Ponder Independent School District

Agenda ~ Regular Meeting
Monday, September 28, 2026 ~ Executive session will begin at 5:30 pm. Open Session will begin at 6:30 pm.
Administration Building Meeting Room
400 West Bailey Street
Ponder, TX 76259

The subjects to be discussed or considered, or upon which any formal action may be taken, are as listed below. Items do not have to be taken in the order shown on this meeting notice. Unless removed from the consent agenda, items identified within the consent agenda will be acted on at one time.

If during the course of the meeting, discussion of any item on the agenda should be held in a closed meeting, the board would conduct a closed meeting in accordance with the Texas Open Meetings Act, Tex. Gov't Code, Chapter 551, Subchapters D and E, or Government Code 418.183(f). Before any closed meeting is convened, the presiding officer will publicly identify the section or sections of the Act authorizing the closed meeting. All final votes, actions, or decisions will be taken in open meeting. [See BEC(LEGAL)].

I. **Call Meeting to Order / Roll Call**
II. **Executive Session**
III. **Opening Ceremony**
IV. Student Recognitions
V. **Public Forum / Comments to the Board**
   A. Concerning Items Not on the Agenda
   B. Concerning Specific Agenda Items
VI. **Public Hearing--**F.I.R.S.T. report
VII. **Consent Agenda**
   James Hill
   A. Consider minutes of previous meetings
   B. Consider approval of a Shared Services Arrangement with Dention Regional Day School Program for the Deaf.
   C. Consider approval of Tiffani Sandoval as a T-PESS Appraiser for the 2026-2027 school year.
   D. Monthly Reports - District Finances
      1. Budget Summary & Check Register
      2. Fund Financial Status
      3. Re-cap from Denton CAD
      4. Utilities report
   E. Consider acceptance of donations
VIII. **Administrator Reports**
   A. Campus Principals
      Campus Principals
      1. Attendance & Enrollment / Academics & Extracurriculars / Current & Upcoming Events
   B. Athletic Director
   C. Director of Technology
   D. District Operations Update
   E. Chief Financial Officer
      Suzette Henderson
   F. Chief of Elementary Schools

Patricia Dawson

G. Chief of Secondary Schools
Tara Allred

IX. **New Business**

A. Administer Oath of Office for new Trustee for Place 7.
Suzette Henderson

B. Consider 2025-26 Annual Financial Audit Report from Hankins, Eastup, Deaton, Tonn & Seay, P.C.
Suzette Henderson

C. Consider District Budget Amendments
Suzette Henderson

D. Consider an amendment to the 2026-2027 Ponder ISD Academic Calendar to account for the loss of instruction on August 25, 2026 due to a water main break.
James Hill

E. Consider the approval of items on the 30 day review list for Library purchases.
Patricia Dawson

F. Superintendent's Report
1. Bond / Construction Updates
2. Superintendent & Board Training

G. Personnel
1. Resignations / New Employment

X. **Adjourn Meeting**

The notice for this meeting was posted in compliance with the Texas Open Meetings Act at the Ponder ISD Administration Office and on the web at www.ponderisd.net on .

_____

Dr. James Hill, Superintendent

Limit on Participation

Audience participation at a Board meeting is limited to the portion of the meeting designated to receive public comment in accordance with this policy. At all other times during a Board meeting, the audience shall not enter into discussion or debate on matters being considered by the Board, unless requested by the presiding officer.

Public Comment

Regular Meetings

At regular Board meetings, the Board shall permit public comment, regardless of whether the topic is an item on the agenda posted with notice of the meeting.

Special Meetings

At all other Board meetings, public comment shall be limited to items on the agenda posted with notice of the meeting.

Procedures

Individuals who wish to participate during the portion of the meeting designated for public comment shall sign up with the presiding officer or designee before the meeting begins as specified in the Board's procedures on public comment and shall indicate the agenda item or topic on which they wish to address the Board.

Public comment shall occur at the beginning of the meeting.

Except as permitted by this policy and the Board's procedures on public comment, an individual's comments to the Board shall not exceed five minutes per meeting.

Meeting Management

When necessary for effective meeting management or to accommodate large numbers of individuals wishing to address the Board, the presiding officer may make adjustments to public comment procedures, including adjusting when public comment will occur during the meeting, reordering agenda items, deferring public comment on nonagenda items, continuing agenda items to a later meeting, providing expanded opportunity for public comment, or establishing an overall time limit for public comment and adjusting the time allotted to each speaker. However, no individual shall be given less than one minute to make comments.

Board's Response

Specific factual information or recitation of existing policy may be furnished in response to inquiries, but the Board shall not deliberate or decide regarding any subject that is not included on the agenda posted with notice of the meeting.

Complaints and Concerns

The presiding officer or designee shall determine whether an individual addressing the Board has attempted to solve a matter administratively through resolution channels established by policy. If not, the individual shall be referred to the appropriate policy to seek resolution:

- Employee complaints: DGBA
- Student or parent complaints: FNG

- Public complaints: GF

Disruption

The Board shall not tolerate disruption of the meeting by members of the audience. If, after at least one warning from the presiding officer, any individual continues to disrupt the meeting by his or her words or actions, the presiding officer may request assistance from law enforcement officials to have the individual removed from the meeting.

PONDER INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2026

PONDER INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2026

TABLE OF CONTENTS

	Page	Exhibit
CERTIFICATE OF BOARD	3	
Independent Auditors' Report	5	
Management Discussion and Analysis	9	
Basic Financial Statements		
Government Wide Statements:		
Statement of Net Position	18	A-1
Statement of Activities	19	B-1
Governmental Fund Financial Statements:		
Balance Sheet	20	C-1
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	22	C-2
Statement of Revenues, Expenditures, and Changes in Fund Balances	24	C-3
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	26	C-4
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Net Position	27	E-1
Statement of Changes in Fiduciary Fund Net Position	28	E-2
Notes to the Basic Financial Statements	30	
Required Supplementary Information		
Budget and Actual Change in Fund Balance	57	G-1
Schedule of District's Contributions for Pensions – Teacher Retirement System of Texas	58	G-2
Schedule of the District's Proportionate Share of the Net OPEB Liability – Teacher Retirement System of Texas	60	G-3
Schedule of District's Contributions of Other Post Employment Benefits (OPEB) – Teacher Retirement System of Texas	62	G-4
Schedule of District's Contributions for Other Post Employment Benefits – Teacher Retirement System of Texas	64	G-5
Notes to Required Supplementary Information	66	
Combining Schedules		
Nonmajor Governmental Funds:		
Combining Balance Sheet	68	H-1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	72	H-2
Required TEA Schedules		
Schedule of Delinquent Taxes Receivable	76	J-1
Budgetary Comparison Schedule – Child Nutrition Program	78	J-2
Budgetary Comparison Schedule – Debt Service Fund	79	J-3
Use of Funds Report – Select State Allotment Programs	80	J-4
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*	81	

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CERTIFICATE OF BOARD

Ponder Independent School District	Denton	061-906
Name of School District	County	Co. - Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) _____ approved _____ disapproved for the year ended June 30, 2026, at a meeting of the Board of Trustees of such school district on the ____ day of _____, 2026.

_____	_____
Signature of Board Secretary	Signature of Board President

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HankinsEastup

Deaton Tonn Seay & Scarborough | A Texas LLC

Independent Auditor's Report

Ponder Independent School District
Ponder, Texas

Opinion

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

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

Basis for Opinions

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

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 Ponder Independent School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 9 through 14 and the Teacher Retirement System schedules on pages 60 through 68 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 Ponder Independent School District's basic financial statements. The combining and individual nonmajor fund financial statements, the required TEA schedules listed in the table of contents, and Cost Principles are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information

has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the 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 *Government Auditing Standards,* we have also issued our report dated August 26, 2026, on our consideration of Ponder Independent School District's internal control over financial reporting and on our tests of the 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 Ponder Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ponder Independent School District's internal control over financial reporting and compliance.

Hankins Eastup Deaton Tom Fuqua & Jenbrough

August 26, 2026

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PONDER INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2026
(UNAUDITED)

As management of Ponder Independent School District (the "District"), we offer readers of the District's financial statements this management discussion and analysis (MD&A). This MD&A provides a narrative overview and summary of the financial activities of the District for the year ended June 30, 2026, and its purpose is to help readers understand what the financial statements and notes in this financial report say about the District's financial health and why it changed since last year. We encourage readers to consider the information presented here in conjunction with the independent auditors' report and the District's Basic Financial Statements, which are listed in the table of contents.

Overview of the Financial Statements

This overview is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required and other supplementary information intended to furnish additional detail to support the basic financial statements.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a *broad overview* of the District's finances in a manner similar to a private-sector business. The government-wide financial statements include the District's governmental activities, business-type activities, and discretely presented component units, if applicable.

The *Statement of Net Position* presents financial information on all of the District's assets, liabilities and deferred inflows/outflows of resources, with the net difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To fully assess the overall health of the District, however, you should consider nonfinancial factors as well such as changes in the District's average daily attendance, its property tax base, and the condition of the District's facilities.

The *Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows.* Thus, revenues and expenses are reported for some items that will result in cash flows in future periods (e.g., uncollected taxes or unused compensated absences).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (i.e., *governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (i.e., *business-type* activities). The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received from students outside the District and grants provided by the U.S. Department of Education to assist children with disabilities or from disadvantaged backgrounds (*program revenues*), and revenues provided by the taxpayers or by TEA in equalization funding processes (*general revenues*). The governmental activities of the District include functions like instruction, guidance and counseling, transportation, food service, extracurricular, general administration and other functional activities. During fiscal year 2026, the District had no business-type activities or discretely presented component units.

The government-wide financial statements are listed in the table of contents.

Fund Financial Statements. As their name implies, *fund financial statements* disaggregate financial information by separate funds to report on the specific purposes for which resources are used or for which they are restricted. *Funds* are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to help ensure and demonstrate compliance with finance-related legal requirements and restrictions. All of the funds of the District can be divided into three fund categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions as reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus exclusively on *near-term inflows and outflows of financial resources*. Such information is useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers gain a better understanding of the long-term impact of a government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate a comparison between *governmental funds* in the fund financial statements and *governmental activities* in the government-wide financial statements. The primary difference is that fund financial statements do not include the long-term assets and liabilities that are included in the government-wide financial statements.

The District maintains different *types* of governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the *general fund*, *debt service fund*, and *capital projects fund*, each of which are considered to be major funds of different fund types. Data from other nonmajor governmental funds are combined into a single, aggregated presentation in the fund financial statements. Individual fund data for each of these nonmajor governmental funds is provided in combining statements as supplementary information.

The basic governmental fund financial statements are listed in the table of contents.

Proprietary Funds. There are two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses and internal service fund to account for the cost of worker's compensation. Because these services predominantly benefit governmental rather than business-type functions, they are included within *governmental activities* in the government-wide financial statements.

The District has no Proprietary Funds.

Fiduciary Funds. Fiduciary funds are used to account for resources for which the District acts as a trustee or custodian. Resources held in fiduciary funds are *not* available to support the District's own programs and therefore are *not* reported in the government-wide financial statements. The accounting used for fiduciary funds is much like that used for proprietary funds. The District maintains two fiduciary funds—one for a trust fund and one as a custodial fund for student activities. The student activity fund is used to report resources held as a custodian for stand-alone student groups.

The fiduciary fund financial statements are listed in the table of contents.

Notes to the Financial Statements. Notes to the financial statements provide additional information that is necessary to acquire a more complete understanding of the data provided in the basic financial statements. The District uses notes to (1) present information in greater detail than is possible within the financial statements themselves, (2) explain the nature of amounts reported in the financial statements and how those amounts were determined, and (3) report certain information that does not meet the requirements for inclusion in the financial statements (such as legal or financial contingencies).

