABs are due during fiscal years 2027 and 2038 in the amount of $13,145,000 and $6,939,047, respectively.

Tax notes – direct borrowing loan

The District has entered into limited maintenance tax notes to finance the acquisition of school buses.

The assets acquired with the tax notes are:

School buses	$9,177,541

Debt service requirements on tax notes (direct borrowings) at June 30, 2026, are as follows:

Year Ending June 30,	Tax Notes Payable		
	Principal	Interest	Total
2027	$ 445,000	$ 18,360	$ 463,360
2028	455,000	9,282	464,282
Totals	$ 900,000	$ 27,642	$ 927,642

The effective interest rate on the outstanding tax notes is 2.040%

Note 8 - Leases

The District is under contract for noncancellable lease agreements that convey control of the right to use copier equipment, and laptops. The liabilities outstanding as of June 30, 2026 are as follows:

				Lease Liability		Right to Use Asset		
Description	Start Date	End Date	Interest Rate	Original Amount	Outstanding Balance	Original Amount	Accumulated Amortization	Net Amount
Copier	03/15/24	03/14/29	2.4320%	$ 9,387	$ 5,230	$ 9,387	$ (4,306)	$ 5,081
Copier	10/15/23	10/15/28	3.6510%	31,727	15,527	31,727	(17,194)	14,533
Copier	05/01/24	05/01/28	2.8320%	9,738	4,804	9,738	(5,271)	4,467
Copier	07/15/23	07/15/27	2.9260%	160,948	45,464	160,948	(119,063)	41,885
Copier	07/15/23	07/15/27	2.9260%	35,389	9,997	35,389	(26,179)	9,210
Copier	09/15/23	12/15/26	3.0410%	8,890	1,425	8,890	(7,637)	1,253
Laptops	09/01/24	08/31/28	3.1940%	4,956,168	2,476,859	4,956,168	(2,271,577)	2,684,591
Copier	11/01/21	11/28/26	0.7120%	937,882	79,438	937,882	(861,948)	75,934
Copier	02/01/22	11/28/26	0.7360%	16,653	1,485	16,653	(15,234)	1,419
Copier	02/15/22	11/28/26	0.7360%	6,912	616	6,912	(6,318)	594
Copier	01/15/23	03/15/27	2.8160%	9,110	1,720	9,110	(7,562)	1,548
Copier	01/28/23	11/28/26	2.8160%	8,370	954	8,370	(7,473)	897
Copier	07/11/25	03/15/29	2.8320%	6,547	6,209	6,547	(1,598)	4,949
Copier	07/17/25	03/15/29	2.8320%	34,516	26,014	34,516	(9,002)	25,514
Copier	07/17/25	03/15/29	2.8320%	61,067	46,026	61,067	(15,927)	45,140
				$ 6,293,304	$ 2,721,768	$ 6,293,304	$ (3,376,289)	$ 2,917,015

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.

The future principal and interest payments as of June 30, 2026, were as follows:

Fiscal Year	Principal	Interest	Total
2027	$1,395,203	$ 82,752	$ 1,477,955
2028	1,302,661	41,524	1,344,185
2029	23,904	248	24,152
Totals	$2,721,768	$ 124,524	$ 2,846,292

Note 9 - Subscription-Based Information Technology Arrangements (SBITAs)

The District is under contract for noncancellable SBITAs that convey control of the right to use software. The SBITA liabilities outstanding as of June 30, 2026, are as follows:

	Term		Interest	SBITA Liability		SBITA Asset		
SBITA Type	Start Date	End Date	Rate	Original Amount	Outstanding Balance	Value of SBITA Asset	Accumulated Amortization	Net
Support	03/26/25	03/25/29	2.43%	$ 12,465	$ 6,231	$ 12,465	$ (3,938)	$ 8,527
Support	03/01/24	02/28/29	2.82%	148,672	60,337	148,672	(69,380)	79,292
Support	09/01/22	08/31/27	2.54%	446,480	91,791	446,480	(342,301)	104,179
Support	04/16/24	04/18/29	2.77%	27,248	11,043	27,248	(11,990)	15,258
Support	12/01/23	11/30/26	3.76%	15,191	-	15,191	(13,082)	2,109
Support	10/12/23	10/11/28	3.65%	21,475	8,736	21,475	(11,680)	9,795
Support	03/01/23	02/29/28	2.82%	13,421	3,502	13,421	(8,947)	4,474
Support	07/01/25	06/30/28	2.76%	68,724	46,296	68,724	(22,908)	45,816
Support	07/03/24	06/30/27	N/A	-	-	449,058	(299,095)	149,963
Support	07/01/24	06/30/29	N/A	-	-	140,920	(56,368)	84,552
Support	02/28/25	01/31/28	N/A	-	-	86,280	(39,487)	46,793
Support	07/01/24	05/31/27	N/A	-	-	478,840	(319,226)	159,614
Support	07/01/22	06/30/27	N/A	-	-	286,398	(229,119)	57,279
Support	07/01/23	06/30/28	N/A	-	-	876,711	(526,026)	350,685
Support	06/05/23	06/04/28	N/A	-	-	240,000	(147,467)	92,533
Support	01/04/23	01/03/28	N/A	-	-	1,378,630	(962,743)	415,887
Support	11/14/23	11/13/26	N/A	-	-	7,117	(6,240)	877
Support	08/08/22	08/07/27	N/A	-	-	9,677	(7,542)	2,135
Support	07/01/25	06/30/30	N/A	-	-	1,015,695	(203,139)	812,556
				$ 753,676	$ 227,936	$ 5,723,002	$ (3,280,678)	$ 2,442,324

All amounts paid were previously included in the measurement of the subscription 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 subscription term and there were no impairment losses related to SBITA assets.

The future principal and interest payments as of June 30, 2026, were as follows:

Fiscal Year	Principal	Interest	Total
2027	$ 160,109	$ 6,184	$ 166,293
2028	67,827	1,921	69,748
Totals	$ 227,936	$ 8,105	$ 236,041

Note 10 - Revenues From Local and Intermediate Sources

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

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Property Taxes	$ 90,397,737	$ 42,312,493	$ -	$ -	$ 132,710,230
Food service	-	-	-	1,343,278	1,343,278
Investment Earnings	2,509,051	1,868,379	7,720,983	181,427	12,279,840
Campus Activities	-	-	-	2,369,062	2,369,062
Tuition/Fees	2,019,269	-	-	-	2,019,269
Athletics	506,222	-	-	-	506,222
Gifts and Bequests	46,032	-	-	-	46,032
Rent	104,743	-	-	-	104,743
Insurance Recovery	28,900	-	-	-	28,900
Miscellaneous	1,490,062	-	-	11,763	1,501,825
Total	$ 97,102,016	$ 44,180,872	$ 7,720,983	$ 3,905,530	$ 152,909,401

Note 11 - Defined Benefit Pension 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 Comprehensive Financial Report 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.

Note 11 - Defined Benefit Pension Plan (continued)

Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered under a previous rule. There are no automatic postemployment benefit changes; including automatic cost of living allowances (COLAs). Ad hoc postemployment 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 TRS 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%	16,338,714
Non-Employer Contributing Entity (State)	8.25%	8.25%	11,854,805
District	8.25%	8.25%	7,956,490

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).

Note 11 - Defined Benefit Pension Plan (continued)

Contributions (continued)

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

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

Actuarial Assumptions

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

Note 11 - Defined Benefit Pension Plan (continued)

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.

