

Annual Comprehensive Financial Report
For the Fiscal Year Ended August 31, 2025

Bedford, Texas

Hurst-Euless-Bedford Independent School District
Bedford, Texas



Annual Comprehensive Financial Report
For the Fiscal Year Ended August 31, 2025

Prepared by
Business Operations Department

Dobie Williams
Deputy Superintendent of Business Operations

Janice Hollingsworth, CPA
Director of Finance

Dana Loucks, CPA
Staff Accountant

HEB
HURST - EULESS - BEDFORD
Independent School District

2024-2029 STRATEGIC PLAN

VISION

Empowering Today to Excel Tomorrow

MISSION

Provide high-quality educational opportunities which promote excellence through innovative learning experiences to prepare students for success in an ever-changing world.

CORE VALUES

INTENTIONAL

HEB ISD makes purposeful and strategic decisions.

RESPECTFUL

HEB ISD recognizes value in all individuals and their unique perspectives.

LEARNER-CENTERED

HEB ISD prioritizes learning for students, employees, and families.

RESPONSIBLE

HEB ISD fulfills its ethical and social obligations with integrity.

SAFETY-FOCUSED

HEB ISD commits to fostering a secure and nurturing environment.

DISTRICT PRIORITIES

STUDENT SUCCESS

The District will create a safe, healthy, and nurturing learning environment that promotes sustained growth for all students.

QUALITY INDICATORS:

- Academic Rating of the District
- Early Literacy and Numeracy
- Federal and State Accountability
- College, Career, and/or Military Ready
- Learning Opportunities beyond Core Academics

EMPLOYEE SUCCESS

The District will recruit and retain quality employees by providing a workplace culture that promotes their development and growth.

QUALITY INDICATORS:

- Employee Engagement and Retention
- Employee Recruitment

SAFETY AND WELLBEING

The District will continuously monitor, update, and adjust all aspects of campus and District safety to support the mental, physical, and emotional wellbeing of students and staff.

QUALITY INDICATORS:

- Texas School Safety Standards
- Wellbeing for all Students and Staff

EFFECTIVENESS AND EFFICIENCY

The District will establish and implement systemic (district-wide) and systematic (process-driven) procedures to align resources with its vision, mission, core values, priorities, and goals.

QUALITY INDICATORS:

- Continuous Improvement Approach to Performance Excellence
- Efficient use of District Resources
- Improvement, Evaluation, and Innovation Processes
- Efficient Use of Technology Resources

FAMILY AND COMMUNITY PARTNERSHIPS

The District will grow and maintain family and community connections to support student and employee success.

QUALITY INDICATORS:

- Stakeholder Satisfaction
- Stakeholder Engagement

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
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INTRODUCTORY SECTION

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Certificate of Board

Name of District	**County**	**Co.-Dist. Number**
Hurst-Euless-Bedford Independent School District	Tarrant	220-916-XI

We, the undersigned, do hereby certify that the attached independent auditor's report of the above named school district was reviewed and ____ approved ____ disapproved (check one) for the year ended August 31, 2025 at a meeting of the Board of Trustees of such school district on the 20th day of January, 2026.

_____ _____

Signature of Board Secretary Signature of Board President

If the auditors' report was checked above as disapproved, the reason(s) therefore is/are (attached as necessary):

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HEB ISD
HURST-EULESS-BEDFORD

January 12, 2026

To the Board of Trustees and the Citizens of the Hurst-Euless-Bedford Independent School District:

The Annual Comprehensive Financial Report (ACFR) of Hurst-Euless-Bedford Independent School District ("District") for the fiscal year ended August 31, 2025 is submitted herewith. The District's Business Office has prepared this report, with responsibility for the accuracy and completeness of the report resting solely with the District. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. We believe the data, as presented, is accurate in all material aspects, that it is presented in a manner to fairly represent the financial position and results of operations of the District and that all disclosures necessary to enable the reader to gain the maximum understanding of the District's financial affairs have been included. The ACFR for the year ended August 31, 2025 is prepared in accordance with generally accepted accounting principles (GAAP) and in conformance with standards of financial reporting established by the Governmental Accounting Standards Board (GASB) using guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

GAAP also requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

Profile of the District

The Hurst-Euless-Bedford Independent School District is one of approximately 1,200 school districts (both public and charter districts) in the State of Texas. It provides a program of public education from pre-kindergarten through grade twelve. During the 2025 fiscal year, 23,262 students were enrolled in the District, which is an increase of 36 students.

The Hurst-Euless-Bedford Independent School District's Board of Trustees ("Board"), a seven-member group, is elected by the public and has decision-making authority. This level of government has responsibilities over all activities related to public elementary and secondary school education within the

jurisdiction of the District. The members have the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. The District receives funding from local, state and federal funding sources. The District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards. Management of the District is independent of other state and local governments, including charter schools. The Tarrant County Tax Assessor-Collector collects taxes for the District, but exercises no control over its expenditures.

The annual budget with expenditures by function serves as the foundation for the District's financial planning and control. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved by the District's Board of Trustees.

Budget-to-actual comparisons are provided in this report for the General Fund. This comparison is presented as required supplementary information. Budget-to-actual comparisons are provided as part of the Texas Education Agency required schedules for the National School Breakfast and Lunch Program and the Debt Service Fund.

Economic Conditions and Outlook

The District, comprised of 44.3 miles, is located between Dallas and Fort Worth. The majority of the District is located in the cities of Hurst, Euless and Bedford. These cities are both residential and commercial in makeup. The combined population for the three cities is estimated to be 151,000. The commercial aspects of the community include industrial, manufacturing, and transportation jobs for the residents. The American Airlines headquarters is located within District boundaries. The 300 acre campus consists of 8 buildings which can support 12,000 team members. Bell Helicopter Textron, one of the world's largest manufacturers of commercial and military helicopters has an estimated 4,000 employees. The Dallas-Fort Worth International Airport is partially located within the District.