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information. In addition to this MD&A, the District presents various schedules related to budget to actual comparisons for the General Fund and schedules that provide information about the District's participation in the Teacher Retirement System retirement and health care plans.

Required supplementary information is listed in the table of contents.

Supplementary Information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented as supplementary information immediately following the required supplementary information.

Required Texas Education Agency (TEA) Schedules. Additional schedules are provided that are required by the TEA to be included in this report. These consist of a schedule of delinquent taxes receivable, and a use of funds report that reports the expenditures of certain specific programs funded by the State. This sections also includes the budgetary comparison schedules for the Child Nutrition Fund and the Debt Service Fund.

Types of Information in the Financial Statements

All of the District's financial statements, except for the governmental fund financial statements, use the *economic resources measurement focus and full accrual basis of accounting.* In other words, they include all the typical short-term and long-term elements of financial statements:

- Assets – resources the District controls, from short-term assets like cash to long-term assets like buildings and equipment.
- Liabilities – amounts the District owes, from short-term liabilities such as salaries payable to long-term liabilities such as outstanding debt and net amounts owed to employees from Teacher Retirement System benefit plans.
- Deferred outflows of resources and deferred inflows of resources – flows of economic resources that occur during the year, or occurred in prior years, that will be recognized as expenses and revenues in future years in accordance with generally accepted accounting principles.
- Revenues and expenses – inflows and outflows of economic resources, respectively, recognized in the current year.

Governmental fund financial statements use the *current financial resources measurement focus and modified accrual basis of accounting* to report the sources, uses and balances of current financial resources. The governmental funds do not report long-term assets, such as capital assets, or long-term liabilities, but they do report the flows of current financial resources related to those long-term items. For example, in governmental funds, proceeds from issuing bonds and the repayment of bond principal are recorded as current sources and uses of financial resources, not as the incurrence or repayment of long-term liabilities as would be the case in financial statements that use the full accrual basis of accounting.

More detail about the measurement focuses and bases of accounting can be found in the first note to the financial statements, which is a summary of significant accounting policies.

Financial Summary and Detailed Analysis

As noted earlier, net position in the government-wide financial statements serves as a useful indicator of a government's overall financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by ($25,422) at the close of the most recent fiscal year, an increase of $2,678,312 from the previous year due to current year operations.

Table I
NET POSITION

	Governmental Activities		Increase
	2025	2026	(Decrease)
Current and other assets	$ 17,676,250	$ 18,527,993	$ 851,743
Capital and non-current assets	104,444,497	103,831,176	(613,321)
Total assets	122,120,747	122,359,169	238,422
Deferred outflows of resources	2,912,997	3,442,675	529,678
Total assets and deferred outflows of resources	125,033,744	125,801,844	768,100
Long-term liabilities	80,915,969	81,168,857	252,888
Other liabilities	2,320,677	-	(2,320,677)
Total liabilities	83,236,646	81,168,857	(2,067,789)
Deferred inflows of resources	3,310,529	3,468,097	157,568
Total liabilities and deferred inflows of resources	86,547,175	84,636,954	(1,910,221)
Net Position:			
Net investments in capital assets	33,493,647	31,144,013	(2,349,634)
Restricted	3,768,277	6,804,862	3,036,585
Unrestricted	1,224,654	3,216,015	1,991,361
Total Net Position	$ 38,486,578	$ 41,164,890	$ 2,678,312

The largest component of the District's total assets is its investment in capital assets (i.e., land, buildings, furniture and equipment, vehicles and right-to-use assets). The District uses these capital assets to provide a variety of services to its students. As physical and intangible assets, these assets are not available for future spending.

Governmental Activities. Current assets increased $768,100 from the prior year as a result of spending bond proceeds for capital projects. The District had no significant construction projects ongoing during the current fiscal year that required the use of cash balances that decreased total cash and investments.

Long-term liabilities increased $252,888 as a result of principal payments due within one year and an increase in other long-term liabilities such as net pension/OPEB liabilities.

The changes in deferred outflows and inflows of resources are due primarily to changes in the actuarial calculations of the District's net pension and OPEB liabilities, which creates amounts that are deferred and recognized as expenses or reductions to expenses over periods of time specified by generally accepted accounting principles.

Business-type Activities. The District had no business-type activities during the fiscal year.

The District's overall net position increased $2,678,321 from the previous year due to current year operations. The reasons for this significant increase are discussed in the analysis of changes in net position on the next page.

Table II
CHANGES IN NET POSITION

	Governmental Activities		
	Year Ended June 30, 2025	Year Ended June 30, 2026	Increase (Decrease)
Revenues:			
Program Revenues:			
Charges for services	$ 826,323	$ 801,311	$ (25,012)
Operating grants and contributions	3,253,897	1,679,131	(1,574,766)
General Revenues:			
Maintenance and operations taxes	8,739,115	9,401,038	661,923
Debt service taxes	5,017,350	6,052,690	1,035,340
State aid	9,839,288	13,157,533	3,318,245
Investment earnings	989,743	627,810	(361,933)
Miscellaneous	94,168	242,059	147,891
Total Revenue	28,759,884	31,961,572	3,201,688
Expenses:			
Instruction, curriculum and media services	13,805,483	14,198,426	392,943
Instructional and school leadership	1,407,725	1,417,295	9,570
Student support services	1,635,640	2,057,291	421,651
Child nutrition	1,043,454	1,011,198	(32,256)
Cocurricular activities	1,426,161	1,473,906	47,745
General administration	1,138,840	2,015,125	876,285
Plant maintenance, security and data processing	5,540,990	3,416,407	(2,124,583)
Community services	-	203,174	203,174
Debt services	1,855,428	2,567,417	711,989
Intergovernmental charges	1,139,137	923,011	(216,126)
Total Expenses	28,992,858	29,283,250	290,392
Increase (decrease) in Net Position	253,325	2,678,321	2,424,996
Net Position - beginning of period	39,762,621	38,486,569	(1,276,052)
Prior period adjustment	(1,529,377)	-	-
Net Position - end of period	$ 38,486,569	$ 41,164,890	$ 1,148,944

Governmental Activities. The District's net position increased $2,678,321 during the 2026 fiscal year. This increase is the result of three main factors that positively impacted the District's financial outcomes:

- Property tax revenues increased due to increases in assessed property tax valuations.
- State aid increased by $4 million due to new state allotments for teacher salaries and increased attendance rates.
- Debt Service Fund balance increased, helping to increase net position.

Business-type Activities. The District has no business-type activities.

Long-term Debt

Long-term debt includes bonds and compensated absences. All long-term debt represents transactions in the District's governmental activities.

Analysis of Governmental Funds

As noted, the District uses fund accounting to help ensure and demonstrate compliance with legal requirements, bond covenants, and restrictions of financial resources provided for specific purposes. The District reports three major funds individually in the governmental fund financial statements: General Fund, Debt Service Fund and Capital Projects Fund.

As of June 30, 2026, the end of the District's fiscal year, the District's governmental funds reported combined fund balances of $15,590,471, a decrease of $147,126 from the prior year. Approximately 51.02% of total governmental fund balances constitutes *committed, assigned and unassigned fund balances*, which are available for spending at the District's discretion. The remainder of governmental fund balances is *nonspendable or restricted* to indicate that it is not available for discretionary spending because it is already restricted to pay debt service or the construction of capital projects.

General Fund. The general fund is the chief operating fund of the District. As of June 30, 2026, the unassigned fund balance of the general fund was $3,591,771. As a measure of the general fund's liquidity, it is useful to compare unassigned fund balance to total general fund expenditures. Unassigned fund balance represents 14% of total general fund expenditures, which is lower than the minimally acceptable benchmark of 25% that is normally associated with general fund balances. However, the District has $4,000,000 of assigned general fund balance for future construction. The fund balance of the District's general fund decreased by $1,884,054 during the 2026 fiscal year.

Debt Service Fund. As of June 30, 2026, the debt service fund balance was $7,428,978, all of which is restricted for the payment of debt service on general obligation bonds. Both property tax revenues and State EDA revenues were higher than the previous year due to a tax rate increase, higher valuations, and higher attendance rates.

Capital Projects Fund. The fund balance in the capital projects fund decreased $1,143,147 during the 2026 fiscal year due to the expenditure of bond proceeds for finished construction projects. Although these and other capital expenditures reduce fund balances, they create new capital assets that are recognized and reported in the District's government-wide Statement of Net Position.

Detailed Analysis of Enterprise Funds

The District has no enterprise funds.

Significant Capital Asset and Long-Term Financing Activity

Capital Assets. As of June 30, 2026, the District's investment in capital assets for its governmental activities was $135,700,916; the District is invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. This amount represents a net increase of $1,987,742.

	Governmental Activities	
	2026	2025
Land	$ 2,168,802	$ 2,168,802
Construction in progress	-	-
Building and improvements	127,150,097	126,172,740
Furniture and equipment	6,296,913	5,371,632
Software	85,104	-
Total	$ 135,700,916	$133,713,174

Additional information about the District's capital assets is presented in Note 4 of this report

Long-term Financing. As of June 30, 2026, the District had total long-term financing of $70,672,111 consisting primarily of unlimited tax school building bonds, unlimited tax refunding bonds, and bond premiums. During the current year, long-term financings decreased $3,182,942.

	Governmental Activities	
	2026	2025
Bonded indebtedness	$ 63,655,000	$ 65,125,000
Bond premiums	6,687,898	7,022,045
Notes payable	-	-
Other	329,213	1,708,008
Total	$ 70,672,111	$ 73,855,053

The school building bonds and refunding bonds constitute direct obligations of the District and are payable from the proceeds of an annual ad valorem tax levied, without legal limit as to rate or amount, against all taxable property located within the District. The District's underlying rating for unlimited tax bonds is "A" by S&P, but it is considered AAA as a result of guarantees by the Texas Permanent School Fund Guarantee Program.

Additional information about the District's long-term liabilities is presented in Note 5 of this report.

Currently Known Facts, Decisions or Conditions

The District is aware of the following items that will impact future finances and were considered in developing the 2026-27 annual operating budget:

- Although HB3 increased state aid and lowered property tax rates, the funding formula still relies heavily on student attendance.
- At the end of the 2025 legislative session, House Bill 2 (HB2) passed providing additional funding for public schools with most of the dollars earmarked for specific purposes such as teacher pay raises and special education. The basic allotment saw only a minimal increase of $55 per student. Because much of the new state funding came with restrictions, school districts were left with very limited discretionary resources to address locally identified program needs and inflation.
- For fiscal 2027, the Board adopted a total tax rate of $1.2202 per $100 of assessed property valuation ($0.7202 for maintenance and operations and $0.500 for interest and sinking fund requirements for debt service).
- For fiscal 2027, the District's Board adopted a $3.3 million deficit operating budget for the general fund.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for funds the District receives. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the District's business office at (940)479-8200.