Best estimates of geometric real rates of return for each major asset class included in the Systems 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.

Note 11 - Defined Benefit Pension 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:

	Discount Rate		
	1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)
District's proportional share of the net pension liability	$ 132,886,937	$ 85,735,333	$ 42,025,637

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

On June 30, 2026 the District reported a liability of $85,735,333 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	$ 85,735,333
State's proportionate share that is associated with the District	123,408,995
Total	$ 209,144,328

The net pension liability was measured as of August 31, 2024 and rolled forward to August 31, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the 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.

On August 31, 2025, the employer's proportion of the collective net pension liability was 0.1362% which was an increase of 0.0186% from its proportion measured as of August 31, 2024.

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 $8,925,053. The District also recognized on-behalf pension expense and revenue of $11,456,874 for support provided by the State.

Note 11 - Defined Benefit Pension Plan (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Changes in Assumptions and Benefits Since the Prior Actuarial Valuation (continued)

On 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	$ 5,143,885	$ (300,408)
Changes of assumption	8,222,206	-
Net difference between projected and actual earnings on pension plan investments	-	(3,896,279)
Changes in proportion and differences between District contributions and proportionate share of contributions	6,752,229	(12,887,974)
District contributions subsequent to the measurement date of the net pension liability	6,733,404	-
Total	$ 26,851,724	$ (17,084,661)

The District recognized $6,733,404 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 ending 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:

Fiscal Year	Pension Expense	Balance of Deferred Outflows (Inflows)
2027	$ 9,181,615	$ (6,147,956)
2028	324,335	(6,472,291)
2029	(4,139,312)	(2,332,979)
2030	(2,182,055)	(150,924)
2031	(150,924)	-
	$ 3,033,659	

Note 12 - Defined Other Postemployment 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 benefit OPEB plan with a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

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

Note 12 - Defined Other Postemployment Benefit Plan (continued)

OPEB Plan Fiduciary Net Position

Detail information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the internet at https://www.trs.texas.gov/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 postemployment 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.

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

Note 12 - Defined Other Postemployment Benefit Plan (continued)

Contributions

Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions; and contributions from the state, active employees, and 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% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of salary. Section 1575.204 establishes a public school contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the employer. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act, which is 0.75% 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		
	September 1, 2025 to June 30, 2026	July 1, 2025 to August 31, 2025	Contribution Amounts
Active Employee	0.65%	0.65%	$ 1,287,290
Non-Employer Contributing Entity (State)	1.25%	1.25%	3,895,673
District:			
District, Excluding Federal/Private Funding	0.75%	0.75%	1,569,335
Federal/Private Funding	1.25%	1.25%	163,167
Total District			1,732,502
Total			$ 6,915,465

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to. When hiring a TRS retiree, employers are required to pay TRS Care, a monthly surcharge of $535 per retiree.

Note 12 - Defined Other Postemployment Benefit Plan (continued)

Actuarial Assumptions

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

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
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

Note 12 - Defined Other Postemployment Benefit Plan (continued)

Discount Rate

A single discount rate of 5.23% was used to measure the total OPEB liability. This was an increase of 1.36% in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate is the Fidelity "20-year Municipal GO AA Index" as of August 31, 2025 using the Fixed Income Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1 percentage point lower than and 1 percentage point higher than the discount rate that was used (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	$ 54,783,570	$ 46,648,324	$ 39,944,308

Healthcare Trend Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1% less than and 1% greater than the assumed healthcare cost trend rate:

	Healthcare Cost Trend Rate		
	1% Decrease	Current Rate	1% Increase
District's proportional share of the net OPEB liability	$ 38,571,608	$ 46,648,324	$ 56,903,369

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

On June 30, 2026, the District reported a liability of $46,648,324 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	$ 46,648,324
State's proportionate share that is associated with the District	61,889,316
Total	$ 108,537,640

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 OPEB 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 0.1871% which was a decrease of 0.1830% from its proportion measured as of August 31, 2024.

Note 12 - Defined Other Postemployment Benefit Plan (continued)

OPEB Liabilities, OPEB Expense, And Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (continued)

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.
- The salary increase rates were revised to match those used in the pension valuation, and the health care trend rates were reset to reflect the plan's anticipated experience.

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 $3,544,086. The District also recognized negative on-behalf OPEB expense and revenue of $7,150,807 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	$ 9,126,239	$ (27,781,741)
Changes of assumption	5,768,460	(19,159,711)
Net difference between projected and actual earnings on OPEB plan investments	-	(286,895)
Changes in proportion and differences between District contributions and proportionate share of contributions	13,272,991	(9,920,963)
District contributions subsequent to the measurement date of the net OPEB liability	1,458,173	-
Total	$ 29,625,863	$ (57,149,310)

The District recognized $1,458,173 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 during the measurement year ending 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:

Fiscal Year	OPEB Expense Amount	Balance of Deferred Outflows (Inflows)
2027	$ (5,600,134)	$ (23,381,486)
2028	(6,868,936)	(16,512,550)
2029	(5,929,601)	(10,582,949)
2030	(3,127,785)	(7,455,164)
2031	(2,467,285)	(4,987,879)
Thereafter	(4,987,879)	-
	$ (28,981,620)	

Note 12 - Defined Other Postemployment Benefit Plan (continued)

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 $1,585,742, $1,418,231, and $1,089,743, respectively. These payments are recorded as equal revenues and expenditures in the governmental funds' financial statements of the District.

Note 13 - Health Care Coverage

Prior to January 1, 2026, the District provided medical coverage to eligible employees and their dependents through a self-funded health plan accounted for in the Health Insurance Fund, an internal service fund. Under the self-funded plan, the District retained the risk of loss for covered medical claims, and contributions from the District and participating employees were used to pay claims, administrative costs, and stop-loss premiums. The District purchased stop-loss coverage to limit its exposure for claims exceeding specified thresholds.

Due to the increasing cost and volatility associated with maintaining the self-funded program, including continued exposure to large claim fluctuations and rising health care costs, the District terminated its self-funded medical plan effective December 31, 2025, and transitioned to a fully insured group medical plan with Blue Cross and Blue Shield of Texas (BCBSTX) effective January 1, 2026. The fully insured plan offers three coverage options consisting of two preferred provider organization (PPO) plans and one health maintenance organization (HMO) plan. Under the fully insured arrangement, the District pays fixed monthly premiums, and the risk of loss for covered claims incurred on or after January 1, 2026, has been transferred to BCBSTX.

The District contributes $400 per month per enrolled employee toward the cost of coverage. Employees pay the remaining premium for employee and dependent coverage through payroll deductions. Total monthly premium rates under the fully insured plan effective January 1, 2026, were as follows:

Coverage Tier	PPO Plan 1	PPO Plan 2	HMO Plan 3
Employee	$ 537	$ 460	$ 407
Employee + Spouse	1,038	889	769
Employee + Child(ren)	996	853	755
Employee + Family	1,540	1,319	1,168

The District retained liability for all claims incurred under the self-funded plan on or before December 31, 2025. These run-out claims continue to be processed by the plan's third-party claims administrator, with claims review services provided by a separate vendor, and are paid from the Health Insurance Fund. Providers must submit claims within 12 months of the date of service; accordingly, the run-out period extends through December 31, 2026, although claims received but not yet processed as of that date may be paid after the run-out period ends.