The Hurst-Euless-Bedford area has continued to experience new development. The City of Hurst is one of the top 50 cities in Texas in retail sales per capita due to the super-regional North East Mall. GPS Paints purchased the existing 337,000 square foot former Kelly Moore Paints location in Hurst. The City of Hurst welcomed 71 new businesses in 2023-2024. They have also partnered with Hurst-Euless-Bedford Independent School District (HEB ISD) and 6 Stones to renovate a former donut shop into a non-chain coffee shop. HEB ISD students in the Architectural and Interior Design Program assisted in creating the vision for this renovation and students in the Moving into Adult Roles and Communities Program will help staff the coffee shop once it's up and running. Work is mostly complete in the City of Euless on Watercolor and Founders Parc, 2 mixed-use developments to include commercial retail and restaurants, urban lofts, and a mix of single-family detached homes and townhomes. This includes the addition of 3 hotels. In addition, the City of Bedford continues to grow as a medical and health care network for the Dallas/ Fort Worth metroplex. Texas Health HEB Hospital with an estimated 1,200 employees and Carter Bloodcare with an estimated 550 employees are considered some of the city's major employers. The City of Bedford issued 68-new business Certificate of Occupancy. Carter Blood Care located in Bedford has added almost 60,000 square feet to their existing footprint to accommodate growth in their office and lab space. The City of Bedford has planned a mixed-use development, Bedford Commons, that will contain restaurants, retail, office, entertainment and town homes. In addition, in the City of Bedford the infrastructure is under construction for Grace Park Subdivision, that will contain 42 single family homes and 72 town homes. The redevelopment along Highway 121 continues with addition of 2 restaurants and the mixed-use Market @ Gateway development.

Major Initiatives

Instruction

HEB ISD will maintain the quality of personnel and rigorous curriculum and instructional design necessary to meet the challenge of successfully educating our increasingly diverse population in an atmosphere that fosters strong character, encourages academic, physical, and creative achievement, and ensures student safety.

During the 2001-2002 school year, the District implemented the Schools of Choice program at five elementary campuses. This program provides elementary students with enriched educational choices beyond the traditional framework of excellent neighborhood schools. Now the District offers the Core Knowledge curriculum at every elementary school. Foreign Language Spanish Immersion has grown from one first grade classroom in 2001-2002 to offerings in first through sixth grades at three elementary schools. Elementary Spanish Immersion students may continue in the Spanish Immersion program at two of the District's five junior high schools. A new language program offering Mandarin Chinese and Hindi was implemented at the junior high school level beginning in the fall of 2008. Arabic was implemented in junior high school in the fall of 2011. All three languages are available at both high schools as part of the International Baccalaureate program. Beginning in August 2014, students may study Mandarin Chinese, Hindi, or Arabic language and culture, available in grades 1- 6 as part of World Languages, a School of Choice at Viridian Elementary. Suzuki Strings is available at ten elementary sites. In 2005-2006, the Suzuki students joined a new orchestra program when they entered junior high. In 2008, the orchestra program expanded to the high school level at L.D. Bell High School. A tuition-based Pre-Kindergarten program began in the 2002-2003 school year. This program is available at Bedford Heights, Meadow Creek, Spring Garden, Trinity Lakes, and Viridian.

L.D. Bell and Trinity are recognized as IB World Schools, offering the prestigious International Baccalaureate Program. The District was the first school system in Tarrant County to offer this rigorous course of study that is designed to meet the needs of highly motivated and academically talented high school students. The International Baccalaureate Diploma Program is offered in 3,242 schools in 153 countries, with 922 IB Diploma programs in the United States. During the 2024-2025 school year, the District served 339 International Baccalaureate students in 11th and 12th grades. The academic preparation provides students with the skills and opportunities necessary for success in the competitive, modern world. Students who enter the program embark on an advanced curriculum recognized by premier colleges and universities throughout the world. The District's twenty-second class of IB graduates received their diplomas in the spring of 2025. Of the 149 seniors in the program, 73 percent received the full International Baccalaureate Diploma.

The Gene A. Buinger Career & Technical Education Academy is 140,000 square feet and allows continued growth in the many career fields offered to HEB ISD students. Instructional space for various career paths in animation, architecture, audio/video production, automotive technology, collision repair & refinishing, computer technology, cosmetology, culinary arts, education, engineering, health science, and law & public safety has been designed into the new facility.

The District started a district-wide extended day program at the elementary schools for the 2003-2004 school year. This program provides childcare after school to accommodate working parents' schedules while enriching the learning experience of the students with a structured, nurturing environment. The program was well received and turned out to be financially successful as well. Some proceeds from the

tuition remain at the campus to be utilized by the principal to provide additional funding for the needs of the school and its students.

Planning

Much of the District's planning effort is focused on the District's strategic plan. The plan demonstrates the commitment to increase student achievement for all students. Campus and department improvement plans are aligned to the District's strategic plan and address specific needs.

Other Information

Independent Audit

State law and District policy require an annual audit by independent certified public accountants. The accounting firm of Weaver and Tidwell, L.L.P. was selected to fulfill this requirement. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirement of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The auditors' report on the government-wide financial statements and the fund statements and schedules is included in the financial section of this report.

Awards

The Association of School Business Officials (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its annual comprehensive financial report for the fiscal year ended August 31, 2024. In addition, the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement in Financial Reporting to the District for its annual comprehensive financial report for the fiscal year ended August 31, 2024. This is the twenty-third consecutive year that the District has achieved this prestigious award. In order to be awarded these certificates, the District must publish an easily readable and efficiently organized annual comprehensive financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

These certificates are valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the programs' requirements and we are submitting it to ASBO and GFOA to determine its eligibility for the fiscal year 2024-2025 certificates.

The District received a rating of "Superior Achievement" for the twenty-third straight year under the State of Texas Schools FIRST – financial accountability rating system. The purpose of the financial accountability rating system is to ensure that school districts are held accountable for the quality of their financial management practices and performance in the management of their financial resources. The superior achievement rating is the state's highest, demonstrating the quality of the District's financial management practices and their high level performance in the management of their financial resources.