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BASIC FINANCIAL STATEMENTS

EXHIBIT A-1

PONDER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2026

Data Control Codes		Primary Government: Governmental Activities
	ASSETS	
1110	Cash and Cash Equivalents	$ 15,158,867
1220	Property Taxes - Delinquent	547,780
1230	Allowance for Uncollectible Taxes	(119,440)
1240	Due from Other Governments	2,940,786
	Capital Assets:	
1510	Land	2,168,802
1520	Buildings, Net	99,445,525
1530	Furniture and Equipment, Net	2,153,021
1553	SBITA Assets, Net	63,828
1000	Total Assets	122,359,169
	DEFERRED OUTFLOWS OF RESOURCES	
1701	Deferred Charge for Refunding	28,564
1705	Deferred Outflow Related to TRS Pension	1,832,692
1706	Deferred Outflow Related to TRS OPEB	1,581,419
1700	Total Deferred Outflows of Resources	3,442,675
	LIABILITIES	
2110	Accounts Payable	70,253
2140	Interest Payable	664,107
2160	Accrued Wages Payable	1,493,693
2180	Due to Other Governments	4,072
2200	Accrued Expenses	941,164
	Noncurrent Liabilities:	
2501	Due Within One Year: Loans, Note, Leases, etc	1,545,000
	Due in More than One Year:	
2502	Bonds, Notes, Loans, Leases, etc.	69,102,627
2540	Net Pension Liability (District's Share)	4,829,090
2545	Net OPEB Liability (District's Share)	2,518,851
2000	Total Liabilities	81,168,857
	DEFERRED INFLOWS OF RESOURCES	
2605	Deferred Inflow Related to TRS Pension	472,892
2606	Deferred Inflow Related to TRS OPEB	2,995,205
2600	Total Deferred Inflows of Resources	3,468,097
	NET POSITION	
3200	Net Investment in Capital Assets and Right-to-Use Lease Assets	33,516,842
	Restricted:	
3820	Restricted for Federal and State Programs	207,757
3850	Restricted for Debt Service	6,918,876
3900	Unrestricted	521,415
3000	Total Net Position	$ 41,164,890

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

PONDER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026

Data Control Codes		1	Program Revenues 3	4	Net (Expense) Revenue and Changes in Net Position 6
		Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities
Primary Government:					
	GOVERNMENTAL ACTIVITIES:				
11	Instruction	$ 13,445,177	$ 11,800	$ 296,940	$ (13,136,437)
12	Instructional Resources and Media Services	298,919	-	515	(298,404)
13	Curriculum and Instructional Staff Development	454,329	-	1,029	(453,300)
21	Instructional Leadership	267,030	-	515	(266,515)
23	School Leadership	1,150,265	-	2,059	(1,148,206)
31	Guidance, Counseling, and Evaluation Services	438,296	-	1,029	(437,267)
33	Health Services	259,560	-	27,797	(231,763)
34	Student (Pupil) Transportation	1,359,435	-	1,544	(1,357,891)
35	Food Services	1,011,198	362,536	799,181	150,519
36	Extracurricular Activities	1,473,906	411,520	117,732	(944,654)
41	General Administration	2,015,125	-	2,059	(2,013,066)
51	Facilities Maintenance and Operations	2,668,914	15,455	13,383	(2,640,076)
52	Security and Monitoring Services	253,495	-	17,039	(236,456)
53	Data Processing Services	493,998	-	1,029	(492,969)
61	Community Services	203,174	-	-	(203,174)
72	Debt Service - Interest on Long-Term Debt	2,565,917	-	397,279	(2,168,638)
73	Debt Service - Bond Issuance Cost and Fees	1,500	-	-	(1,500)
93	Payments Related to Shared Services Arrangements	818,690	-	-	(818,690)
99	Other Intergovernmental Charges	104,322	-	-	(104,322)
	[TP] TOTAL PRIMARY GOVERNMENT:	$ 29,283,250	$ 801,311	$ 1,679,130	(26,802,809)

Data Control Codes		
	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	9,401,038
DT	Property Taxes, Levied for Debt Service	6,052,690
SF	State Aid - Formula Grants	13,157,533
IE	Investment Earnings	627,810
IE	Miscellaneous Local and Intermediate Revenue	242,059
TR	Total General Revenues	29,481,130
CN	Change in Net Position	2,678,321
NB	Net Position - Beginning	38,486,569
NE	Net Position - Ending	$ 41,164,890

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

PONDER INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2026

Data Control Codes		10 General Fund	50 Debt Service Fund	60 Capital Projects
	ASSETS			
1110	Cash and Cash Equivalents	$ 6,074,202	$ 7,433,050	$ 994,491
1220	Property Taxes - Delinquent	355,221	192,559	-
1230	Allowance for Uncollectible Taxes	(80,886)	(38,554)	-
1240	Due from Other Governments	2,927,495	-	-
1260	Due from Other Funds	246,208	-	-
1000	Total Assets	$ 9,522,240	$ 7,587,055	$ 994,491
	LIABILITIES			
2110	Accounts Payable	$ 69,504	$ -	$ -
2160	Accrued Wages Payable	1,439,877	-	-
2170	Due to Other Funds	2,000	-	203,495
2180	Due to Other Governments	-	4,072	-
2200	Accrued Expenditures	144,753	-	790,996
2000	Total Liabilities	1,656,134	4,072	994,491
	DEFERRED INFLOWS OF RESOURCES			
2601	Unavailable Revenue - Property Taxes	274,335	154,005	-
2600	Total Deferred Inflows of Resources	274,335	154,005	-
	FUND BALANCES			
	Restricted Fund Balance:			
3450	Federal or State Funds Grant Restriction	-	-	-
3480	Retirement of Long-Term Debt	-	7,428,978	-
	Committed Fund Balance:			
3545	Other Committed Fund Balance	-	-	-
	Assigned Fund Balance:			
3590	Other Assigned Fund Balance	4,000,000	-	-
3600	Unassigned Fund Balance	3,591,771	-	-
3000	Total Fund Balances	7,591,771	7,428,978	-
4000	Total Liabilities, Deferred Inflows & Fund Balances	$ 9,522,240	$ 7,587,055	$ 994,491

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

Other Funds	Total Governmental Funds
$ 657,124	$ 15,158,867
-	547,780
-	(119,440)
13,291	2,940,786
2,000	248,208
$ 672,415	$ 18,776,201
$ 749	$ 70,253
53,816	1,493,693
42,713	248,208
-	4,072
5,415	941,164
102,693	2,757,390
-	428,340
-	428,340
207,757	207,757
-	7,428,978
361,965	361,965
-	4,000,000
-	3,591,771
569,722	15,590,471
$ 672,415	$ 18,776,201

PONDER INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2026

EXHIBIT C-2

	Total Fund Balances - Governmental Funds	$	15,590,471
1	Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund financial statements.		135,700,916
2	Accumulated depreciation has not been included in the fund financial statements.		(31,869,740)
3	Bonds payable have not been included in the fund financial statements.		(63,655,000)
4	Bond premiums and discounts are not recognized in the fund financial statements.		(6,663,414)
5	Compensated absences have not been included in the fund financial statements.		(329,213)
6	Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.		(664,107)
7	Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of $4,829,090, a Deferred Resource Inflow related to TRS in the amount of $472,892, and a Deferred Resource Outflow related to TRS in the amount of $1,832,692. This amounted to decrease in Net Position in the amount of $3,469,290.		(3,469,290)
8	Included in the items related to debt is the recognition of the District's proportionate share of the net Other Post-Employment Benefit (OPEB) liability required by GASB 75 in the amount of $2,995,205, a Deferred Resource Inflow related to TRS OPEB in the amount of $2,518,851, and a Deferred Resource Outflow related to TRS OPEB in the amount of $1,581,419. This amounted to a net decrease in Net Position in the amount of $3,932,637.		(3,932,637)
9	Property tax revenue reported as unavailable revenue in the fund financial statements was recognized in the government-wide financial statements.		428,340
10	Deferred charge on bond refundings has not been recorded in the fund financial statements.		28,564
29	**Net Position of Governmental Activities**	$	41,164,890

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

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PONDER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2026

Data Control Codes		10 General Fund	50 Debt Service Fund	60 Capital Projects
	REVENUES:			
5700	Total Local and Intermediate Sources	$ 10,212,098	$ 6,223,978	$ 30,366
5800	State Program Revenues	13,185,222	393,207	-
5900	Federal Program Revenues	27,282	-	-
5020	Total Revenues	23,424,602	6,617,185	30,366
	EXPENDITURES:			
	Current:			
0011	Instruction	12,705,996	-	-
0012	Instructional Resources and Media Services	259,722	-	-
0013	Curriculum and Instructional Staff Development	407,287	-	-
0021	Instructional Leadership	243,749	-	-
0023	School Leadership	1,056,013	-	-
0031	Guidance, Counseling, and Evaluation Services	390,789	-	-
0033	Health Services	235,805	-	-
0034	Student (Pupil) Transportation	1,802,897	-	-
0035	Food Services	9,000	-	-
0036	Extracurricular Activities	1,125,086	-	-
0041	General Administration	1,073,275	-	-
0051	Facilities Maintenance and Operations	3,777,067	-	-
0052	Security and Monitoring Services	283,219	-	-
0053	Data Processing Services	508,649	-	-
0061	Community Services	203,174	-	-
	Debt Service:			
0071	Principal on Long-Term Liabilities	-	1,470,000	-
0072	Interest on Long-Term Liabilities	-	2,319,813	790,996
0073	Bond Issuance Cost and Fees	-	1,500	-
	Capital Outlay:			
0081	Facilities Acquisition and Construction	661,684	-	179,022
	Intergovernmental:			
0093	Payments to Fiscal Agent/Member Districts of SSA	818,690	-	-
0099	Other Intergovernmental Charges	104,322	-	-
6030	Total Expenditures	25,666,424	3,791,313	970,018
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,241,822)	2,825,872	(939,652)
	OTHER FINANCING SOURCES (USES):			
7912	Sale of Real and Personal Property	154,273	-	-
7915	Transfers In	203,495	-	-
8911	Transfers Out (Use)	-	-	(203,495)
7080	Total Other Financing Sources (Uses)	357,768	-	(203,495)
1200	Net Change in Fund Balances	(1,884,054)	2,825,872	(1,143,147)
0100	Fund Balance - July 1 (Beginning)	9,475,825	4,603,106	1,143,147
3000	Fund Balance - June 30 (Ending)	$ 7,591,771	$ 7,428,978	$ -

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

	Other Funds	Total Governmental Funds
$	813,486	$ 17,279,928
	276,611	13,855,040
	797,122	824,404
	1,887,219	31,959,372
	560,598	13,266,594
	15,480	275,202
	-	407,287
	-	243,749
	-	1,056,013
	-	390,789
	-	235,805
	-	1,802,897
	923,122	932,122
	317,806	1,442,892
	-	1,073,275
	-	3,777,067
	16,010	299,229
	-	508,649
	-	203,174
	-	1,470,000
	-	3,110,809
	-	1,500
	-	840,706
	-	818,690
	-	104,322
	1,833,016	32,260,771
	54,203	(301,399)
	-	154,273
	-	203,495
	-	(203,495)
	-	154,273
	54,203	(147,126)
	515,519	15,737,597
$	569,722	$ 15,590,471

PONDER INDEPENDENT SCHOOL DISTRICT EXHIBIT C-4
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026

Total Net Change in Fund Balances - Governmental Funds	$	(147,126)
Current year capital asset additions are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The net effect of reclassifying the current year capital asset additions is to increase net position.		3,234,759
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position in the government-wide financial statements.		(3,848,080)
Current year long-term debt principal payments on contractual obligations are expenditures in the governmental fund financial statements, but are shown as reductions in long-term debt in the government-wide financial statements.		1,470,000
The decrease in accrued compensated absences is not included in the fund-level financial statements.		1,378,795
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.		210,745
Revenues from property taxes are considered unavailable in the fund financial statements until they are considered available to finance current expenditures, but such revenues are recognized when assessed, net of an allowance for uncollectable amounts, in the government-wide financial statements.		(64,488)
Current year amortization of the premium/discount on bonds payable is not recorded in the fund financial statements, but is shown as a reduction in long-term debt in the government-wide financial statements.		334,147
The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 8/31/2025 caused the change in the ending net position to increase in the amount of $519,454. These contributions were replaced with the District's pension expense for the year of $694,438, which caused a decrease in the change in net position. The impact of all of these is to increase the change in net position by $(174,984).		(174,984)
The implementation of GASB 75 required that certain expenditures be de-expended and recorded as deferred resource outflows. TRS OPEB contributions made after the measurement date of 8/31/2025 but during the current fiscal year caused the ending net position to increase in the amount of $103,501. These contributions were replaced with the District's OPEB expense for the year of $(181,052) which caused an increase in net position. The impact of both of these is to increase net position by $284,553.		284,553
Change in Net Position of Governmental Activities	$	2,678,321