The claims liability reported in the Health Insurance Fund at June 30, 2026, represents the District's estimate of the cost of claims incurred under the self-funded plan prior to January 1, 2026, that remained unpaid at year end, including claims incurred but not reported (IBNR). A claims liability is recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Because actual claims costs depend on factors such as the timing of claim submissions and claim severity, the process used to compute the claims liability does not necessarily result in an exact amount, and the liability is reevaluated periodically as claims are paid during the run-out period.

Note 13 - Health Care Coverage (continued)

Through June 30, 2026, the District received $1,708,522 in stop-loss reimbursements, $1,244,146 in pharmacy rebates, and $303,643 in financial recoveries related to the self-funded plan.

A reconciliation of changes in the aggregate liabilities for major medical claims for the prior and current fiscal periods is presented below:

	Beginning Balance	Current Year Claims and Changes in Estimates	Claim Payments	Balance at End of Year
2025-2026	$ 13,641,497	$ 5,908,625	$ (19,148,311)	$ 401,811
2024-2025	4,630,693	36,198,518	(27,187,714)	13,641,497
2023-2024	1,995,655	18,256,140	(15,621,102)	4,630,693

Note 14 - Workers' Compensation Plan

Judson Independent School District established a limited risk management program for worker's compensation effective September 1, 1991. During the year ended June 30, 2026, a total of $591,863 was paid in benefits.

An excess coverage insurance policy covers individual claims in excess of $500,000 for any one event up to a maximum limit of $1,000,000. Accrued liabilities of $209,150 represents the administrator's estimate of the aggregate liability for claims made.

	Beginning of Year Accrual	Current Year Estimates	Claims Payments	End of Year Accrual
2023-2024	$ 455,393	$ 734,939	$ (674,104)	$ 516,228
2024-2025	516,238	497,334	(683,270)	330,302
2025-2026	330,302	470,711	(591,863)	209,150

Note 15 - Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters for which the District carries commercial insurance. During fiscal year 2026, the District purchased replacement value commercial property insurance with a $100,000 deductible. There were no significant reductions in coverage in the past fiscal year.

Note 16 - Commitments and Contingencies

Contingencies

The District participates in 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, refunds of any money received may be required and the collectability of any related receivable 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 basic financial statements for such contingencies.

Construction commitments

As of June 30, 2026, the District was obligated under the terms of agreements for the construction of the following projects:

Project	Approved Construction Budget	Construction in Progress	Remaining Commitment
Candlewood Elementary School	$ 708,707	$ 647,045	$ 61,662
Cibolo Creek Middle School	308,139	200,000	108,139
Converse Elementary School	15,058,000	7,743,684	7,314,316
Coronado Village Elementary School	435,976	385,165	50,811
Crestview Elementary School	446,555	400,252	46,303
District Office	2,129,981	515,775	1,614,206
Elolf Elementary School	1,293,006	578,967	714,039
Facilities	148,601	1,600	147,001
Franz Elementary School	582,512	446,216	136,296
Hartman Elementary School	734,610	668,515	66,095
Hopkins Elementary School	590,227	9,000	581,227
Judson Early College Academy	278,673	278,673	-
Judson High School	2,730,499	22,000	2,708,499
Judson Middle School	2,029,570	961,762	1,067,808
Kitty Hawk Middle School	393,310	393,310	-
Masters Elementary School	243,501	-	243,501
Miller's Point Elementary School	1,675,778	374,006	1,301,772
Olympia Elementary School	529,679	7,000	522,679
Park Village Elementary School	1,436,822	320,860	1,115,962
Paschall Elementary School	1,092,900	11,000	1,081,900
Rolling Meadows Elementary School	993,149	9,000	984,149
Salinas Elementary School	3,551,214	876,403	2,674,811
Selma Elementary School	105,623	35,883	69,740
Spring Meadows Elementary School	369,800	175,318	194,482
Technology	569,593	5,200	564,393
Wagner High School	3,287,356	2,688,634	598,722
Woodlake Elementary School	798,900	606,827	192,073
Woodlake Hills Middle School	1,345,285	829,239	516,046
	$ 43,867,966	$ 19,191,334	$ 24,676,632

Note 17 - Shared Services Arrangements

The District participates in a shared services arrangement (SSA) for a federal program with the following school districts:

- Fort Sam Houston Independent School District
- East Central Independent School District
- Randolph Field Independent School District
- North East Independent School District
- San Antonio Independent School District

The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District does not have joint ownership interest in capital assets purchased by the fiscal agent, Judson Independent School District, nor does the District have a net equity interest in the fiscal agent. The fiscal agent does not accumulate significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA.

Note 18 - Deficit Net Position/Fund Balance

At June 30, 2026, the District has a deficit unrestricted net position of $116.2 million in the government-wide statement of net position. This deficit is due to the effect of GASB Statements 68 and 75 related to the District's proportionate share of the net pension liability and OPEB liability. Total net position as of June 30, 2026 resulted in an overall deficit.

REQUIRED SUPPLEMENTARY INFORMATION


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JUDSON INDEPENDENT SCHOOL DISTRICT

Exhibit G-1

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2026

	Budgeted Amounts				
	Original	Final	Variance with Original Budget - Over (Under) Final Budget	Actual	Variance with Final Budget - Over (Under) Actual Amounts
Revenues					
Local and intermediate sources	$ 103,316,808	$ 97,001,576	$ (6,315,232)	$ 97,102,016	$ 100,440
State program revenues	128,796,675	148,570,492	19,773,817	151,868,211	3,297,719
Federal program revenues	2,050,000	1,710,000	(340,000)	2,031,798	321,798
Total Revenues	234,163,483	247,282,068	13,118,585	251,002,025	3,719,957
Expenditures					
Current:					
Instruction	159,869,101	165,448,562	5,579,461	162,431,089	3,017,473
Instruction resources and media services	2,562,331	2,218,380	(343,951)	1,847,545	370,835
Curriculum and instructional staff development	4,218,106	3,717,319	(500,787)	3,348,646	368,673
Instructional leadership	4,950,677	4,775,434	(175,243)	4,523,565	251,869
School leadership	14,969,607	14,156,610	(812,997)	14,072,964	83,646
Guidance, counseling and evaluation services	11,457,780	10,872,824	(584,956)	10,617,620	255,204
Social work services	2,178,241	2,197,714	19,473	1,951,813	245,901
Health services	2,992,617	3,030,148	37,531	2,641,968	388,180
Student transportation	6,942,115	6,757,559	(184,556)	6,184,949	572,610
Food services	250,000	175,000	(75,000)	145,009	29,991
Extracurricular activities	6,846,643	7,209,713	363,070	6,964,163	245,550
General administration	6,916,905	8,585,766	1,668,861	7,670,953	914,813
Facilities maintenance and operations	31,758,634	32,460,782	702,148	31,072,126	1,388,656
Security and monitoring services	3,613,316	3,681,116	67,800	3,485,116	196,000
Data processing services	9,165,895	7,974,313	(1,191,582)	7,307,459	666,854
Community services	185,000	217,237	32,237	154,129	63,108
Debt service:					
Principal on long-term debt	1,292,230	2,142,230	850,000	2,063,028	79,202
Interest on long-term debt	157,770	157,770	-	157,770	-
Capital outlay:					
Facilities acquisition and construction	-	100,000	100,000	-	100,000
Intergovernmental:					
Payments to Juvenile Justice Alt. Ed. Prgm.	22,500	22,500	-	-	22,500
Other intergovernmental charges	1,040,000	890,000	(150,000)	825,058	64,942
Total Expenditures	271,389,468	276,790,977	5,401,509	267,464,970	9,326,007
Excess (deficiency) of revenues over expenditures	(37,225,985)	(29,508,909)	7,717,076	(16,462,945)	13,045,964
Other Financing Sources (Uses)					
Issuance of leases and SBITAs	-	-	-	170,854	170,854
Transfers out	-	(13,800,000)	(13,800,000)	(13,800,000)	-
Total Other Financing Sources (Uses)	-	(13,800,000)	(13,800,000)	(13,629,146)	170,854
Net change in fund balances	(37,225,985)	(43,308,909)	(6,082,924)	(30,092,091)	13,216,818
Fund Balance - July 1 (Beginning)	86,547,088	86,547,088		86,547,088	-
Fund Balance - June 30 (Ending)	$ 49,321,103	$ 43,238,179	$ (6,082,924)	$ 56,454,997	$ 13,216,818