Long-Term Financial Planning

At least once a year District administration prepares and presents to the Board a five year financial forecast for the General Fund that projects revenue, expenditures, and fund balances. When necessary, a range of projections are prepared based on different financial and economic scenarios. During the

presentation possible state legislature changes, local economy updates, and other events that could potentially impact financial projections are discussed.

There are 28 campuses in the District, and 19 of the campuses were built before 1983. Due to the lasting effects of the COVID-19 pandemic, enrollment growth remains uncertain for fiscal year 2025-2026. The District has experienced a slight decrease in enrollment for the fall of 2025. Through December 2025, there was a decrease of about 80 students. Providing adequate facilities to all students is fundamental to maintaining an effective education environment, involving a number of standards, including safety, class size, and equity.

In November 2023, the District's voters approved a nearly $1 billion bond referendum. In addition to replacing the 2 high schools (each of which are more than 50 years old), four aging elementary schools will be replaced. In addition, the bonds will fund safety and security updates, technology infrastructure, and instructional technology devices and equipment. An update on the bond work, the Williams Activity Center was completed May 2025, the Beaulieu Family Support Center is currently under construction, L.D. Bell, Trinity, Hurst Hills, Midway Park, and Wilshire are all in phase 1 of construction. Bell Manor and Future KEYS high school building are set to begin in late 2026.

Acknowledgments

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Accounting Department. We would like to express our appreciation to all members of the Department who assisted and contributed to its preparation.

We also wish to thank the members of the Board of Trustees for their continued leadership and support, and for planning and conducting the financial operations of the District in a responsible and progressive manner.

Sincerely,

Joe Harrington
Superintendent

Dobie Williams
Deputy Superintendent for
Business Operations

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ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

The Certificate of Excellence in Financial Reporting is presented to

Hurst-Euless-Bedford Independent School District

for its Annual Comprehensive Financial Report for the Fiscal Year Ended August 31, 2024.

The district report meets the criteria established for ASBO International's Certificate of Excellence in Financial Reporting.

CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING

Ryan S. Stechschulte
President

James M. Rowan, CAE, SFO
CEO/Executive Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Hurst-Euless-Bedford Independent School District
Texas

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

August 31, 2024



Executive Director/CEO

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
ORGANIZATIONAL CHART 2025-2026

BOARD OF TRUSTEES

Joe Harrington, Ed.D.
Superintendent of Schools

Dobie Williams
Deputy Superintendent
Business Operations

Brandon Johnson, Ed.D.
Deputy Superintendent
Educational Operations

Cicely Tuttle
Associate Superintendent
Human Resources & Employee Engagement

Deanne Hullender
Associate Superintendent
Communications & Branding

Josh Minor
Executive Director
Facilities & Construction

David Tapia
Director
Maintenance & Operations

Darla Clark
Assistant Superintendent
Elementary Administration

Katina Rhodes
Assistant Superintendent
Secondary Administration

Lindsey Hopkins, Ed.D.
Assistant Superintendent
Technology & Accountability

Holly Norgaard, Ph.D.
Executive Director
Curriculum & Instruction

Rene Riek
Executive Director
Special Populations

Reports Directly to Deputy Superintendent-Educational Operations

Hector Martinez
Director
Human Resources

Brandon Buckner
Coordinator
Public Relations & Marketing

Melissa Coulombe
Director
Payroll

Elementary Principals

Secondary Principals

Scott Forester
Director
District Technology

Gerri Adcox
Curriculum Coordinator
Mathematics (Elementary)

Kathleen Gilbert, Ed.D.
Curriculum Coordinator
Social Studies

Lilymar Benitez-Berrios, Ed.D.
Director
Special Education

Dan Phillips
Director
Safety & Security

Ray Fuller
Coordinator
Threat Assessment & Security

Tiffany Benavides
Coordinator
HR-Elementary

Dave Nielsen
Coordinator
Public Relations & Marketing

Janice Hollingsworth
Director
Finance

Celina Goss
Program Coordinator
Extended Day Academy

Sonya Stanton
Principal
District AEP

Latanya McIntosh
Coordinator
Elementary DAEP/Truancy

John Hollis
Director
PEIMS

Cheryl Harris
Curriculum Coordinator
Advanced Academics

Leigh-Anna Phillips
Curriculum Coordinator
Language Arts (Elementary)

Patricia Demaree
Coordinator
District Behavior

Marie Becker
Director
Grants & Family Engagement

Luke DeFilippis
Coordinator
HR-Secondary

Kaitlyn Dill
Public Relations & Marketing Specialist

Gary Kerbow
Director
Purchasing/ Warehouse

Joey Martinak
Curriculum Coordinator
Prekindergarten

Mike Fielder
Director
Athletics

Lauren Allen, Ph.D.
Coordinator
Research & Data Analysis

Terri Smith
Curriculum Coordinator
Language Arts (Secondary)

Lana Montoya
Curriculum Coordinator
Science & Health

Shanna Grindle
Coordinator
Assessment

Kiera Elledge, Ed.D.
Program Coordinator
STEM & School Libraries

Jaclyn Hemmila
Coordinator
HR-Data & Systems

Mariella Naugher
Director
Child Nutrition Services

Lisa Karr
Director
Career & Technical Education

Aungelique Brading, Ed.D.
Program Coordinator
Professional Development/ PMC

Monica Ubillus
Curriculum Coordinator
World Lang., Global Initiatives & Spanish Imm.