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

PONDER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2026

	Custodial Fund
ASSETS	
Cash and Cash Equivalents	$ 37,124
Total Assets	37,124
NET POSITION	
Unrestricted Net Position	37,124
Total Net Position	$ 37,124

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

EXHIBIT E-2

PONDER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2026

	Custodial Fund
ADDITIONS:	
Contributions to Student Groups	$ 7,702
Enterprising Services	35,227
Total Additions	42,929
DEDUCTIONS:	
Supplies and Materials	40,490
Other Deductions	875
Total Deductions	41,365
Change in Fiduciary Net Position	1,564
Total Net Position - July 1 (Beginning)	35,560
Total Net Position - June 30 (Ending)	$ 37,124

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Ponder Independent School District (the "District") is a public educational agency operating under the applicable rules and regulations of the State of Texas. The District's combined financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide (FAR). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

A. REPORTING ENTITY

The Board of Trustees, a seven-member group elected by registered voters of the District, has fiscal accountability over all activities related to public elementary and secondary education within the jurisdiction of the District. The board of trustees are elected by the public. The trustees as a body corporate have 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 (Agency) or to the State Board of Education are reserved for the trustees, and the Agency may not substitute its judgment for the lawful exercise of those powers and duties by the trustees. The District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards.

The District's basic financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the District

Based on the aforementioned criteria, Ponder Independent School District has no component units.

B. BASIS OF PRESENTATION

The government-wide financial statements (the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District had no business-type activities during the year ended June 30, 2026.

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

Fund Financial Statements:

The District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The District has presented the following major governmental funds:

1. **General Fund** - This fund is established to account for resources financing the fundamental operations of the District, in partnership with the community, in enabling and motivating students to reach their full potential. All revenues and expenditures not required to be accounted for in other funds are included here. This is a budgeted fund and any fund balances are considered resources available for current operations. Fund balances may be appropriated by the Board of Trustees to implement its responsibilities.

2. **Debt Service Fund** - This fund is established to account for payment of principal and interest on long-term general obligation debt and other long-term debts for which a tax has been dedicated. This is a budgeted fund. Any unused sinking fund balances are transferred to the General Fund after all of the related debt obligations have been met.

3. **Capital Projects Fund** - This fund is established to account for proceeds, from the sale of bonds and other resources to be used for Board authorized acquisition, construction, or renovation, as well as furnishings and equipping of major capital facilities. Upon completion of a project, any unused bond proceeds are transferred to the Debt Service Fund and are used to retire related bond principal.

Additionally, the District reports the following fund types:

1. **Special Revenue Funds** - These funds are established to account for federally financed or expenditures legally restricted for specified purposes. In many special revenue funds, any unused balances are returned to the grantor at the close of specified project periods. For funds in this fund type, project accounting is employed to maintain integrity for the various sources of funds.

2. **Fiduciary Funds** – The District reports Custodial Funds as Fiduciary Funds. Custodial Funds are custodial in nature and account for activities of student and employee groups. Custodial Funds use the accrual basis of accounting to recognize assets and liabilities. The Custodial Funds exist with the explicit approval of, and are subject to revocation by, the Board.

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total position.

Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they are collected within 60 days after year-end. A 90-day availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The District records its proportionate share of the net pension liability of the Teacher Retirement System of Texas (TRS). The fiduciary net position 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.

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

The revenue susceptible to accrual are property taxes, charges for services, interest income and intergovernmental revenues. All other Governmental Fund Type revenues are recognized when received.

Revenues from state and federal grants are recognized as earned when the related program expenditures are incurred. Funds received but unearned are reflected as deferred revenues, and funds expended but not yet received are shown as receivables.

Revenue from investments, including governmental external investment pools, if applicable, is based upon fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Most investments are reported at amortized cost when the investments have remaining maturities of one year of less at time of purchase. External investment pools are permitted to report short-term debt investments at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer, or other factors. For that purpose, a pool's short-term investments are those with remaining maturities of up to ninety days.

In accordance with the Texas Education Agency's Financial Accountability Resource Guide (FASRG), the District has adopted and installed an accounting system which exceeds the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure presented in the Accounting Code Section of the FASRG.

D. BUDGETARY CONTROL

Formal budgetary accounting is employed for all required Governmental Fund Types, as outlined in TEA's FAR module, and is presented on the modified accrual basis of accounting consistent with generally accepted accounting principles. The budget is prepared and controlled at the function level within each organization to which responsibility for controlling operations is assigned.

The official school budget is prepared for adoption for required Governmental Fund Types prior to June 20 of the preceding fiscal year for the subsequent fiscal year beginning July 1. The budget is formally adopted by the Board of Trustees at a public meeting held at least ten days after public notice has been given. The budget is prepared by fund, function, object, and organization. The budget is controlled at the organizational level by the appropriate department head or campus principal within Board allocations. Therefore, organizations may transfer appropriations as necessary without the approval of the board unless the intent is to cross fund, function or increase the overall budget allocations. Control of appropriations by the Board of Trustees is maintained within Fund Groups at the function code level and revenue object code level.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and the Debt Service Fund. The special revenue funds adopt project-length budgets which do not correspond to the District's fiscal year. Each annual budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles. The budget is amended throughout the year by the Board of Trustees. Such amendments are reflected in the official minutes of the Board.

A reconciliation of fund balances for both appropriated budget and non-appropriated budget special revenue funds is as follows:

	June 30, 2026 Fund Balance
Appropriated Budget Funds - Food Service Special Revenue Fund	$ 206,459
Nonappropriated Budget Funds	363,263
All Special Revenue Funds	569,722

E. ENCUMBRANCE ACCOUNTING

The District employs encumbrance accounting, whereby encumbrances for goods or purchased services are documented by purchase orders and contracts. An encumbrance represents a commitment of Board appropriation related to unperformed contracts for goods and services. The issuance of a purchase order or the signing of a contract creates an encumbrance but does not represent an expenditure for the period, only a commitment to expend financial resources. Appropriations lapse on June 30 of each fiscal year, and encumbrances outstanding at that time are either canceled or appropriately provided for in the subsequent year's budget.

F. PREPAID ITEMS

Prepaid balances are for payments made by the District in the current year to provide services occurring in the subsequent fiscal year, and prepaid items are shown as non-spendable fund balance to signify that they are not available for other subsequent expenditures. Prepaid balances are reported using the consumption method, in which the prepaid item is recorded as an asset when paid and is charged to expenditure or expense each fiscal year in an amount equal to the related benefits received that year.

G. INTERFUND RECEIVABLES AND PAYABLES

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 as appropriate and are subject to elimination upon consolidation. 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 "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

H. CAPITAL ASSETS

Capital assets, which includes property, plant, equipment, and infrastructure assets, are reported in the governmental activities columns in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

Assets capitalized have an original cost of $5,000 or more and over one-year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	28-39 Years
Furniture and Equipment	5-12 Years

I. COMPENSATED ABSENCES

A liability for compensated absences that employees have earned and carry-forward to future fiscal years has been accrued in the government-wide financial statements in accordance with GASB Statement No. 101, "Compensated Absences," which was effective for fiscal years beginning after December 15, 2023. The measurement of the liability includes salary-related payments that are directly and incrementally associated with the leave (e.g., employer Social Security and Medicare payroll taxes).

J. CASH EQUIVALENTS

Investments are considered to be cash equivalents if they are highly liquid with maturity three months or less.

K. NET POSITION

Net position represents the difference between assets, deferred outflows of resources, deferred inflows of resources and liabilities. Net position invested in capital assets consists of capital assets, net of accumulated depreciations, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation's adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

L. LONG-TERM OBLIGATIONS

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

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

M. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

A deferred outflow of resources is a consumption of a government's net assets by the government that is applicable to a future reporting period. The District has three items that qualify for reporting in this category:

Deferred outflows of resources for refunding - Reported in the government-wide statement of net position, the deferred charge on bond refundings 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 amount of deferred outflows reported in governmental activities for deferred charges on bond refundings as of June 30, 2026, was $28,564.

Deferred outflows of resources for pension - Reported in the government-wide statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of differences between expected and actual actuarial experiences. The deferred outflows of resources related to pensions resulting from District contributions after the measurement date is recognized as a reduction of the net pension liability in the next fiscal year. Other pension-related deferred outflows are amortized over the expected remaining service lives of employees (active and inactive employees) provided pension benefits, which is currently 5.6451 years. The amount of deferred outflows reported in the statement of net position for deferred pension expense as of June 30, 2026, was $1,832,692.

Deferred outflows of resources for OPEB - Reported in the government-wide statement of net position, this deferred outflow results from OPEB plan contributions made after the measurement date of the net OPEB liability and the results of differences between expected and actual investment earnings and changes in proportionate share. The deferred outflows of resources related to OPEB resulting from District contributions after the measurement date is recognized as a reduction of net OPEB liability in the next fiscal year. Other OPEB-related deferred outflows are amortized over the expected remaining service lives of employees (active and inactive employees) that are provided OPEB benefits, which is currently 9.4212 years. The amount of deferred outflows reported in the statement of net position for deferred OPEB expense as of June 30, 2026, was $1,581,419.

A deferred inflow of resources is an acquisition of a government's net assets by the government that is applicable to a future reporting period. The District has three items that qualify for reporting in this category:

Deferred inflows of resources for unavailable revenues - Reported only in the governmental funds balance sheet, unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District reports property taxes that are unavailable as deferred

inflows of resources in the fund financial statements. The amount of deferred inflows of resources reported in governmental funds as of June 30, 2026, was $428,340.

Deferred inflows of resources for pension - Reported in the government-wide statement of net position, these deferred inflows result primarily from differences between projected and actual earnings on pension plan investments. These amounts are amortized over a closed five-year period. In fiscal year 2026, the District reported deferred inflows of resources for pensions in the statement of net position in the amount of $472,892

Deferred inflows of resources for OPEB - Reported in the government-wide statement of net position, these deferred inflows result primarily from differences between expected and actual experience and changes in assumptions. These amounts are amortized over the average expected remaining service life (AERSL) of members, which is currently 9.4212 years. In fiscal year 2026, the District reported deferred inflows of resources for OPEB in the statement of net position in the amount of $2,995,205.

N. RISK MANAGEMENT

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

O. ESTIMATES

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

P. FINANCIAL REPORTING MODEL

The District follows the financial reporting model for state and local governments that includes the addition of management's discussion and analysis, government-wide financial statements, required supplementary information and the elimination of the effects of internal service activities to the already required fund financial statements and notes.

The GASB determined that fund accounting has and will continue to be essential in helping governments to achieve *fiscal accountability* and should, therefore, be retained. The GASB also determined that government-wide financial statements are needed to allow users of financial reports to assess a government's *operational accountability*. The GASB model integrates fund-based financial reporting and government-wide financial reporting as complementary components of a single comprehensive financial reporting model.

As a result, the financial statements include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column. The government-wide financial statements split the District programs between governmental and business-type activities.