A. Budgets and Budgetary Accounting

The District adopts annual appropriations type budgets for the General Fund, Child Nutrition Fund, and the Debt Service Fund using the same method of accounting as for financial reporting, as required by law. The remaining Special Revenue Funds (primarily federal grant programs) utilize a managerial type budget approved at the fund level by the Board of Trustees upon acceptance of the grants. These grants are subject to Federal, State and locally imposed project length budgets and monitoring through submission of reimbursement reports.

Expenditures may not legally exceed budgeted appropriations at the function or activity level. Expenditure requests which would require an increase in total budgeted appropriations must be approved by the Trustees through formal budget amendment. State law prohibits trustees from making budget appropriations in excess of funds available and estimated revenues. State law also prohibits amendment of the budget after fiscal year end. Supplemental appropriations were made to the General Fund, Child Nutrition Fund, and Debt Service Fund during the fiscal year ended June 30, 2026.

The administrative level at which responsibility for control of budgeted appropriations begins is at the organizational level within each function of operations. The finance department reviews closely the expenditure requests submitted by the various organizational heads (principal and department heads) throughout the year to ensure proper spending compliance. No public funds of the District shall be expended in any manner other than as provided for in the budget adopted by the Board of Trustees.

The official school budget was prepared for adoption for budgeted governmental fund types by June 30, 2025. The budget was formally adopted by the Board of Trustees at a duly advertised public meeting prior to the expenditure of funds. The final amended budget is filed with the Texas Education Agency (TEA) through inclusion in the annual financial and compliance report.

B. 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.

General Fund Budgetary Highlights

During fiscal year 2026, the Board approved several amendments to the General Fund budget, including a final amendment that reallocated appropriations among functions to cover projected expenditures. Significant changes between the original and final budget were as follows.

Revenues: Local and intermediate sources decreased by $6,315,232, from $103,316,808 to $97,001,576, mainly because the State-mandated residence homestead exemption increased from $100,000 to $140,000, reducing the taxable value of qualifying homesteads. State program revenues increased by $19,773,817, from $128,796,675 to $148,570,492, mainly because of additional state aid provided to offset the higher homestead exemption, together with Teacher Retention Allotment funding and other state program funding. Federal program revenues decreased by $340,000, from $2,050,000 to $1,710,000, because School Health and Related Services reimbursements were lower than expected.

Expenditures: Instruction increased by $5,579,461, from $159,869,101 to $165,448,562, mainly for teacher compensation increases funded by the Teacher Retention Allotment. Instructional resources and media services decreased by $343,951 because certain payroll costs were charged to federal grant funds. General administration increased by $1,668,861 to cover higher payroll and non-payroll expenditures through appropriations moved from other functions. Data processing services decreased by $1,191,582 because expenditures were lower than expected; a portion of this amount was reallocated to principal on long-term debt, which increased by $850,000 to cover higher debt service costs. The final amendment also reallocated appropriations among functions, decreasing curriculum and staff development by $500,787, school leadership by $812,997, guidance, counseling, and evaluation services by $584,956, food services by $75,000, and other intergovernmental charges by $150,000, while increasing facilities maintenance and operations by $702,148.

Other financing uses: Other financing uses increased by $13,800,000 to fund a transfer from General Fund fund balance to the Health Insurance Fund. The transfer was made to cover high-cost claims under the District's former self-funded health plan (see Note 13).

JUDSON INDEPENDENT SCHOOL DISTRICT *Exhibit G-2*

REQUIRED SUPPLEMENTARY INFORMATION
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	0.1362%	0.1548%	0.1670%	0.1511%	0.1390%
District's proportionate share of the net pension liability	$ 85,735,333	$ 94,543,585	$ 114,740,195	$ 89,705,854	$ 35,632,743
State's proportionate share of the net pension liability associated with the District	123,408,995	118,747,683	123,670,672	110,092,982	44,486,517
Total	$ 209,144,328	$ 213,291,268	$ 238,410,867	$ 199,798,836	$ 80,119,260
District's covered payroll (for Measurement Year)	$ 198,631,188	$ 202,144,227	$ 191,710,485	$ 177,454,040	$ 155,038,705
District's proportionate share of the net pension liability as a percentage of it's covered payroll	43.16%	46.77%	59.85%	50.55%	22.98%
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	0.1206%	0.1375%	0.1381%	0.1351%	0.1366%
District's proportionate share of the net pension liability	$ 64,612,318	$ 71,486,352	$ 76,022,372	$ 43,212,935	$ 51,621,002
State's proportionate share of the net pension liability associated with the District	107,448,861	101,099,367	113,983,813	67,208,882	80,363,413
Total	$ 172,061,179	$ 172,585,719	$ 190,006,185	$ 110,421,817	$ 131,984,415
District's covered payroll (for Measurement Year)	$ 151,807,067	$ 147,717,009	$ 147,082,750	$ 141,413,615	$ 137,649,587
District's proportionate share of the net pension liability as a percentage of it's covered payroll	42.56%	48.39%	51.69%	30.56%	37.50%
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 are presented for each Plan year which ends the preceding August 31 of the District's fiscal year.

* Per Teacher Retirement System of Texas' annual comprehensive financial report.

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.