Michelle Whitehead
Curriculum Coordinator
Mathematics (Secondary)

Cyndi Riggs
Coordinator
Instruction

Caroline Haviland
Program Coordinator
Health Services

Marsha Perry
Coordinator
HR-Auxiliary

Justin Slemmons
Director
Transportation

Christine Cumberledge
Director
Visual & Performing Arts

Stacy Burch
Coordinator
Instructional Technology

Redralynd Walker, Ed.D.
Coordinator
Alternate Curriculum

Karen Rose
Director
Benefits & Risk Management

Fritzie Odom
Coordinator
Guidance & Counseling

Liz Schrader
Coordinator
Assessment & Accountability

Enri Butler
Curriculum Coordinator
Bilingual, Dual Language & ESL

Updated:June 2025

List of Principal Officials

Board of Trustees

Name	Length of Service	Term Expires	Occupation
Matt Romero President	12 years	May 2029	Business Owner
Julie Cole Vice President	12 years	May 2027	Senior Analyst
Chris Brown Secretary	5 years	May 2029	Attorney
John Biggan Member	1 year	May 2029	Data Scientist
Fred Campos Member	11 years	May 2027	Software and Web Design
Andy Cargile Member	17 years	May 2027	Retired School Administrator
Becky Ewart Member	2 years	May 2029	Retired School Administrator

Administrative Officials

Name	Position	Experience
Joe Harrington, Ed.D.	Superintendent	39 years
Brandon Johnson	Deputy Superintendent for Educational Operations	17 years
Dobie Williams	Deputy Superintendent for Business Operations	23 years
Katina Rhodes	Assistant Superintendent for Secondary Administration	30 years
Darla Clark	Assistant Superintendent for Elementary Administration	28 years
Cicely Tuttle	Assistant Superintendent for Human Resources	28 years

FINANCIAL SECTION

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2300 North Field Street, Suite 1000
Dallas, Texas 75201
972-490-1970

Independent Auditor's Report

Board of Trustees
Hurst-Euless-Bedford Independent School District

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *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 GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining statements and schedules, Texas Education Agency (TEA) required schedules, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining statements and schedules, TEA required schedules, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Comprehensive Financial Report (ACFR)

Management is responsible for the other information included in the ACFR. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2026 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 the District's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
January 12, 2026

Hurst-Euless-Bedford Independent School District
Management's Discussion and Analysis
Year Ended August 31, 2025

As management of the Hurst-Euless-Bedford Independent School District (the District), we offer readers of the District's basic financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended August 31, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages v to ix of this report.

FINANCIAL HIGHLIGHTS

- From the government-wide perspective, the District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at fiscal year-end by $307.6 million (net position), an increase of $22.3 million in comparison with the prior year-end net position of $285.3 million.

- From the governmental fund perspective, at fiscal year-end the District reported combined ending fund balances of $732.1 million, a decrease of $85.9 million in comparison with the prior year-end combined ending fund balances of $818 million. This decrease was primarily due to spending from the bond funds and a 3% pay increase. At the end of the current fiscal year, unassigned fund balance for the general fund was $57.1 million or 25.2 percent of total general fund expenditures.

- The District's bond principal liability decreased by $24.2 million or 2.9 percent during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's 2024-2025 annual comprehensive financial report's financial section is comprised of four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, and 4) supplementary information.

Government-wide Financial Statements

The *government-wide basic 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. This section begins with statements of net position and activities. These two statements provide information about the activities of the District as a whole and present a long-term view of the District's property and debt obligations and other financial matters.

The *statement of net position* presents information on all of the District's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Over time, changes in net position serve as a useful indicator of whether the financial position of the District is improving or not.

The *statement of activities* presents information showing how the District's net position changed during the reported fiscal year. All changes in net position are recorded as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

The government-wide financial statements divide the District into two types of activities: governmental activities and business-type activities. The governmental activities of the District include instruction, support services, operation and maintenance services, student transportation, and operation of non-instructional services. The only business-type activity operated by the District is the extended day program offered at all elementary schools.

Fund Financial Statements
The *fund financial statements* report the District's operations through fund groups to allow detailed analysis of the government-wide statements by providing specific information about the District's major funds. The District's major funds are the General Fund, Debt Service Fund, and Capital Projects Fund. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The governmental activity statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, supply the basis for tax levies and identify the District's appropriation controls.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is most useful to thoroughly understand the components of the major fund groups, and then review the government-wide financial statements for governmental activities as a whole. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Analysis of both the governmental fund balance sheet by fund and the governmental fund statement of revenues, expenditures, and changes in fund balances will facilitate the readers' understanding of the District's financial activities.

For proprietary activities, fund financial statements tell how goods or services were sold to departments within the District or to external customers and how the sales revenues covered the expenses of the goods or services. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.

Notes to the Basic Financial Statements
The notes sub-section provides both narrative explanations and additional data needed for full disclosure and enhancement to the government-wide statements and the various fund financial statements. These notes are meant to ensure that a complete picture is presented in the District's annual financial report.

Required Supplementary Information
Certain information is also required to accompany the audited basic financial statements. This section includes general fund budgetary comparisons and notes to the District's budgeting process and financial management controls, as well as pension related information. The management's discussion and analysis of the District's financial status is presented before the basic financial statements for better reader understanding and easier review of the annual report.

Supplementary Information
The combining statements for non-major governmental funds and internal service funds contain even more information about the District's financial management and service offerings. Texas Education Agency (TEA) does not require the supplemental material. It should be noted, the section labeled Other Schedules contains data used by monitoring or regulatory agencies, such as TEA, for assurance that the District is using allocated funds in compliance with the terms of grant agreements. The combining balance sheets of non-major governmental funds provide detailed information of the District's Federal

support, campus activities, and other special grants that identify enrichment opportunities to the District's local effort. Please refer to the Exhibits H1 and H2.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Governmental Activities

Net position may serve over time as a useful indicator of a government's financial position. On August 31, 2025, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $307.6 million indicating that the District's overall financial position remains sound. A portion of the District's net position represents resources subject to external restrictions on how they may be used. As of August 31, 2025, the District's restricted net position for grant funds was $7.3 million and restricted net position for debt service was $24.1 million. As of August 31, 2025, the unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or legal requirements was $107.6 million.

The investment in capital assets less any related debt is $168.6 million. The District uses capital assets to provide services; consequently, these assets are not available for future appropriation. Although the District's investment in its capital assets is reported net of related debt, it should be understood that the resources needed to repay District debt is provided from other resources, since the capital assets themselves cannot be used to meet debt obligations.