Q. DATA CONTROL CODES

The Data Control Codes refer to the account code structure prescribed by the Texas Education Agency (the "Agency") in their Resource Guide. The Agency requires school districts to display these codes in the financial statements filed with the Agency in order to ensure accuracy in building a Statewide database for policy development and funding plans.

NOTE 2. FUND BALANCE AND NET POSITION

Net position on the government-wide *Statement of Net Position* includes the following:

Net Investment in Capital Assets reports the difference between capital assets, net of accumulated depreciation, and the outstanding balance of debt, excluding unspent bond proceeds that is directly attributable to the acquisition, construction or improvement of those capital assets.

Restricted for Federal and State Grant Programs is the component of net position restricted to be spent for specific purposes prescribed by federal and state granting agencies.

Restricted for Debt Service is the component of net position that is restricted for payment of debt service by constraints established by the bond covenants.

Unrestricted Net Position is the residual difference between assets, deferred outflows, liabilities and deferred inflows that is not invested in capital assets or restricted for specific purposes.

It is the District's policy to spend funds available from restricted sources prior to unrestricted sources.

The District has implemented GASB Statement No. 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 balances more transparent.

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

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has classified prepaid items as being non-spendable as these items are not expected to be converted to cash.

- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the District's bonded debt and are restricted through debt covenants. Food service resources are being restricted because their use is restricted pursuant to the mandates of the National School Lunch and Breakfast Program.

- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District's Board of Trustees. The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This can also be done through adoption and amendment of the budget. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

- Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Trustees or through the Board of Trustees delegating this responsibility to other individuals in the District. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

- Unassigned: This classification includes all amounts not included in other spendable classifications, including the residual fund balance for the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Trustees has provided otherwise in its commitment or assignment actions.

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 16) and are described below:

General Fund

The General Fund has unassigned fund balance of $3,591,771 at June 30, 2026. An additional $4,000,000 is assigned for future construction needs.

Other Major Funds

The Debt Service Fund has restricted funds of $7,428,978 at June 30, 2026, consisting primarily of property tax collections that are restricted for debt service payments on bonded debt. The Capital Projects Fund has no fund balance.

Other Funds

The fund balance of $285,814 in the Campus Activity Fund, $71,285 in the Scholarship Fund, $1,298 in the PEF Grants Fund, and $4,866 in the Pride Design Fund (special revenue funds) is shown as committed. The fund balance of $206,459 in the food service program is shown as restricted for that purpose.

NOTE 3. DEPOSITS AND INVESTMENTS

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.

1. Cash Deposits:

   At June 30, 2026, the carrying amount of the District's deposits in checking accounts and interest-bearing savings accounts was $5,528,743 and the bank balance was $8,397,210. The District's cash deposits at June 30, 2026, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

2. Investments:

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

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

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

a. Custodial Credit Risk – Deposits: In the case of deposits, this is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2026, the District's bank balances totaled $8,397,210. This entire amount was either collateralized with securities or a letter of credit held by the District's financial institution's agent in the District's name or covered by FDIC insurance. Thus, the District's deposits are not exposed to custodial credit risk at June 30, 2026.

b. Custodial Credit Risk - Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2026, the District held investments in two public funds investment pools (Lone Star and Logic). Investments in external investment pools are considered unclassified as to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

c. Credit Risk: This is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligations. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. The credit quality rating for both Lone Star and Logic at year-end was from AAAF/S1 to AAAm (Standard & Poor's).

d. Interest Rate Risk: This is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. The weighted average maturity for both Lone Star and Logic is less than 60 days.

e. Foreign Currency Risk: This is the risk that exchange rates will adversely affect the fair value of an investment. At June 30, 2026, the District was not exposed to foreign currency risk.

f. Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of the District's investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. Investment pools are excluded from the 5 percent disclosure requirement.

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act 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 AAA-m 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.

The District's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment

company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

The District's investments at June 30, 2026, are shown below:

Name	Carrying Amount	Market Value
Lone Star	$8,455,729	$8,455,729
Logic	1,174,394	1,174,394
Total	$9,630,123	$9,630,123

Fair Value Measurements

The District categorizes its fair value measurements with 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. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgement and considers factors specific to each asset or liability.

The District's investment in Lone Star and Logic (statewide 2a7-like external investment pools) are not required to be measured at fair value but are measured at amortized cost.

NOTE 4. CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Governmental Activities:				
Land	$ 2,168,802	-	-	$ 2,168,802
Construction in progress	-	-	-	-
Capital assets not being depreciated	2,168,802	-	-	2,168,802
Buildings and improvements	126,172,740	1,002,334	(24,977)	127,150,097
Furniture and equipment	5,371,632	958,411	(33,130)	6,296,913
Software	-	85,104	-	85,104
Capital assets being depreciated	131,544,372	2,045,849	(58,107)	133,532,114
Less:				
Accumulated depreciation - Buildings and improvements	(25,535,850)	(3,415,739)	1,247,017	(27,704,572)
Accumulated depreciation - Furniture and equipment	(3,732,827)	(411,065)	-	(4,143,892)
Accumulated depreciation - Software	-	(21,276)	-	(21,276)
Accumulated depreciation	(29,268,677)	(3,848,080)	1,247,017	(31,869,740)
Total capital assets, net	$ 104,444,497	$ (1,802,231)	$ 1,188,910	$ 103,831,176

Depreciation expense was charged to the following functions:

Instruction	$ 1,654,674
Instructional resources and media services	38,481
Curriculum and instructional staff development	76,962
Instructional leadership	38,481
School leadership	153,923
Guidance, counseling, and evaluation services	76,962
Health services	38,481
Student (pupil) transportation	115,442
Food services	153,923
Cocurricular/extracurricular activities	192,404
General administration	153,923
Facilities maintenance and operations	1,000,501
Security and monitoring services	76,962
Data processing services	76,962
	$ 3,848,080

NOTE 5. LONG-TERM DEBT

Long-term debt consists of par bonds and compensated absences. All long-term debt represents transactions in the District's governmental activities.

The District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas (SID), which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

A summary of long-term debt for the year ended June 30, 2026, is as follows:

	Original Issue	Interest Rate	Beginning Balance	Additions	Retired/ Refunded	Ending Balance	Due Within One Year
Bonded Indebtedness:							
2017 Refunding	$ 8,205,000	2.0% to 4.0%	$ 2,720,000	$ -	$ 875,000	$ 1,845,000	$ 915,000
2021 Building	52,580,000	2.25% to 5.0%	50,290,000	-	595,000	49,695,000	630,000
2021 Building (variable rate)	14,985,000	4.0% to 7.0%	12,115,000	-	-	12,115,000	
Premium on Debt Issuance			7,022,045	-	334,147	6,687,898	-
Compensated Absences			1,708,008	-	1,378,795	329,213	-
Total			$ 73,855,053	$ -	$ 3,182,942	$ 70,672,111	$ 1,545,000

Note: The change to compensated absences is presented as a net change.

General Obligation Bonds are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the District. General Obligation Bonds require the District to compute, at the time taxes are levied, the rate of tax required to provide (in each year bonds are outstanding) a fund to pay interest and principal at maturity. The District is in compliance with this requirement.

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

NOTE 6. DEBT SERVICE REQUIREMENTS - BONDS

Presented below is a summary of general obligation bond requirements to maturity:

Year	Principal	Interest	Total
2027	$ 1,545,000	$ 2,266,644	$ 3,811,644
2028	2,570,000	2,214,388	4,784,388
2029	1,725,000	2,121,925	3,846,925
2030	1,815,000	2,035,675	3,850,675
2031	1,905,000	1,944,925	3,849,925
2032-2036	10,820,000	8,417,375	19,237,375
2037-2041	13,210,000	6,069,575	19,279,575
2042-2046	15,430,000	3,763,550	19,193,550
2047-2051	14,635,000	1,511,900	16,146,900
	$ 63,655,000	$ 30,345,957	$ 94,000,957

NOTE 7. DEFEASED BONDS OUTSTANDING

In prior years, the District issued refunding bonds to defease certain outstanding bonds for the purpose of consolidation and to achieve debt service savings. The District has placed the proceeds from the refunding issues in irrevocable escrow accounts with a trust agent to ensure payment of debt service on the refunded bonds.

Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. Although defeased, the refunded debt from those earlier issues will not be actually retired until the call dates have come due or until maturity if they are not callable issues.

NOTE 8. PROPERTY TAXES

Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The District levies its taxes on October 1 on the assessed (appraised) value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. The assessed value of the property tax roll upon which the levy for the 2025-26 fiscal year was based was $1,249,796,178. Taxes are delinquent if not paid by June 30. Delinquent taxes are subject to both penalty and interest charges plus 15% delinquent collection fees for attorney costs.

The tax rates assessed for the year ended June 30, 2026, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were $0.776600 and $0.500000 per $100 valuation, respectively, for a total of $1.2766 per $100 valuation.

Current tax collections for the year ended June 30, 2026, were 96.8% of the year-end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. As of June 30, 2026, property taxes receivable, net of estimated uncollectible taxes, totaled $355,221 and $192,559 for the General and Debt Service Funds, respectively.

Property taxes are recorded as receivables and unavailable revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with Generally Accepted Accounting Principles have been recognized as revenue.

NOTE 9. 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 (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the internet at https://www.trs.texas.gov/learning-resources/publications; by writing to TRS at attention Finance Division, P.O. Box 149676, Austin, TX, 78714-0185; or by calling 1-800-223-8778.

Benefits Provided. TRS 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 post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Government Code section 821.006 prohibits benefit improvements, if, as a result of the particular action, the time required to amortize TRS unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. Actuarial implications of the funding provided in this manner are determined by the System's actuary.

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

Contribution Rates

Member	8.25%
Non-Employer Contributing Entity (State)	8.25%
Employers	8.25%
Employer Contributions	$ 519,454

Member Contributions	1,099,171
NECE On-behalf Contributions	774,694

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

As the non-employer contributing entity for public education, 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) are required to pay the employer contribution rate in the following instances:

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

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

- All public schools, charter schools, and regional education service centers must contribute 2.0 percent 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 total pension liability in the August 31, 2025, actuarial valuation was determined using the following actuarial assumptions:

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 Investment Rate of Return	7.00%
Municipal Bond Rate as of August 2024	5.23%
Inflation	2.30%
Salary Increases including inflation	3.20% to 9.20% including inflation
Benefit Changes during the year	None
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 2026 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, 2025. For a full description of these assumptions, please see the actuarial valuation report dated November 21, 2025.

Discount Rate. A single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 9.54 percent 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 expected rate of return on pension plan investments is 7.00 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2025 (page 56 of the 2025 TRS ACFR) are summarized below:

Table 3.A.1: Asset Allocations

Asset Class	Target Allocation %**	Long-Term Expected Geometric Real Rate of Return***	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
All Country	39.00 %	4.14 %	2.18 %
USA	0.00	3.85	0.00
Non-US 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*	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****			(0.71)
Expected Return	100.00 %		7.33 %

*Absolute Return includes Credit Sensitive Investments
**Target allocations are based on the FY2025 policy model.
***Capital Market Assumptions (CMA) come from Meketa Investment Group's 2025 CMAs
****The volatility drag results from the conversion between arithmetic and geometric mean returns.

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 in measuring the Net pension liability.

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the net pension liability:	$7,782,742	$4,829,090	$2,370,841

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. On August 31, 2025, the District reported a liability of $4,829,090 for its proportionate share of the TRS net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's Proportionate share of the collective net pension liability.	$ 4,829,090
State's proportionate share that is associated with District	7,512,446
Total	$ 12,341,536

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 employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2025, through August 31, 2025.

On August 31, 2025, the employer's proportion of the collective net pension liability was .0076715877% which was an increase (decrease) of 13.7% 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.