JUDSON INDEPENDENT SCHOOL DISTRICT *Exhibit G-3*

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS

	2026	2025	2024	2023	2022
Contractually required contributions	$ 7,956,490	$ 8,093,446	$ 8,745,776	$ 8,263,627	$ 6,644,216
Contributions in relation to the contractual required contributions	7,956,490	8,093,446	8,745,776	8,263,627	6,644,216
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$197,847,868	$199,647,366	$202,584,768	$187,716,364	$ 174,144,026
Contributions as a percentage of covered payroll	4.02%	4.05%	4.32%	4.40%	3.82%

	2021	2020	2019	2018	2017
Contractually required contributions	$ 5,723,938	$ 5,015,330	$ 4,777,335	$ 4,615,214	$ 4,425,879
Contributions in relation to the contractual required contributions	5,723,938	5,015,330	4,777,335	4,615,214	4,425,879
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$152,655,525	$152,169,631	$147,999,610	$145,882,116	$ 140,918,025
Contributions as a percentage of covered payroll	3.75%	3.30%	3.23%	3.16%	3.14%

JUDSON INDEPENDENT SCHOOL DISTRICT *Exhibit G-4*

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST NINE MEASUREMENT YEARS [1]

	2025	2024	2023	2022	2021
District's proportion of the net OPEB liability	0.1871%	0.2022%	0.2063%	0.2042%	0.1680%
District's proportionate share of the net OPEB liability	$ 46,648,324	$ 61,379,183	$ 45,678,714	$ 48,970,068	$ 65,497,688
State's proportionate share of the net OPEB liability associated with the District	61,889,316	76,907,283	55,118,390	59,732,789	87,752,305
Total	$ 108,537,640	$ 138,286,466	$ 100,797,104	$ 108,702,857	$ 153,249,993
District's covered payroll (for Measurement Year)	$ 198,631,188	$ 202,144,227	$ 191,710,485	$ 177,454,040	$ 155,038,705
District's proportionate share of the net OPEB liability as a percentage of it's covered payroll	23.48%	30.36%	23.83%	27.60%	42.25%
Plan fiduciary net position as a percentage of the total OPEB liability *	18.26%	13.70%	14.94%	11.52%	6.18%
Plan's net OPEB liability as a percentage of covered payroll *	54.93%	67.98%	51.86%	59.10%	100.13%

	2020	2019	2018	2017
District's proportion of the net OPEB liability	0.1706%	0.1794%	0.1765%	0.1693%
District's proportionate share of the net OPEB liability	$ 64,845,702	$ 84,846,961	$ 88,133,297	$ 73,638,313
State's proportionate share of the net OPEB liability associated with the District	87,137,080	112,742,632	125,801,641	109,991,712
Total	$ 151,982,782	$ 197,589,593	$ 213,934,938	$ 183,630,025
District's covered payroll (for Measurement Year)	$ 151,807,067	$ 147,082,750	$ 141,413,615	$ 137,649,587
District's proportionate share of the net OPEB liability as a percentage of it's covered payroll	42.72%	57.69%	62.32%	53.50%
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 are presented for each Plan year which ends the preceding August 31 of the District's fiscal year.

* Per Teacher Retirement System of Texas' annual comprehensive financial report.

[1] Ten years of data should be presented in this schedule but data is unavailable prior to 2017.

Changes of Assumptions

Measurement Year	Discount Rate	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.

JUDSON INDEPENDENT SCHOOL DISTRICT

Exhibit G-5

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES GROUP INSURANCE PROGRAM
LAST NINE FISCAL YEARS[1]

	2026	2025	2024	2023	2022
Contractually required contributions	$ 1,732,502	$ 1,747,569	$ 1,837,519	$ 1,763,745	$ 1,624,167
Contributions in relation to the contractual required contributions	1,732,502	1,747,569	1,837,519	1,763,745	1,624,167
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 197,847,868	$ 199,647,366	$ 202,584,768	$ 187,716,364	$ 174,144,026
Contributions as a percentage of covered payroll	0.88%	0.88%	0.91%	0.94%	0.93%

	2021	2020	2019	2018
Contractually required contributions	$ 1,302,520	$ 1,306,309	$ 1,264,698	$ 1,160,981
Contributions in relation to the contractual required contributions	1,302,520	1,306,309	1,302,520	1,306,309
Contribution deficiency (excess)	$ -	$ -	$ (37,822)	$ (145,328)
District's covered payroll	$ 152,655,525	$ 152,169,631	$ 147,999,610	$ 145,882,116
Contributions as a percentage of covered payroll	0.85%	0.86%	0.85%	0.80%

During the fiscal year 2018, the District adopted GASB Statement No. 75.

[1]Ten years of data should be presented in this schedule but data is unavailable prior to 2016



OTHER SUPPLEMENTARY INFORMATION


JISD

Nonmajor Governmental Funds
Special Revenue Funds

The Special Revenue Funds are used to account for all federal, state and locally funded grants. These grants are awarded to the District with the purpose of accomplishing specific educational goals. Grants included in the Special Revenue Funds are described below.

Fund	Fund Name	Fund Purpose
206	McKinney-Vento Homeless Assistance Act, Title VII, Subtitle B	Funds granted for activities such as coordination and collaboration with local agencies to provide comprehensive services to homeless children and youths, and a variety of staff-development and supplemental services, including in-service training, counseling, psychological services, and tutoring.
211	ESEA, Title I, Part A-Improving Basic Programs	Funds granted for supplemental service designed to accelerate the academic achievement of economically disadvantaged students, especially in the tested areas, to ensure that the state standards are met on identified campuses.
224	IDEA - Part B, Formula	Funds to operate educational programs for children with disabilities.
225	IDEA - Part B, Preschool	Funds to operate programs for preschool children with disabilities.
240	National School Breakfast and Lunch Program	Funds used for food service when the service is subsidized with federal reimbursement revenues from the United states Department of Agriculture.
244	Career and Technical Education - Basic Grant	Funds to provide career and technical education (CTE) and to develop new and/or improve existing CTE programs for paid and unpaid employment.
255	ESEA - Title II, Part A - Teacher and Principal Training and Recruiting	Funds used to improve student academic achievement by improving teacher and principal quality and increasing the number of highly qualified teachers, principals, and assistant principals.
263	Title III, Part A - Teacher and Principal Training and Recruiting	Funds to support the recruitment, preparation, training, and professional development of teachers, principals, and other school leaders, particularly in high-need schools.
272	Medicaid Administrative Claiming Program (MAC)	Funds allocated to reimburse eligible administrative costs for activities that implement the Medicaid state plan.
277	Counseling American Rescue Plan Act Grant	Funds for expanding mental health services for children and youth through school-based programs.

Fund	Fund Name	Fund Purpose
289	Title IV, Part A - Student Support and Academic Enrichment	Funds to provide all students access to a well-rounded education, improve school conditions for student learning (safe and healthy students), and improve the use of technology to improve the academic outcomes and digital literacy of students.
385	State Supplemental Visually Impaired	State supplemental visually impaired funds received through the ESC or a district fiscal agent of a shared services arrangement.
397	Advanced Placement Initiatives	Funds intended to reward students, teachers, and campuses for high achievement. Campuses are awarded money for each student who scored three or above on an AP examination or four or above on an IB examination.
410	State Instructional Materials	Funds for instructional materials to include textbooks, software, supplemental materials, DVDs, online services, open-source materials, and other means of conveying information electronically.
417	Empowering ECSE Educators to Improve Student Outcomes	Funds focused on behavior management training and inclusive opportunities to increase ECSE educators' ability to improve student outcomes for children with disabilities, ages 3-5 and not in kindergarten.
419	Texas Workforce Commission - Jobs and Education for Texans (JET)	State-funded special revenue fund to operate the Texas Workforce grant.
420	School Safety Standards	State-funded special revenue fund to operate the Texas Workforce the School Safety Standards grant.
421	Dyslexia Grant Program	State-funded special revenue fund to operate the Texas Workforce the Dyslexia Grant Program.
424	Blended Learning Professional Development	State funds used to reimburse costs for TEA-approved blended learning professional development and coaching for educators, supporting high-fidelity implementation of blended learning that combines online learning with face-to-face teacher-led instruction.
427	Truancy Prevention & Intervention Program	State-funded special revenue fund to operate the Truancy Prevention & Intervention Program grant.
428	Safe Cycle 2	State-funded special revenue fund to operate the Safe Cycle 2 grant.