Business-type Activities

The only business-type activity operated by the District is the extended day program offered at all elementary schools.

The following table presents a comparison summary of the District's net position for the fiscal year ended August 31, 2025 and fiscal year ended August 31, 2024:

Table I
Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	$ 797,470,920	$ 861,290,933	$ 566,984	$ 479,897	$ 798,037,904	$ 861,770,830
Capital assets	593,045,802	501,634,147	-	-	593,045,802	$ 501,634,147
Total assets	1,390,516,722	1,362,925,080	566,984	479,897	1,391,083,706	1,363,404,977
Deferred outflows of resources	44,212,060	54,364,520	-	-	44,212,060	54,364,520
						-
Current liabilities	95,306,495	58,304,283	118,668	152,717	95,425,163	58,457,000
Long-term liabilities	851,457,403	878,856,750	-	-	851,457,403	878,856,750
Net pension liability	76,774,785	91,027,514	-	-	76,774,785	91,027,514
Net OPEB liability	49,858,302	36,455,768	-	-	49,858,302	36,455,768
Total liabilities	1,073,396,985	1,064,644,315	118,668	152,717	1,073,515,653	1,064,797,032
Deferred inflows of resources	53,728,919	67,321,084	-	124,456	53,728,919	67,445,540
						-
Net position						-
Net investment in capital assets	168,616,423	156,056,122	-	-	168,616,423	156,056,122
Restricted	31,411,300	30,135,724	-	-	31,411,300	30,135,724
Unrestricted	107,575,155	99,132,355	448,316	686,441	108,023,471	99,818,796
Total net position	$ 307,602,878	$ 285,324,201	$ 448,316	$ 686,441	$ 308,051,194	$ 286,010,642

The following significant current year transactions had an impact on net position of governmental activities:

- Total revenues exceeded the total cost of all programs and services, which resulted in an increase in net position.

Table II presents a summary of the changes in net position for the fiscal year ended August 31, 2025 with a comparison to the fiscal year ended August 31, 2024. Net position of the District's governmental activities increased to $307.6 million from $285.3 million in the prior year.

Revenues in the business-type activities exceeded costs, resulting in a $771 thousand increase in net position excluding transfers out.

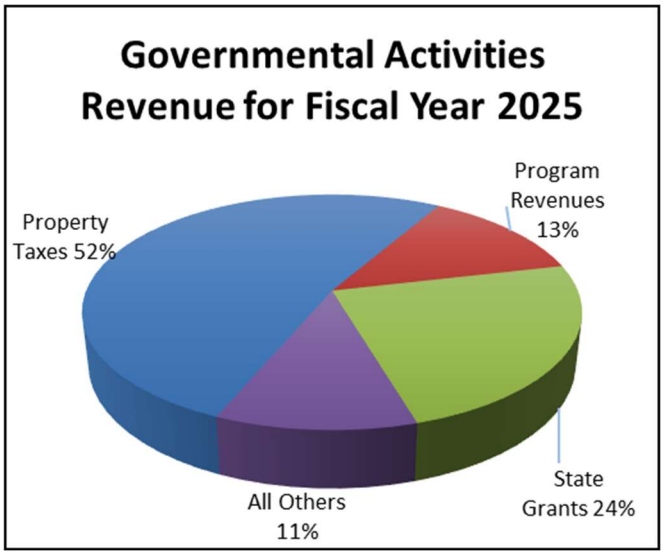
As shown in Table II, the cost of governmental activities this year was $323.1 million; however, the revenue of governmental activities totaled $355.2 million, which exceeded expenses by $32.1 million excluding transfers in. The primary sources of operating revenue were from property taxes totaling $185.0 million and state grants totaling $84.4 million. Additionally, program revenue was received from charges for services totaling $6 million and operating grants and contributions totaling $40.3 million. The remainder of the revenue was from investment earnings and miscellaneous sources.

Property taxes increased primarily due to an increase in property values. Operating grants and contributions decreased primarily due to the federal stimulus reimbursement grants related to the coronavirus pandemic winding down. Charges for services remained consistent with the prior year.

Table II
Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues						
Charges for services	$ 5,988,649	$ 5,739,718	$ 2,521,748	$ 2,402,945	$ 8,510,397	$ 8,142,663
Operating grants and contributions	40,279,302	57,435,579	-	-	40,279,302	57,435,579
General revenues					-	-
Property taxes, levied for general purpose	127,884,449	122,299,650	-	-	127,884,449	122,299,650
Property taxes, levied for debt service	57,141,509	43,021,974	-	-	57,141,509	43,021,974
State grants, unrestricted	84,366,711	87,266,765	-	-	84,366,711	87,266,765
Miscellaneous	2,645,100	1,382,816	-	-	2,645,100	1,382,816
Investment earnings	36,912,025	29,914,670	-	-	36,912,025	29,914,670
Total revenues	355,217,745	347,061,172	2,521,748	2,402,945	357,739,493	349,464,117
Expenses						
Instruction	161,405,543	176,049,555	-	-	161,405,543	176,049,555
Instructional resources and media	3,089,450	3,385,881	-	-	3,089,450	3,385,881
Curriculum and staff development	8,066,569	7,973,126	-	-	8,066,569	7,973,126
Instructional leadership	3,684,284	3,983,145	-	-	3,684,284	3,983,145
School leadership	14,755,253	15,165,548	-	-	14,755,253	15,165,548
Guidance, counseling and evaluation	10,310,455	10,838,363	-	-	10,310,455	10,838,363
Social work services	1,735,119	2,016,033	-	-	1,735,119	2,016,033
Health services	3,232,394	3,707,252	-	-	3,232,394	3,707,252
Student transportation	7,837,125	8,669,544	-	-	7,837,125	8,669,544
Food service	16,002,297	17,167,666	-	-	16,002,297	17,167,666
Co-curricular/extracurricular activities	7,755,638	7,438,716	-	-	7,755,638	7,438,716
General administration	7,446,340	7,394,130	-	-	7,446,340	7,394,130
Plant maintenance and operations	24,812,497	26,075,645	-	-	24,812,497	26,075,645
Security monitoring services	3,157,433	3,635,849	-	-	3,157,433	3,635,849
Data processing services	7,941,986	11,919,362	-	-	7,941,986	11,919,362
Community services	642,541	630,476	1,750,612	1,735,456	2,393,153	2,365,932
Long-term debt interest and fees	39,738,456	19,597,355	-	-	39,738,456	19,597,355
Bond issuance cost and fees	-	3,714,543	-	-	-	3,714,543
Facilities Acquisition and Construction	503,784	1,881,915	-	-	503,784	1,881,915
Juvenile justice alternative education	44,763	4,386	-	-	44,763	4,386
Other intergovernmental charges	1,005,153	929,618	-	-	1,005,153	929,618
Total expenses	323,167,080	332,178,108	1,750,612	1,735,456	324,917,692	333,913,564
Excess before transfers	32,050,665	14,883,064	771,136	667,489	32,821,801	15,550,553
Transfers in (out)	650,000	500,000	(650,000)	(500,000)	-	-
Change in net position	32,700,665	15,383,064	121,136	167,489	32,821,801	15,550,553
Net position - beginning	$ 285,324,201	$ 269,941,137	327,180	159,691	285,651,381	270,100,828
Prior period adjustments	(10,421,988)	-	-	-	(10,421,988)	-
Net position-beginning, restated	274,902,213	269,941,137	327,180	159,691	275,229,393	270,100,828
Net position-ending	$ 307,602,878	$ 285,324,201	$ 448,316	$ 327,180	$ 308,051,194	$ 285,651,381