The amount of pension expense recognized by the District in the reporting period was $694,438. For the year ended August 31, 2025, the District recognized pension expense of $697,430 and revenue of $697,430 for support provided by the State.

On August 31, 2025, the District reported its proportionate share of the TRS 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	$ 289,732	$ 16,921
Changes in actuarial assumptions	463,120	-
Difference between projected and actual investment earnings	-	219,461
Changes in proportion and difference between employer contributions and the proportionate share of contributions	629,998	236,510
Contributions paid to TRS subsequent to the measurement date of the net pension liability	449,812	-
Total	$ 1,832,662	$ 472,892

The District recognized $449,812 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the measurement year ended August 31, 2026. The other amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Year ended August 31	Pension Expense Amount
2026	$660,613
2027	157,056
2028	(88,979)
2029	71,364
2030	109,905
Thereafter	-

NOTE 10. DEFINED OTHER POST-EMPLOYMENT BENEFIT (OPEB) 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.

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

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

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

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

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

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65 percent of salary.

Section 1575.204 establishes a public school contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the employer. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act, which is 0.75 percent of each active employee's pay for fiscal year 2025. The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution Rates

Active Employee	0.65%
Non-Employer Contributing Entity (State)	1.25%
Employers	0.75%
Federal/Private Funding Remitted by Employers	1.25%
Employer Contributions	$103,501
Member Contributions	86,601
NECE On-behalf Contributions	273,712

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

Actuarial Assumptions. The actuarial valuation was performed as of August 31, 2024. Update procedures were used to roll forward the total OPEB liability to August 31, 2025. The actuarial valuation 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 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.

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.

Additional Actuarial Methods and Assumptions:

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%
Aging Factors	Based on a Society of Actuaries' 2013 Study
Expenses	Third-party administrative expenses related to the delivery of Healthcare benefits are included in the age-adjusted claims costs.
Projected Salary Increases	3.20% to 9.20% including inflation
Healthcare Trend Rates	4.25% over 14 years
Election Rates	25% participation rate after age 65; 62% prior to age 65

Discount Rate. A single discount rate of 5.23 percent was used to measure the total OPEB liability. This was an increase of 1.36 percent in the discount rate since the previous year. Because the investments are held in cash and there is no intentional objective to advance fund the benefits, the Single Discount Rate is equal to the prevailing municipal bond rate.

The source of the municipal bond rate is the Bond Buyer's "20-Bond GO Index" as of August 31, 2025, using the Fixed Income Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

Discount Rate Sensitivity Analysis. 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 (x%) in measuring the net OPEB liability.

	1% Decrease in Discount Rate (4.23%)	Discount Rate (5.23%)	1% Increase in Discount Rate (6.23%)
District's proportionate share of the net OPEB liability:	$2,958,127	$ 2,518,851	$2,156,857

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 health trend rates assumed.

	1% Decrease in Healthcare Trend Rate	Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
District's proportionate share of the net OPEB liability:	$2,082,736	$ 2,518,851	$3,072,589

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. On August 31, 2025, the District reported a liability of $685,225 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	$2,518,851
State's proportionate share that is associated with District	3,341,813
Total	$4,027,038

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 employer's proportion of the net OPEB liability was based on the employer's contributions to OPEB relative to the contributions of all employers to the plan for the period September 1, 2024, through August 31, 2025.

On August 31, 2025, the employer's proportion of the collective net OPEB liability was .0101047949% which was an increase (decrease) of 4.33% from its proportion measured as of August 31, 2024.

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 percent as of August 31, 2024, to 5.23 percent 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.

The amount of OPEB expense recognized by the District in the reporting period was ($181,052).

For the year ended August 31, 2025, the District recognized OPEB expense of $386,119 and revenue of $386,119 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$492,786	$1,500,120
Changes in actuarial assumptions	311,477	1,034,559
Difference between projected and actual investment earnings	-	15,491
Changes in proportion and difference between employer contributions and the proportionate share of contributions	688,844	445,035
Contributions paid to TRS subsequent to the measurement date of the net pension liability	88,312	-
Total	$1,581,419	$2,995,205

The District recognized $88,312 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 pension liability in the measurement year ended August 31, 2026. The other amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement Year ended August 31	OPEB Expense Amount
2026	($292,075)
2027	(363,541)
2028	(304,328)
2029	(188,749)
2030	(179,381)
Thereafter	(174,025)

NOTE 11. MEDICARE PART D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments are recognized as equal revenues and expenditures/expenses by the District. For the year ended June 30, 2026, the contribution made on behalf of the District was $110,746.

NOTE 12. HEALTH CARE

During the year ended June 30, 2026, employees of Ponder Independent School District were covered by the TRS-Active Care health insurance plan (the Plan). The District contributed a board-specified amount per month per employee ($312 per month for teachers and $412 per month for all other personnel) to the Plan, and employees, at their option, authorized payroll withholdings to pay any additional contribution and contributions for dependents. All contributions were paid to a self-funded pool. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

NOTE 13. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at June 30, 2026, were as follows:

	Property Taxes	Other Governments	Other	Total Receivables
Governmental Activities:				
General Fund	$ 355,221	$ 2,927,495	$ 246,208	$ 3,036,508
Debt Service Fund	192,559	-	-	192,559
Special Revenue Fund	-	13,291	2,000	11,291
Total-Governmental Activities	$ 547,780	$ 2,940,786	$ 248,208	$ 3,240,358
Amounts not scheduled for collection during the subsequent year	$ -	$ -	$ -	$ -

Payables at June 30, 2026, were as follows:

	Accounts Payable	Accrued Wages Payable	Due to Other Governments	Other	Total Payables
Governmental Activities:					
General Fund	$ 69,504	$ 1,439,877	$ -	$ 144,753	$ 1,654,134
Debt Service Fund	$ -	$ -	$ 4,072	$ -	$ 4,072
Special Revenue Funds	749	53,816	-	5,415	59,980
Capital Projects	-	-	-	790,996	790,996
Total-Governmental Activities	$ 70,253	$ 1,493,693	$ 4,072	$ 941,164	$ 2,509,182
Amounts not scheduled for payment during the subsequent year	$ -	$ -	$ -	$ -	$ -

NOTE 14. DUE FROM OTHER GOVERNMENTS

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

Fund	Local	State Grants	Federal Grants	Total
General Fund	$ -	$ 2,927,495	$ -	$ 2,927,495
Debt Service Fund	-	-	-	-
Special Revenue Fund	-	13,291	-	13,291
Total	$ -	$ 2,940,786	$ -	$ 2,940,786

NOTE 15. LITIGATION AND CONTINGENCIES

Minimum foundation funding received from the Agency is based primarily upon information concerning average daily attendance at the District's schools which is compiled by the District and supplied to the Agency. Federal funding for Food Services under child nutrition programs is based primarily upon the number and type of meals served and on user charges as reported to the USDA. Federal and state funding received related to various grant programs are based upon periodic reports detailing reimbursable expenditures made in compliance with program guidelines to the grantor agencies.

The programs are governed by various statutory rules and regulations of the grantors. Amounts received and receivable under these various funding programs are subject to periodic audit and adjustment by the funding agencies. To the extent, if any, that the District has not complied with all the rules and regulations with respect to performance, financial or otherwise, adjustment to or return of funding monies may be required. In the opinion of the District's administration, there are no significant contingent liabilities relating to matters of compliance and, accordingly, no provision has been made in the accompanying financial statements for such contingencies.

The Denton Central Appraisal District is a defendant in various lawsuits involving the property values assigned to property located within the District's boundaries on which the District assesses property taxes. The District could be required to refund property taxes paid on values which were greater than the ultimate final assessed valuation assigned by the court. Such lawsuits could continue several years into the future.

NOTE 16. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

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

	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total
Property Taxes	$ 8,989,223	$ -	$ 5,787,550	$ -	$ 14,776,773
Food Sales	-	362,481	-	-	362,481
Investment Income	409,461	7,598	180,386	30,366	627,811
Penalties, interest and other tax related income	132,630	-	44,750	-	177,380
Co-curricular student activities	63,551	287,096	-	-	350,647
Tuition and fees	20,755	25,750	-	-	46,505
Rent	15,455	-	-	-	15,455
Gifts and bequests	34,793	84,775	-	-	119,568
Other	546,230	45,786	211,292	-	803,308
Total	$ 10,212,098	$ 813,486	$ 6,223,978	$ 30,366	$ 17,279,928

NOTE 17. SELF–INSURED WORKERS' COMPENSATION

The District participates in the Texas Educational Insurance Association Workers Compensation Self-Insurance Joint Fund The District is partially self-funded with a loss fund for the 25-26 fiscal year. Additionally, the District incurs fixed costs for their share of claims administration, loss control, record keeping, and cost of excess insurance.

Claims Administrative Services, Inc provides claims administration. The fixed cost charge is based on total payroll paid by the District. Increases or decreases in the fixed costs will adjust subsequent year charges.

The accrued liability for workers compensation self-insurance of $55,322 includes unpaid claims. This liability is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," which requires that a liability for claims be reported if information indicates that it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. The liability recorded is an undiscounted actuarial calculation.

Changes in workers compensation claims liability amounts in fiscal periods 2025 and 2026 are represented below:

Fiscal Period	Beginning Claims Liability	Claim and Changes in Estimates	Claims Payments	Ending Claims Liability
2025	35,509	(8,086)	1,807	25,616
2026	25,616	30,876	1,170	55,322

NOTE 18. JOINT VENTURE-SHARED SERVICE ARRANGEMENTS

The District participates in a shared services arrangement for juvenile justice alternative education services with ten other school districts. Although the District contributes to the shared services arrangement based on its participation, the District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant resources nor fiscal exigencies that would give rise to a future additional benefit or burden to Ponder ISD. The fiscal agent manager is responsible for all financial activities of the shared services arrangement. During the year ended June 30, 2026, the District had no students in the program and made no payment to the joint venture.

The District participates in a shared services arrangement for Special Education with five other school districts. Although a portion of the activity of the shared services arrangement is attributable to the District's participation, the District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Sanger ISD, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to Ponder ISD. The fiscal agent manager is responsible for all financial activities of the shared services arrangement. During the year ended June 30, 2026, the District contributed $818,690 to the fiscal agent as its share of the costs of the joint venture.

NOTE 19. SUBSEQUENT EVENTS

On August 15, 2026, the District issued general obligation building bonds in the amount, with a par value of $53,570,000. The bonds have maturity date that range from 2027 to 2056.