Fund	Fund Name	Fund Purpose
429	Mathematics Achievement Academy Stipend Disbursement	State-funded special revenue fund to operate the Mathematics Achievement Academy Stipend Disbursement grant.
461	Campus Activity Fund	State-funded special revenue fund to operate the Mathematics Achievement Academy Stipend Disbursement grant.
491	T-STEM Externship Program	Provides Texas teachers with paid, hands-on work experience in STEM industries, connecting classroom learning to real-world applications and enhancing STEM instruction for students.



Data Control Codes		206 McKinney-Vento Homeless Assistance Act, Title VII, Subtitle B	211 ESEA, Title I, Part A - Improving Basic Programs	224 IDEA - Part B, Formula	225 IDEA - Part B, Preschool
	Assets				
1110	Cash and cash equivalents	$ -	$ -	$ -	$ -
1120	Investments	-	-	-	-
	Receivables:				
1240	Due from other governments	23,232	1,924,158	782,569	19,364
1260	Due from other funds	-	-	-	-
1410	Prepaid items	-	-	-	-
1000	**Total Assets**	$ 23,232	$ 1,924,158	$ 782,569	$ 19,364
	Liabilities				
2110	Accounts payable	$ 136	$ 7,670	$ -	$ -
2160	Accrued wages payable	-	1,110,192	-	11,877
2170	Due to other funds	23,096	806,296	782,569	7,487
2300	Unearned revenue	-	-	-	-
2000	**Total Liabilities**	23,232	1,924,158	782,569	19,364
	Fund Balance:				
	Non-Spendable:				
	Restricted:				
3450	Grant funds	-	-	-	-
	Committed:				
3545	Other purposes	-	-	-	-
3000	**Total Fund Balances**	-	-	-	-
4000	**Total Liabilities and Fund Balances**	$ 23,232	$ 1,924,158	$ 782,569	$ 19,364

Data Control Codes		240 National School Breakfast and Lunch Program	244 Career and Technical Education - Basic Grant	255 ESEA - Title II, Part A - Teacher and Principal Training	263 Title III, Part A - Teacher and Principal Training and Recruiting
	Assets				
1110	Cash and cash equivalents	$ 290,396	$ -	$ -	$ -
1120	Investments	5,961,978	-	-	-
	Receivables:				
1240	Due from other governments	93,215	20,662	313,757	51,628
1260	Due from other funds	145,009	-	-	-
1410	Prepaid items	-	-	-	-
1000	**Total Assets**	$ 6,490,598	$ 20,662	$ 313,757	$ 51,628
	Liabilities				
2110	Accounts payable	$ 387,528	$ -	$ -	$ -
2160	Accrued wages payable	63,077	6,422	5,857	-
2170	Due to other funds	50,654	14,240	307,900	51,628
2300	Unearned revenue	-	-	-	-
2000	**Total Liabilities**	501,259	20,662	313,757	51,628
	Fund Balance:				
	Non-Spendable:				
	Restricted:				
3450	Grant funds	5,989,339	-	-	-
	Committed:				
3545	Other purposes	-	-	-	-
3000	**Total Fund Balances**	5,989,339	-	-	-
4000	**Total Liabilities and Fund Balances**	$ 6,490,598	$ 20,662	$ 313,757	$ 51,628

		272	277	286	289
Data Control Codes		Medicaid Administrative Claiming Program (MAC)	Coronavirus Relief Fund – CARES Act	School Action Fund	Federally Funded Special Revenue Funds
	Assets				
1110	Cash and cash equivalents	$ -	$ -	$ -	$ -
1120	Investments	-	-	-	9,544
	Receivables:				
1240	Due from other governments	-	92,547	456,011	22,208
1260	Due from other funds	-	-	-	-
1410	Prepaid items	-	-	-	9,217
1000	**Total Assets**	$ -	$ 92,547	$ 456,011	$ 40,969
	Liabilities				
2110	Accounts payable	$ -	$ 167	$ 35,301	$ 9,600
2160	Accrued wages payable	-	9	71,291	-
2170	Due to other funds	-	92,371	349,419	31,369
2300	Unearned revenue	-	-	-	-
2000	**Total Liabilities**	-	92,547	456,011	40,969
	Fund Balance:				
	Non-Spendable:				
	Restricted:				
3450	Grant funds	-	-	-	-
	Committed:				
3545	Other purposes	-	-	-	-
3000	**Total Fund Balances**	-	-	-	-
4000	**Total Liabilities and Fund Balances**	$ -	$ 92,547	$ 456,011	$ 40,969

		385	397	410	417
Data Control Codes		State Supplemental Visually Impaired	Advanced Placement Initiatives	Instructional Materials Allotment	Blended Learning Professional Development
	Assets				
1110	Cash and cash equivalents	$ -	$ 17,926	$ 576,967	$ -
1120	Investments	-	-	-	-
	Receivables:				
1240	Due from other governments	1,263	-	325,445	-
1260	Due from other funds	-	-	-	-
1410	Prepaid items	-	-	-	-
1000	**Total Assets**	$ 1,263	$ 17,926	$ 902,412	$ -
	Liabilities				
2110	Accounts payable	$ -	$ 700	$ -	$ -
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	1,263	-	-	-
2300	Unearned revenue	-	-	404,489	-
2000	**Total Liabilities**	1,263	700	404,489	-
	Fund Balance:				
	Non-Spendable:				
	Restricted:				
3450	Grant funds	-	17,226	497,923	-
	Committed:				
3545	Other purposes	-	-	-	-
3000	**Total Fund Balances**	-	17,226	497,923	-
4000	**Total Liabilities and Fund Balances**	$ 1,263	$ 17,926	$ 902,412	$ -

Data Control Codes		424 Blended Learning Professional Development	427 School Safety and Security Grant	428 Other Local Special Revenue Fund	429 Innovative Academy and Reading to Succeed
	Assets				
1110	Cash and cash equivalents	$ 19,626	$ -	$ -	$ 11,741
1120	Investments	-	-	-	-
	Receivables:				
1240	Due from other governments	-	42,554	169,816	140,441
1260	Due from other funds	-	-	-	-
1410	Prepaid items	-	-	-	-
1000	**Total Assets**	$ 19,626	$ 42,554	$ 169,816	$ 152,182
	Liabilities				
2110	Accounts payable	$ -	$ 100	$ 80,399	$ -
2160	Accrued wages payable	-	21,669	-	-
2170	Due to other funds	-	20,785	89,417	123,441
2300	Unearned revenue	19,626	-	-	-
2000	**Total Liabilities**	19,626	42,554	169,816	123,441
	Fund Balance:				
	Non-Spendable:				
	Restricted:				
3450	Grant funds	-	-	-	28,741
	Committed:				
3545	Other purposes	-	-	-	-
3000	**Total Fund Balances**	-	-	-	28,741
4000	**Total Liabilities and Fund Balances**	$ 19,626	$ 42,554	$ 169,816	$ 152,182