As illustrated in the graphs below, property taxes make up a significant portion of revenue from governmental activities.



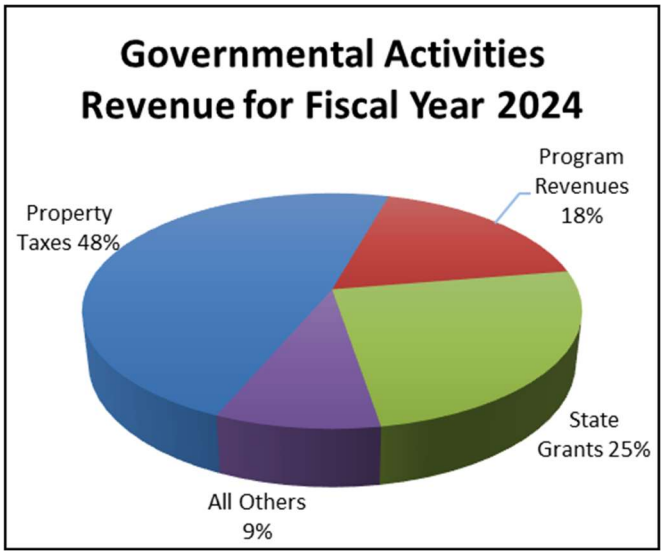


Table III presents the net cost of the District's major functional activities (net cost is total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs):

Table III
Function Analysis

Function	Governmental Activities Net Expenses 2025	Governmental Activities Net Expenses 2024	Business-type Activities Net Expenses 2025	Business-type Activities Net Expenses 2024	Total Net Expenses 2025	Total Net Expenses 2024
Instruction	$ 146,445,608	$ 150,859,641	$ -	$ -	$ 146,445,608	$ 150,859,641
Instructional resources and media	2,771,026	3,061,053	-	-	2,771,026	3,061,053
Curriculum and staff development	3,834,046	3,849,924	-	-	3,834,046	3,849,924
Instructional leadership	3,188,268	3,120,324	-	-	3,188,268	3,120,324
School leadership	13,637,889	13,923,195	-	-	13,637,889	13,923,195
Guidance, counseling and evaluation	9,047,020	8,873,369	-	-	9,047,020	8,873,369
Social work services	1,090,777	271,515	-	-	1,090,777	271,515
Health services	2,968,444	3,184,541	-	-	2,968,444	3,184,541
Student transportation	6,677,127	7,264,133	-	-	6,677,127	7,264,133
Food service	(612,305)	156,084	-	-	(612,305)	156,084
Co-curricular/extracurricular activities	5,668,320	5,571,927	-	-	5,668,320	5,571,927
General administration	7,034,708	6,918,055	-	-	7,034,708	6,918,055
Plant maintenance and operations	23,103,645	23,877,769	-	-	23,103,645	23,877,769
Security monitoring services	3,015,729	3,432,333	-	-	3,015,729	3,432,333
Data processing services	7,536,691	8,321,013	-	-	7,536,691	8,321,013
Community services	290,688	196,671	(771,136)	(667,489)	(480,448)	(470,818)
Long-term debt interest and fees	39,738,456	19,597,355	-	-	39,738,456	19,597,355
Bond issuance cost and fees	-	3,714,543			-	3,714,543
Facilities Acquisition and Construction	488,537	1,875,362			488,537	1,875,362
Juvenile justice alternative education	44,763	4,386	-	-	44,763	4,386
Other intergovernmental charges	929,692	929,618	-	-	929,692	929,618
Total expenses	$ 276,899,129	$ 269,002,811	$ (771,136)	$ (667,489)	$ 276,127,993	$ 268,335,322

GOVERNMENTAL FUNDS – FINANCIAL ANALYSIS

As noted earlier, the District uses fund accounting to demonstrate compliance with finance-related legal requirements, bond covenants, and segregation for particular purposes.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources.

At fiscal year end the governmental funds fund balance totaled $732.1 million, which reflects a $85.9 million, or 10.5% decrease from the prior year. The following comparison schedule shows the fund balance by fund type for the fiscal year ended August 31, 2025 and fiscal year ended August 31, 2024.