Management has reviewed events subsequent to June 30, 2026, through August 26, 2026, which is the date the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

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PONDER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2026

Data Control Codes		Budgeted Amounts		Variance with Original Budget - over (under)	Actual Amounts, GAAP	Variance with Final Budget over (under)
		Original	Final	Final Budget	Basis	Actual Amounts
	REVENUES:					
5700	Total Local and Intermediate Sources	$ 10,272,071	$ 9,960,206	$ (311,865)	$ 10,212,098	$ 251,892
5800	State Program Revenues	12,960,967	13,420,084	459,117	13,185,222	(234,862)
5900	Federal Program Revenues	30,000	30,000	-	27,282	(2,718)
5020	Total Revenues	23,263,038	23,410,290	147,252	23,424,602	14,312
	EXPENDITURES:					
	Current:					
0011	Instruction	13,178,743	12,841,858	336,885	12,705,996	135,862
0012	Instructional Resources and Media Services	273,809	273,809	-	259,722	14,087
0013	Curriculum and Instructional Staff	406,326	414,173	(7,847)	407,287	6,886
0021	Instructional Leadership	202,476	248,629	(46,153)	243,749	4,880
0023	School Leadership	1,053,448	1,062,528	(9,080)	1,056,013	6,515
0031	Guidance, Counseling, and Evaluation Services	444,235	394,900	49,335	390,789	4,111
0033	Health Services	232,874	241,874	(9,000)	235,805	6,069
0034	Student (Pupil) Transportation	1,756,038	1,854,337	(98,299)	1,802,897	51,440
0035	Food Services	11,634	11,634	-	9,000	2,634
0036	Extracurricular Activities	1,116,520	1,173,277	(56,757)	1,125,086	48,191
0041	General Administration	1,117,417	1,110,917	6,500	1,073,275	37,642
0051	Facilities Maintenance and Operations	3,830,111	3,936,144	(106,033)	3,777,067	159,077
0052	Security and Monitoring Services	391,327	347,327	44,000	283,219	64,108
0053	Data Processing Services	490,182	520,722	(30,540)	508,649	12,073
0061	Community Services	168,091	209,191	(41,100)	203,174	6,017
	Capital Outlay:					
0081	Facilities Acquisition and Construction	10,002	800,002	(790,000)	661,684	138,318
	Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts of	1,201,401	1,001,401	200,000	818,690	182,711
0095	Payments to Juvenile Justice Alternative Ed.	4,000	4,000	-	-	4,000
0099	Other Intergovernmental Charges	135,000	135,000	-	104,322	30,678
6030	Total Expenditures	26,023,634	26,581,723	(558,089)	25,666,424	915,299
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,760,596)	(3,171,433)	(410,837)	(2,241,822)	929,611
	OTHER FINANCING SOURCES (USES):					
7912	Sale of Real and Personal Property	-	1	1	154,273	154,272
7915	Transfers In	1	1	-	203,495	203,494
8911	Transfers Out (Use)	(1)	(1)	-	-	1
7080	Total Other Financing Sources (Uses)	-	1	1	357,768	357,767
1200	Net Change in Fund Balances	(2,760,596)	(3,171,432)	(410,836)	(1,884,054)	1,287,378
0100	Fund Balance - July 1 (Beginning)	9,475,825	9,475.825	-	9,475,825	-
3000	Fund Balance - June 30 (Ending)	$ 6,715,229	$ 6,304,393	$ (410,836)	$ 7,591,771	$ 1,287,378

PONDER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2026

	FY 2026 Plan Year 2025	FY 2025 Plan Year 2024	FY 2024 Plan Year 2023
District's Proportion of the Net Pension Liability (Asset)	0.007675877%	0.00674701%	0.00742441%
District's Proportionate Share of Net Pension Liability (Asset)	$ 1,995,147	$ 4,121,353	$ 5,099,852
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	7,512,446	7,574,649	8,422,461
Total	$ 9,507,593	$ 11,696,002	$ 13,522,313
District's Covered Payroll	$ 11,947,722	$ 11,438,511	$ 10,893,596
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	16.70%	36.20%	46.80%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.24%	77.50%	73.15%

Note: GASB Codification, Vol. 2, P20.183 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement date. For example, the amounts for FY 2026 are for the measurement date of August 31, 2025, etc..

FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016
0.0074633%	0.0062157%	0.0057318%	0.00563112%	0.00579524%	0.005814061%	0.005981708%
$ 4,430,780	$ 1,582,929	$ 3,069,840	$ 2,927,232	$ 3,189,841	$ 1,859,024	$ 2,260,398
7,560,512	3,538,246	7,403,511	6,630,885	7,132,123	4,271,338	5,226,230
$ 11,991,292	$ 5,121,175	$ 10,473,351	$ 9,558,117	$ 10,321,964	$ 6,130,362	$ 7,486,628
$ 10,424,243	$ 9,681,459	$ 9,207,818	$ 8,486,322	$ 8,258,831	$ 8,105,147	$ 8,049,426
42.50%	16.35%	33.34%	34.49%	38.62%	22.94%	28.08%
75.62%	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%

PONDER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2026

	2026	2025	2024
Contractually Required Contribution	$ 519,454	$ 439,210	$ 374,572
Contribution in Relation to the Contractually Required Contribution	(519,454)	(439,210)	(374,572)
Contribution Deficiency (Excess)	$ -	$ -	$ -
District's Covered Payroll	$ 13,323,286	$ 11,747,620	$ 11,187,979
Contributions as a Percentage of Covered Payroll	3.90%	3.23%	3.35%

Note: GASB Codification, Vol. 2, P20.183 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

2023	2022	2021	2020	2019	2018	2017
$ 379,620	$ 295,866	$ 265,047	$ 236,356	$ 197,095	$ 195,101	$ 190,551
(379,620)	(295,866)	(265,047)	(236,356)	(197,095)	(195,101)	(190,551)
$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 10,892,242	$ 8,716,839	$ 9,681,459	$ 9,207,818	$ 8,486,322	$ 8,258,831	$ 8,105,147
3.49%	3.39%	2.74%	2.57%	2.32%	2.36%	2.35%

PONDER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2026

	FY 2026 Plan Year 2025	FY 2025 Plan Year 2024	FY 2024 Plan Year 2023
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.0101051%	0.009685%	0.010354%
District's Proportionate Share of Net OPEB Liability (Asset)	$ 685,225	$ 2,939,563	$ 2,292,268
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	3,341,813	3,683,233	2,765,974
Total	$ 4,027,038	$ 6,622,796	$ 5,058,242
District's Covered Payroll	$ 11,947,722	$ 11,438,511	$ 10,893,596
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	5.74%	25.70%	21.04%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.26%	13.70%	14.94%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. For example, the amounts for FY 2026 are for the measurement date of August 31, 2025, etc.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
0.010834722%	0.009760157%	0.009409529%	0.009301231%	0.00927395%	0.008841681%
$ 2,594,267	$ 3,764,929	$ 3,576,987	$ 4,398,665	$ 4,630,568	$ 3,844,916
3,164,598	5,044,166	4,806,613	5,844,844	7,343,910	6,626,853
$ 5,758,865	$ 8,809,095	$ 8,383,600	$ 10,243,509	$ 11,974,478	$ 10,471,769
$ 10,424,243	$ 9,681,459	$ 9,207,818	$ 8,486,322	$ 8,258,831	$ 8,105,147
24.89%	38.89%	38.85%	51.83%	56.07%	47.44%
11.52%	6.18%	4.99%	2.66%	1.57%	0.91%

PONDER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2026

	2026	2025	2024
Contractually Required Contribution	$ 103,501	$ 91,792	$ 87,906
Contribution in Relation to the Contractually Required Contribution	(103,501)	(91,792)	(87,906)
Contribution Deficiency (Excess)	$ -	$ -	$ -
District's Covered Payroll	$ 13,323,286	$ 11,747,620	$ 11,187,979
Contributions as a Percentage of Covered Payroll	0.78%	0.78%	0.79%

Note: GASB Codification, Vol. 2, P50.238 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

2023	2022	2021	2020	2019	2018
$ 90,178	$ 75,038	$ 76,247	$ 71,508	$ 65,948	$ 63,779
(90,178)	(75,038)	(76,247)	(71,508)	(65,948)	(63,779)
$ -	$ -	$ -	$ -	$ -	$ -
$ 10,892,242	$ 8,716,839	$ 9,681,459	$ 9,207,818	$ 8,486,322	$ 8,258,831
0.83%	0.86%	0.79%	0.78%	0.78%	0.77%

PONDER INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR JUNE 30, 2026

BUDGET TO ACTUAL COMPARISONS:

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, Debt Service Fund, and Child Nutrition Fund. Special Revenue funds adopt project-length budgets that do no correspond to the District's fiscal year. Each annual budget is presented on the modified accrual basis of accounting, which is consistent with generally accepted accounting principals. The budget is amended throughout the year by the Board of Trustees. Such amendments are reflected in the official minutes of the Board.

The Texas Education Agency requires the budgets for the Governmental fund types to be filed with the Texas Education Agency. The budget should not be exceeded in any functional category under TEA requirements.

Variances between the original budget and the final budget were caused primarily by the uncertainty of state appropriations when the original budget was prepared and later by the eventual appropriation of additional state funding for teacher salaries.

Variances between the final budget and actual results were caused primarily by the appropriation of additional state funding for teacher salaries.

PENSION LIABILITY:

Changes of benefit terms:

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

Changes of assumptions:

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.

OPEB LIABILITY:

Changes of benefit terms:

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

Changes of assumptions:

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

- The discount rate changed from 3.87 percent as of August 31, 2024, to 5.23 percent as of August 31, 2025.
- Since the plan is a pay-as-you-go plan, the single discount rate is equal to the prevailing municipal bond rate.
- 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.

COMBINING SCHEDULES

PONDER INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2026

Data Control Codes		211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition
	ASSETS				
1110	Cash and Cash Equivalents	$ 50,798	$ 215,489	$ 11,322	$ 5,099
1240	Due from Other Governments	-	-	-	286
1260	Due from Other Funds	-	-	-	-
1000	Total Assets	$ 50,798	$ 215,489	$ 11,322	$ 5,385
	LIABILITIES				
2110	Accounts Payable	$ -	$ 749	$ -	$ -
2160	Accrued Wages Payable	37,520	7,077	2,666	4,045
2170	Due to Other Funds	10,983	-	8,332	-
2200	Accrued Expenditures	2,295	1,204	324	1,340
2000	Total Liabilities	50,798	9,030	11,322	5,385
	FUND BALANCES				
	Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	206,459	-	-
	Committed Fund Balance:				
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	-	206,459	-	-
4000	Total Liabilities and Fund Balances	$ 50,798	$ 215,489	$ 11,322	$ 5,385

288 Summer School LEP	289 Other Federal Special Revenue Funds	397 Advanced Placement Incentives	410 State Instructional Materials	429 Other State Special Revenue Funds	461 Campus Activity Funds	480 Scholarship Fund	485 PEF Grants
$ 7,919	$ 4,963	$ 19	$ -	$ 252	$ 283,814	$ 71,285	$ 1,298
-	-	-	13,005	-	-	-	-
-	-	-	-	-	2,000	-	-
$ 7,919	$ 4,963	$ 19	$ 13,005	$ 252	$ 285,814	$ 71,285	$ 1,298
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	2,508	-	-	-	-	-	-
7,919	2,203	19	13,005	252	-	-	-
-	252	-	-	-	-	-	-
7,919	4,963	19	13,005	252	-	-	-
-	-	-	-	-	-	-	1,298
-	-	-	-	-	285,814	71,285	-
-	-	-	-	-	285,814	71,285	1,298
$ 7,919	$ 4,963	$ 19	$ 13,005	$ 252	$ 285,814	$ 71,285	$ 1,298

EXHIBIT H-1

PONDER INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2026

Data Control Codes		498 Pride Design	Total Nonmajor Governmental Funds
	ASSETS		
1110	Cash and Cash Equivalents	$ 4,866	$ 657,124
1240	Due from Other Governments	-	13,291
1260	Due from Other Funds	-	2,000
1000	Total Assets	$ 4,866	$ 672,415
	LIABILITIES		
2110	Accounts Payable	$ -	$ 749
2160	Accrued Wages Payable	-	53,816
2170	Due to Other Funds	-	42,713
2200	Accrued Expenditures	-	5,415
2000	Total Liabilities	-	102,693
	FUND BALANCES		
	Restricted Fund Balance:		
3450	Federal or State Funds Grant Restriction	-	207,757
	Committed Fund Balance:		
3545	Other Committed Fund Balance	4,866	361,965
3000	Total Fund Balances	4,866	569,722
4000	Total Liabilities and Fund Balances	$ 4,866	$ 672,415

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PONDER INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2026