		461	491	
Data Control Codes		**Campus Activity Fund**	**T-STEM Externship Program**	**Total Nonmajor Governmental Funds**
	Assets			
1110	Cash and cash equivalents	$ 2,084,960	$ 61,250	$ 3,062,866
1120	Investments	-	-	5,971,522
	Receivables:			
1240	Due from other governments	-	-	4,478,870
1260	Due from other funds	-	-	145,009
1410	Prepaid items	-	-	9,217
1000	**Total Assets**	$ 2,084,960	$ 61,250	$ 13,667,484
	Liabilities			
2110	Accounts payable	$ -	$ -	$ 521,601
2160	Accrued wages payable	-	-	1,290,394
2170	Due to other funds	-	-	2,751,935
2300	Unearned revenue	-	61,250	485,365
2000	**Total Liabilities**	-	61,250	5,049,295
	Fund Balance:			
	Non-Spendable:			
	Restricted:			
3450	Grant funds	-	-	6,533,229
	Committed:			
3545	Other purposes	2,084,960	-	2,084,960
3000	**Total Fund Balances**	2,084,960	-	8,618,189
4000	**Total Liabilities and Fund Balances**	$ 2,084,960	$ 61,250	$ 13,667,484

Data Control Codes		206 McKinney-Vento Homeless Assistance Act, Title VII, Subtitle B	211 ESEA, Title I, Part A - Improving Basic Programs	224 IDEA - Part B, Formula	225 IDEA - Part B, Preschool
	Revenues				
5700	Local, intermediate, and out-of-state	$ -	$ -	$ -	$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	56,291	9,220,244	4,927,377	78,897
5020	**Total Revenues**	56,291	9,220,244	4,927,377	78,897
	Expenditures				
	Current:				
0011	Instruction	22,003	6,017,263	4,333,265	78,547
0012	Instruction resources and media services	-	185,915	-	-
0013	Curriculum and instructional staff development	-	2,780,929	80,904	-
0021	Instructional leadership	-	72,863	114,124	350
0023	School leadership	-	21,778	-	-
0031	Guidance, counseling and evaluation services	-	10,304	248,171	-
0032	Social work services	32,811	7,696	-	-
0033	Health services	1,477	3,362	146,667	-
0034	Student transportation	-	4,952	3,826	-
0035	Food services	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0051	Facilities maintenance and operations	-	-	420	-
0052	Security and monitoring services	-	-	-	-
0061	Community services	-	115,182	-	-
	Debt service:				
0071	Principal on long-term debt	-	-	-	-
0072	Interest on long-term debt	-	-	-	-
6030	**Total Expenditures**	56,291	9,220,244	4,927,377	78,897
1200	Net change in fund balances	-	-	-	-
0100	**Fund Balance - July 1 (Beginning)**	-	-	-	-
3000	**Fund Balance - June 30 (Ending)**	$ -	$ -	$ -	$ -

Data Control Codes		240 National School Breakfast and Lunch Program	244 Career and Technical Education - Basic Grant	255 ESEA - Title II, Part A - Teacher and Principal Training	263 Title III, Part A - Teacher and Principal Training and Recruiting
	Revenues				
5700	Local, intermediate, and out-of-state	$ 1,529,428	$ -	$ -	$ -
5800	State program revenues	148,112	-	-	-
5900	Federal program revenues	17,460,480	367,138	1,211,918	413,368
5020	**Total Revenues**	19,138,020	367,138	1,211,918	413,368
	Expenditures				
	Current:				
0011	Instruction	-	223,455	-	122,186
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	84,310	1,209,665	253,781
0021	Instructional leadership	-	59,373	2,253	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-	-
0032	Social work services	-	-	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food services	19,279,632	-	-	-
0036	Extracurricular activities	-	-	-	-
0051	Facilities maintenance and operations	279,288	-	-	-
0052	Security and monitoring services	-	-	-	-
0061	Community services	-	-	-	37,401
	Debt service:				
0071	Principal on long-term debt	-	-	-	-
0072	Interest on long-term debt	-	-	-	-
6030	**Total Expenditures**	19,558,920	367,138	1,211,918	413,368
1200	Net change in fund balances	(420,900)	-	-	-
0100	**Fund Balance - July 1 (Beginning)**	6,410,239	-	-	-
3000	**Fund Balance - June 30 (Ending)**	$ 5,989,339	$ -	$ -	$ -

Data Control Codes		272 Medicaid Administrative Claiming Program (MAC)	277 Coronavirus Relief Fund – CARES Act	286 School Action Fund	289 Federally Funded Special Revenue Funds
	Revenues				
5700	Local, intermediate, and out-of-state	$ -	$ -	$ -	$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	212,656	643,737	1,964,292	609,130
5020	**Total Revenues**	212,656	643,737	1,964,292	609,130
	Expenditures				
	Current:				
0011	Instruction	-	-	1,052,545	452,433
0012	Instruction resources and media services	-	-	8,222	-
0013	Curriculum and instructional staff development	-	-	292,795	100,199
0021	Instructional leadership	-	-	3,055	-
0023	School leadership	-	-	600,083	-
0031	Guidance, counseling and evaluation services	-	639,928	-	51,889
0032	Social work services	-	3,369	-	-
0033	Health services	212,656	-	-	-
0034	Student transportation	-	-	-	-
0035	Food services	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0061	Community services	-	440	7,592	-
	Debt service:				
0071	Principal on long-term debt	-	-	-	4,138
0072	Interest on long-term debt	-	-	-	471
6030	**Total Expenditures**	212,656	643,737	1,964,292	609,130
1200	Net change in fund balances	-	-	-	-
0100	**Fund Balance - July 1 (Beginning)**	-	-	-	-
3000	**Fund Balance - June 30 (Ending)**	$ -	$ -	$ -	$ -

		385	397	410	417
Data Control Codes		State Supplemental Visually Impaired	Advanced Placement Initiatives	Instructional Materials Allotment	Blended Learning Professional Development
	Revenues				
5700	Local, intermediate, and out-of-state	$ -	$ -	$ -	$ -
5800	State program revenues	25,743	2,485	1,569,661	-
5900	Federal program revenues	-	-	-	5,200
5020	**Total Revenues**	25,743	2,485	1,569,661	5,200
	Expenditures				
	Current:				
0011	Instruction	25,743	-	1,071,738	-
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	699	-	5,200
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-	-
0032	Social work services	-	-	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food services	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0061	Community services	-	-	-	-
	Debt service:				
0071	Principal on long-term debt	-	-	-	-
0072	Interest on long-term debt	-	-	-	-
6030	**Total Expenditures**	25,743	699	1,071,738	5,200
1200	Net change in fund balances	-	1,786	497,923	-
0100	**Fund Balance - July 1 (Beginning)**	-	15,440	-	-
3000	**Fund Balance - June 30 (Ending)**	$ -	$ 17,226	$ 497,923	$ -

		424	427	428	429
Data Control Codes		Blended Learning Professional Development	School Safety and Security Grant	Other Local Special Revenue Fund	Innovative Academy and Reading to Succeed
	Revenues				
5700	Local, intermediate, and out-of-state	$ 7,040	$ -	$ -	$ -
5800	State program revenues	-	380,304	464,320	267,071
5900	Federal program revenues	-	-	-	-
5020	**Total Revenues**	7,040	380,304	464,320	267,071
	Expenditures				
	Current:				
0011	Instruction	7,040	-	-	-
0012	Instruction resources and media services	-	-	-	30
0013	Curriculum and instructional staff development	-	-	-	249,995
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-	-
0032	Social work services	-	380,304	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food services	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	464,320	-
0061	Community services	-	-	-	-
	Debt service:				
0071	Principal on long-term debt	-	-	-	-
0072	Interest on long-term debt	-	-	-	-
6030	**Total Expenditures**	7,040	380,304	464,320	250,025
1200	Net change in fund balances	-	-	-	17,046
0100	**Fund Balance - July 1 (Beginning)**	-	-	-	11,695
3000	**Fund Balance - June 30 (Ending)**	$ -	$ -	$ -	$ 28,741