General Fund

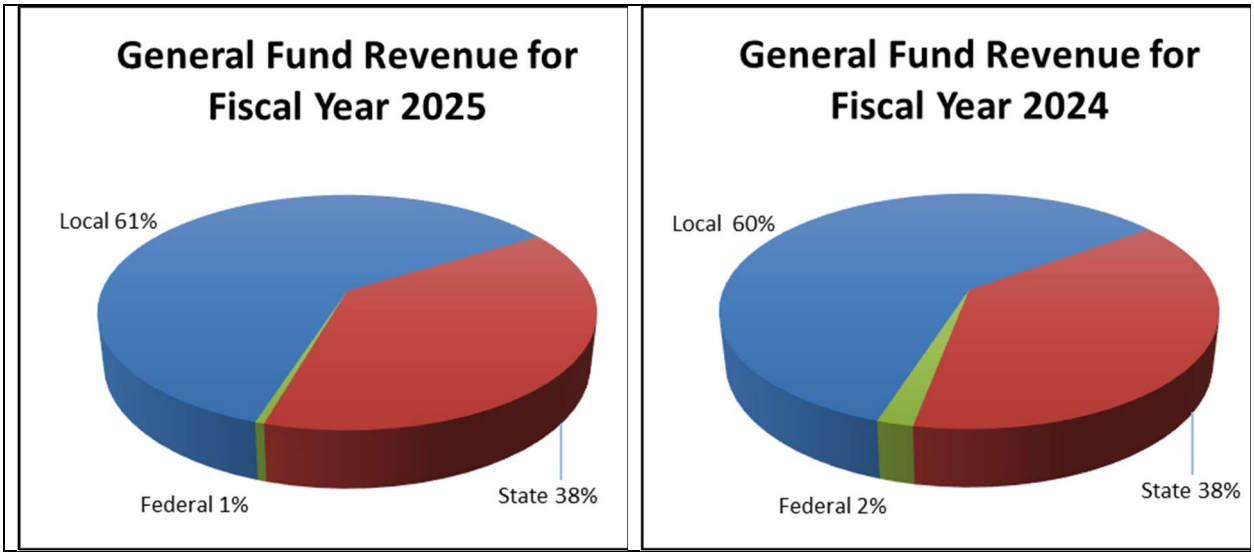
The fund balance of the District's general fund decreased by $2.7 million during the current fiscal year. Local revenue increased 2.8% while state revenue increased 1.4%. Expenditures had a 5.1% increase, mostly related to a 3% pay increase, additional overtime, and the addition of a few positions. The general fund primarily derives its revenue from local property taxes and state funding.

Fund Balance	2025	2024	% Change 2024 to 2025
General fund	$ 175,584,445	$ 178,303,284	-1.5%
Debt service	25,054,218	24,248,707	3.3%
Capital projects	517,627,255	601,131,638	-13.9%
Non-major	13,846,257	14,355,341	-3.5%
Total	$ 732,112,175	$ 818,038,970	-10.5%

General Fund

Revenue By Object	2025	2025 % to total	2024	2024 % to total	% Change 2024 to 2025
Local and intermediate sources	$ 140,032,128	61%	$ 136,199,901	60%	2.8%
State programs	87,423,370	38%	86,218,796	38%	1.4%
Federal programs	1,048,006	1%	4,058,348	2%	-74.2%
Total	$ 228,503,504	100%	$ 226,477,045	100%	0.9%

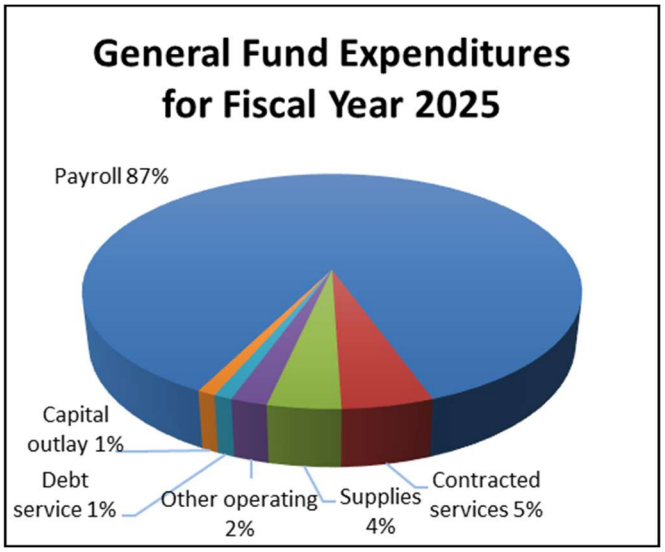
The increase in local revenue is primarily due to increasing property values. State revenue increased as a result of provisions to offset increased homestead exemptions on property taxes. The decrease in federal program revenues is primarily related to the change in funding for Medicaid-related services.

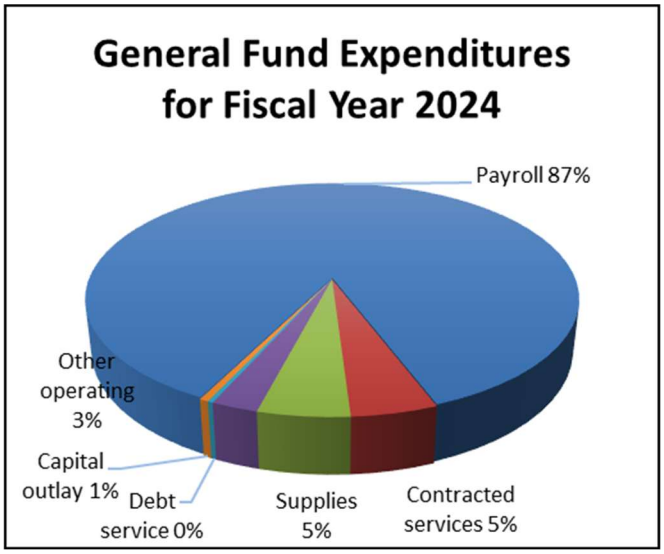


The District operates similar to a service entity; therefore, the largest portions of the General Fund expenditures are related to payroll costs and contracted services such as utilities, as presented in the following illustrations.