Data Control Codes		211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition
	REVENUES:				
5700	Total Local and Intermediate Sources	$ -	$ 368,309	$ -	$ -
5800	State Program Revenues	-	8,135	-	-
5900	Federal Program Revenues	182,301	533,366	36,176	29,936
5020	Total Revenues	182,301	909,810	36,176	29,936
	EXPENDITURES:				
	Current:				
0011	Instruction	182,301	-	36,176	29,936
0012	Instructional Resources and Media Services	-	-	-	-
0035	Food Services	-	923,122	-	-
0036	Extracurricular Activities	-	-	-	-
0052	Security and Monitoring Services	-	-	-	-
6030	Total Expenditures	182,301	923,122	36,176	29,936
1200	Net Change in Fund Balance	-	(13,312)	-	-
0100	Fund Balance - July 1 (Beginning)	-	219,771	-	-
3000	Fund Balance - June 30 (Ending)	$ -	$ 206,459	$ -	$ -

288 Summer School LEP	289 Other Federal Special Revenue Funds	397 Advanced Placement Incentives	410 State Instructional Materials	429 Other State Special Revenue Funds	461 Campus Activity Funds	480 Scholarship Fund	485 PEF Grants
$ -	$ -	$ -	$ -	$ -	$ 385,692	$ 43,175	$ 4,447
-	-	-	252,466	16,010	-	-	-
810	14,533	-	-	-	-	-	-
810	14,533	-	252,466	16,010	385,692	43,175	4,447
810	14,533	-	252,466	-	4,420	25,750	1,875
-	-	-	-	-	15,480	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	315,014	-	2,792
-	-	-	-	16,010	-	-	-
810	14,533	-	252,466	16,010	334,914	25,750	4,667
-	-	-	-	-	50,778	17,425	(220)
-	-	-	-	-	235,036	53,860	1,518
$ -	$ -	$ -	$ -	$ -	$ 285,814	$ 71,285	$ 1,298

PONDER INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2026

Data Control Codes		498 Pride Design	Total Nonmajor Governmental Funds
	REVENUES:		
5700	Total Local and Intermediate Sources	$ 11,863	$ 813,486
5800	State Program Revenues	-	276,611
5900	Federal Program Revenues	-	797,122
5020	Total Revenues	11,863	1,887,219
	EXPENDITURES:		
	Current:		
0011	Instruction	12,331	560,598
0012	Instructional Resources and Media Services	-	15,480
0035	Food Services	-	923,122
0036	Extracurricular Activities	-	317,806
0052	Security and Monitoring Services	-	16,010
6030	Total Expenditures	12,331	1,833,016
1200	Net Change in Fund Balance	(468)	54,203
0100	Fund Balance - July 1 (Beginning)	5,334	515,519
3000	Fund Balance - June 30 (Ending)	$ 4,866	$ 569,722

REQUIRED T.E.A. SCHEDULES

PONDER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2026

Last 10 Years Ended June 30		(1) Tax Rates	(2)	(3) Assessed/Appraised Value for School Tax Purposes
		Maintenance	Debt Service	
2017	and prior years	Various	Various	$ 1,322,150,921
2018		1.040000	0.427790	639,197,092
2019		1.040000	0.427790	725,805,531
2020		0.970000	0.497780	770,232,256
2021		0.966400	0.497780	721,576,446
2022		0.910000	0.497780	798,818,921
2023		0.974600	0.373100	1,027,819,248
2024		0.789200	0.453100	1,289,897,133
2025		0.789200	0.453100	1,186,863,837
2026	(School year under audit)	0.776600	0.500000	1,249,796,178
1000	Totals for Fiscal Year Ending June 30, 2026			
8000	Total Taxes Refunded Under Section 26.1115, Tax Code			

(10) Beginning Balance 7/1/2025	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2026	(99) Taxes Refunded Under Section 26.1115c
$ 149,764	$	$ 41	$ 17	$ (28,220)	$ 121,486	
8,450		-			8,450	
8,881		5	2	1	8,875	
10,269		186	82	(17)	9,984	
8,886		557	287	(871)	7,171	
17,153		1,280	659	(64)	15,150	
43,712		17,068	9,336	13,362	30,670	
66,443		224,905	86,099	284,262	39,701	
298,709		87,984	50,514	(80,248)	79,963	
	15,258,386	8,989,223	5,787,550	(255,283)	226,330	
$ 612,267	$ 15,258,386	$ 9,321,249	$ 5,934,546	$ (67,078)	$ 547,780	
						$ 16,174

PONDER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED JUNE 30, 2026

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Variance with Original Budget - over (under) Final Budget	Actual Amounts, GAAP Basis	Variance with Final Budget - Over (under) Actual Amounts
	REVENUES:					
5700	Total Local and Intermediate Sources	$ 337,003	$ 337,003	$ -	$ 368,309	$ 31,306
5800	State Program Revenues	1	1	-	8,135	8,134
5900	Federal Program Revenues	566,275	566,275	-	533,366	(32,909)
5020	Total Revenues	903,279	903,279	-	909,810	6,531
	EXPENDITURES:					
	Current:					
0035	Food Services	903,279	932,351	(29,072)	923,122	9,229
6030	Total Expenditures	903,279	932,351	(29,072)	923,122	9,229
1200	Net Change in Fund Balances	-	(29,072)	(29,072)	(13,312)	15,760
0100	Fund Balance - July 1 (Beginning)	219,771	219,771	-	219,771	-
3000	Fund Balance - June 30 (Ending)	$ 219,771	$ 190,699	$ (29,072)	$ 206,459	$ 15,760

PONDER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2026

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Variance with Original Budget - over (under) Final Budget	Actual Amounts, GAAP Basis	Variance with Final Budget - Over (under) Actual Amounts
	REVENUES:					
5700	Total Local and Intermediate Sources	$ 6,465,281	$ 5,999,715	$ (465,566)	$ 6,223,978	$ 224,263
5800	State Program Revenues	-	1	1	393,207	393,206
5020	Total Revenues	6,465,281	5,999,716	(465,565)	6,617,185	617,469
	EXPENDITURES:					
	Debt Service:					
0071	Principal on Long-Term Liabilities	3,791,313	1,470,000	2,321,313	1,470,000	-
0072	Interest on Long-Term Liabilities	-	2,324,813	(2,324,813)	2,319,813	5,000
0073	Bond Issuance Cost and Fees	-	1,500	(1,500)	1,500	-
6030	Total Expenditures	3,791,313	3,796,313	(5,000)	3,791,313	5,000
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	2,673,968	2,203,403	(470,565)	2,825,872	622,469
	OTHER FINANCING SOURCES (USES):					
7911	Capital Related Debt Issued	2	2	-	-	(2)
7916	Premium or Discount on Issuance of Bonds	1	1	-	-	(1)
7080	Total Other Financing Sources (Uses)	3	3	-	-	(3)
1200	Net Change in Fund Balances	2,673,971	2,203,406	(470,565)	2,825,872	622,466
0100	Fund Balance - July 1 (Beginning)	4,603,106	4,603,106	-	4,603,106	-
3000	Fund Balance - June 30 (Ending)	$ 7,277,077	$ 6,806,512	$ (470,565)	$ 7,428,978	$ 622,466

PONDER INDEPENDENT SCHOOL DISTRICT
USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2026

Data Codes		Responses
	Bilingual Education Allotment Programs	
AP5	Did your district expend any bilingual education program state allotment funds during the district's fiscal year?	Yes
AP6	Does the district have written policies and procedures for its bilingual education program?	YES
AP7	Total state allotment funds received for bilingual education programs during the district's fiscal year.	$197,336
AP8	Actual direct program expenditures for bilingual education programs during the district's fiscal year. (PIC 25)	$295,415

HankinsEastup

Deaton Tonn Seay & Scarborough | A Texas LLC

INDEPENDENT AUDITORS' 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
Ponder Independent School District
Ponder, Texas 76258

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ponder Independent School District, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise Ponder Independent School District's basic financial statements, and have issued our report dated August 26, 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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 District's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Hankins, Eastup, Deaton, Tonn, Seay & Scarborough, LLC
Denton, Texas
August 26, 2026

PONDER ISD DISTRICT CALENDAR 2026-2027

JULY 2026

Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

AUGUST 2026

Su	Mo	Tu	We	Th	Fr	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

SEPTEMBER 2026

Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

OCTOBER 2026

Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

NOVEMBER 2026

Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

DECEMBER 2026

Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

JANUARY 2027

Su	Mo	Tu	We	Th	Fr	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

FEBRUARY 2027

Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28						

MARCH 2027

Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

APRIL 2027

Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

MAY 2027

Su	Mo	Tu	We	Th	Fr	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

JUNE 2027

Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

KEY:

- HOLIDAYS/NO SCHOOL
- TEACHER TRADE DAY
- BAD WEATHER MAKE - UP DAYS
- NEW PISD TEACHER INSERVICE
- STAFF DEVELOPMENT (NON INSTRUCTIONAL DAYS)

FOUR DAY SCHOOL WEEK

SCHOOL HOURS ----------

ELEMENTARY - 7:20 - 3:25
MIDDLE/HIGH SCHOOL - 8:10 - 4:15

1ST SEMESTER - 81 DAYS
2ND SEMESTER - 75 DAYS

FIRST DAY OF SCHOOL: AUGUST 5TH
LAST DAY OF SCHOOL: MAY 20TH
TOTAL SCHOOL DAYS: 156
PREPARATION/INSERVICE: 16

REPORTING PERIODS ----------	**DAYS**
1ST GRADING PERIOD - AUG. 5 - OCT. 1	41
2ND GRADING PERIOD - OCT. 5 - DEC. 17	40
3RD GRADING PERIOD - JAN. 4 - MAR. 4.	35
4TH GRADING PERIOD - MAR. 8 - MAY 20.	40

NEW TEACHER INSERVICE ----------

JULY 27 - 28

STAFF DEVELOPMENT----------

JUL. - 31
AUG. - 3-4
OCT. - 9
NOV. - 6
DEC. - 4
JAN. - 4
FEB. - 5
MAR. - 5
APR. - 2
MAY - 21

HOLIDAYS (NO SCHOOL) ----------

SEP. - 7
NOV. - 23 - 27
DEC. - 18 - 31
JAN. - 1
MAR. - 15 - 19
MAR. - 26
MAY - 31
JULY - 4

TEACHER TRADE DAYS ----------

JULY - 29, 30 NOV. - 23 - 24 JAN. - 8

Book/Material	Series Title	Author	Year	ISBN Vendor Binding	ISBN Vendor Binding	ISBN Hardback	ISBN Paperback	ISBN Other Binding	Interest Level
Cuando Tía Lola vino de visita a quedarse		Alvarez, Julia	2004			0-375-91552-4			3-6
El rayo mágico	Aventuras de Miles Wednesday (v. 3)	Berkeley, Jon	2010			978-8-46664414-3			3-6
The Ruiz Street kids		Bertrand, Diane Gonzales	2006			978-0-329-86958-8			3-6
Blanca Nieves : versión del cuento de los hermanos Grimm	Read-it! readers. Nivel verde	Blair, Eric	2006			1-40481640-2			k-3
Un sabor a moras		Smith, Doris Buchanan	2002			1-930332-25-4			3-6
Terminó la clase		Allan Woodrow	2019			9781338568561			3-6
Caso de la pluma perdida		Saldaña, René.	2009			978-0-329-86033-2			3-6
Hoyos	Barco de vapor. Serie oro (131)	Sachar, Louis, 1954-	2002			8-43487860-7			5-8
Beisbol en abril y otras historias	A la orilla del viento (29)	Soto, Gary	1995			978-9-68164838-1			5-8