		461	491	
Data Control Codes		**Campus Activity Fund**	**T-STEM Externship Program**	**Total Nonmajor Governmental Funds**
	Revenues			
5700	Local, intermediate, and out-of-state	$ 2,369,062	$ -	$ 3,905,530
5800	State program revenues	-	-	2,857,696
5900	Federal program revenues	-	-	37,170,728
5020	**Total Revenues**	2,369,062	-	43,933,954
	Expenditures			
	Current:			
0011	Instruction	-	-	13,406,218
0012	Instruction resources and media services	-	-	194,167
0013	Curriculum and instructional staff development	-	-	5,058,477
0021	Instructional leadership	-	-	252,018
0023	School leadership	-	-	621,861
0031	Guidance, counseling and evaluation services	-	-	950,292
0032	Social work services	-	-	424,180
0033	Health services	-	-	364,162
0034	Student transportation	-	-	8,778
0035	Food services	-	-	19,279,632
0036	Extracurricular activities	2,416,197	-	2,416,197
0051	Facilities maintenance and operations	-	-	279,708
0052	Security and monitoring services	-	-	464,320
0061	Community services	-	-	160,615
	Debt service:			
0071	Principal on long-term debt	-	-	4,138
0072	Interest on long-term debt	-	-	471
6030	**Total Expenditures**	2,416,197	-	43,885,234
1200	Net change in fund balances	(47,135)	-	48,720
0100	**Fund Balance - July 1 (Beginning)**	2,132,095	-	8,569,469
3000	**Fund Balance - June 30 (Ending)**	$ 2,084,960	$ -	$ 8,618,189

JUDSON INDEPENDENT SCHOOL DISTRICT *Exhibit J-1*

SCHEDULE OF DELINQUENT TAXES RECEIVABLE

For the Year Ended June 30, 2026

Fiscal Year	1 Tax Rates Maintenance	2 Tax Rates Debt Service	3 Net Assessed/ Appraised Value For School Tax Purposes	10 Beginning Balance 7/01/2025	20 Current Year's Total Levy	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	Various	Various	Various	$ 566,358		$ 16,503	$ 5,325	$ (59,589)	$ 484,941	
2018	$ 1.0400	$ 0.3850	$ 8,929,763,228	102,840		5,889	2,180	2,589	97,360	
2019	1.0400	0.4000	9,917,538,075	157,158		9,125	3,510	(2,045)	142,478	
2020	0.9700	0.3884	10,742,429,172	210,741		12,052	4,825	(27,466)	166,398	
2021	0.9121	0.3628	11,051,434,701	293,248		(10,133)	(4,030)	(79,751)	227,660	
2022	0.8782	0.3918	12,001,029,291	385,163		69,550	31,029	(51,726)	232,858	
2023	0.8546	0.3654	13,714,436,311	412,750		43,849	18,748	13,660	363,813	
2024	0.6692	0.3654	14,648,563,793	(1,337,876)		(291,429)	(159,127)	1,244,408	357,088	
2025	0.7019	0.3327	14,673,172,047	3,732,589		891,321	422,485	(1,722,774)	696,009	
2026	0.7019	0.3327	12,944,752,175	-	133,926,406	89,138,512	41,795,791	-	2,992,103	
1000 Totals				$ 4,522,971	$ 133,926,406	$ 89,885,239	$ 42,120,736	$ (682,694)	$ 5,760,708	
8000 Taxes Refunded										$ 331,455

JUDSON INDEPENDENT SCHOOL DISTRICT *Exhibit J-2*

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – CHILD NUTRITION FUND
For the Year Ended June 30, 2026

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Local revenues	$ 1,540,000	$ 1,540,000	$ 1,529,428	$ (10,572)
State program revenues	72,261	72,261	148,112	75,851
Federal program revenues	17,308,463	17,308,463	17,460,480	152,017
Total Revenues	18,920,724	18,920,724	19,138,020	217,296
Expenditures				
Current:				
Food services	21,740,001	21,740,001	19,279,632	2,460,369
Facilities maintenance and operations	363,493	363,493	279,288	84,205
Total Expenditures	22,103,494	22,103,494	19,558,920	2,544,574
Excess (deficiency) of revenues over expenditures	(3,182,770)	(3,182,770)	(420,900)	2,761,870
Net change in fund balances	(3,182,770)	(3,182,770)	(420,900)	2,761,870
Fund Balances - Beginning	6,410,239	6,410,239	6,410,239	-
Fund Balances - Ending	$ 3,227,469	$ 3,227,469	$ 5,989,339	$ 2,761,870

JUDSON INDEPENDENT SCHOOL DISTRICT *Exhibit J-3*

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – DEBT SERVICE FUND
For the Year Ended June 30, 2026

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Local and intermediate sources	$ 48,335,325	$ 48,335,325	$ 44,180,872	$ (4,154,453)
State program revenues	7,264,675	7,264,675	7,909,577	644,902
Total Revenues	55,600,000	55,600,000	52,090,449	(3,509,551)
Expenditures				
Debt service:				
Principal on long-term debt	55,600,000	55,600,000	13,590,048	42,009,952
Interest on long-term debt	-	-	40,101,165	(40,101,165)
Bond issuance costs and fees	-	-	881,611	(881,611)
Total Expenditures	55,600,000	55,600,000	54,572,824	1,027,176
Excess (deficiency) of revenues over expenditures	-	-	(2,482,375)	(2,482,375)
Other Financing Sources (Uses)				
Refunding bonds issued	-	-	99,415,000	99,415,000
Premium on issuance of bonds	-	-	13,451,045	13,451,045
Payment to bond refunding escrow agent	-	-	(113,820,494)	(113,820,494)
Total Other Financing Sources (Uses)	-	-	(954,449)	(954,449)
Net change in fund balances	-	-	(3,436,824)	(3,436,824)
Fund Balances - Beginning	44,376,385	44,376,385	44,376,385	-
Fund Balances - Ending	$ 44,376,385	$ 44,376,385	$ 40,939,561	$ (3,436,824)

JUDSON INDEPENDENT SCHOOL DISTRICT ***Exhibit J-4***

BILINGUAL EDUCATION PROGRAM COMPLIANCE RESPONSES

For the Year Ended June 30, 2026

Data Codes	Bilingual Education Programs	
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.	$ 1,884,187
AP4	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PIC 25)	$ 6,561,125

JUDSON INDEPENDENT SCHOOL DISTRICT *Schedule L-1*

REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS

For the Fiscal Year Ended June 30, 2026

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?	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 board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion of interest and premiums on CABs included in government-wide financial statements at fiscal year-end.	$ 21,633,897

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).


JISD

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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
Judson 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* (GAS) 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 Judson 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 District's basic financial statements, and have issued our report thereon dated November 19, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

To the Board of Trustees
Judson 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with GAS in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Whitley Penn LLP

San Antonio, Texas
November 19, 2026

JUDSON 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 deficiency (ies) identified that are not considered to be material weaknesses?	None reported
q4	Noncompliance material to financial statements noted?	No

Exhibit K-3

II. Financial Statement Findings

None Reported


JISD