Expenditures By Object	2025	2025 % to total	2024	2024 % to total	% Change 2024 to 2025
Payroll	$ 196,284,080	87%	$ 186,457,750	87%	5.3%
Contracted services	11,876,137	5%	10,322,198	5%	15.1%
Supplies	9,690,084	4%	11,071,300	5%	-12.5%
Other operating	5,533,829	2%	5,616,291	3%	-1.5%
Debt service	550,532	1%	691,473	0%	0.0%
Capital outlay	2,382,063	1%	1,082,185	1%	120.1%
Total	$ 226,316,725	100%	$ 215,241,197	100%	5.1%

Payroll expenditures increased $9.8 million or 5.3%, accounting for the overall increase in expenditures. This increase was associated with a 3% pay increase, additional overtime, and the addition of a few positions. Contracted services, supplies, other operating, and capital outlay were about the same as percent to total expenditures. Debt service related to leased copiers and subscription-based information technology arrangements (SBITAs) was relatively flat.





Hurst-Euless-Bedford Independent School District
Management's Discussion and Analysis
Year Ended August 31, 2025

As management of the Hurst-Euless-Bedford Independent School District (the District), we offer readers of the District's basic financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended August 31, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages v to ix of this report.

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- From the governmental fund perspective, at fiscal year-end the District reported combined ending fund balances of $732.1 million, a decrease of $85.9 million in comparison with the prior year-end combined ending fund balances of $818 million. This decrease was primarily due to spending from the bond funds and a 3% pay increase. At the end of the current fiscal year, unassigned fund balance for the general fund was $57.1 million or 25.2 percent of total general fund expenditures.

- The District's bond principal liability decreased by $24.2 million or 2.9 percent during the current fiscal year.

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

Long-Term Liabilities

As of August 31, 2025, the District had $1,017.3 million in general obligation bonds and other long-term liabilities outstanding, of which $46.5 million is due prior to August 31, 2026.

The District maintained its "AAA" rating based on the guarantee of the Permanent School Fund of the State of Texas. In December 2023, Fitch Ratings affirmed the underlying rating of "AA+" on the District's debt outstanding. In February 2024, Standard & Poor's affirmed its "AA+" long-term rating and underlying rating on the district's general obligation debt outstanding.

Under current State law, with respect to any proposed new bond issuance, a district must have a projected ability to pay the principal and interest on the proposed bonds and all previously issued bonds other than bonds authorized to be issued at an election held on or before April 1, 1991, and issued before September 1, 1992, from a tax at a rate not to exceed $0.50 per $100 of valuation. The District complies with this requirement.

Table IV presents a summary of the District's outstanding long-term liabilities for the fiscal year ended August 31, 2025.

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
General obligation bonds	$ 813,765,000	$ 837,940,000	$ -	$ -	$ 813,765,000	$ 837,940,000
Premium on GO bonds	64,290,812	69,094,379	-	-	64,290,812	69,094,379
Compensated absences	11,052,985	1,226,133	-	-	11,052,985	1,226,133
Workers' compensation	694,920	711,836	-	-	694,920	711,836
Leases payable	651,433	-	-	-	651,433	-
SBITAs payable	186,735	274,356	-	-	186,735	274,356
Net pension liability	76,774,785	91,027,514	-	-	76,774,785	91,027,514
Net OPEB liability	49,858,302	36,455,768	-	-	49,858,302	36,455,768
Total	$ 1,017,274,972	$ 1,036,729,986	$ -	$ -	$ 1,017,274,972	$ 1,036,729,986

The District's net pension liability (NPL) decreased by $14.3 million primarily as a result of differences between projected and actual investment earnings and expected and actual actuarial experience. The net OPEB liability increased by $13.4 million primarily as a result of lowering the Medicare retiree premiums effective January 1, 2025, and declines in the discount rate.

The following table provides key pension and OPEB statistics from Teacher Retirement System as of and for the year ended August 31, 2025:

	Summary of District Pension and OPEB Benefits Information		
	Pension	OPEB	Total
Net Liability	$ 76,774,785	$ 49,858,302	$ 126,633,087
Expense *	$ 10,782,209	$ 5,448,688	$ 16,230,897

* Excluding on-behalf expense paid by the State

Additional information on the District's long-term liabilities can be found in Notes M through Q of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Economic Factors

The District's elected and appointed officials considered many factors when setting the 2025-2026 budget and tax rates. One of those factors was the economy and its influence on taxable property values. The District has experienced growth in its property tax base over the past five years, and the taxable property values for fiscal year 2025-2026 appear to be a continuation of that trend. Other factors considered were the impact of school finance reform and property tax relief imposed by the 86th and 87th Texas Legislative Sessions, and safety and security.

A majority of the economy within the area is related to the airline industry, with the Dallas-Fort Worth airport partially located in the District boundaries. The District's central location and proximity to the mass transit lines of the Dallas/Fort Worth area has resulted in the development of large tracts of land in the most areas of the District.

District's Tax Rate

The District set the combined 2025-2026 tax rate at $1.0289. This is comprised of $0.7026 for Maintenance and Operations (the maximum allowed by current law without voter approval is $0.97) and $0.3263 for Debt Service (the amount required to service principal and interest on voter-approved bonds). The Maintenance and Operations tax rate decreased slightly by $0.03 or 4.5% and the Debt Service tax rate also changed by $0.03 or 10.1%.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the resources it receives. If you have questions about this report or need additional financial information, feel free to contact the Business Operations department at Hurst-Euless-Bedford Independent School District, 1849 Central Drive, Bedford, Texas, 76022.

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BASIC FINANCIAL STATEMENTS

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Exhibit A-1

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2025

Data Control Codes		Governmental Activities	Business-Type Activities	Total
ASSETS				
1110	Cash and equivalents	$ 777,120,503	$ 566,984	$ 777,687,487
1220	Property taxes receivable (delinquent)	3,728,100	-	3,728,100
1230	Allowance for uncollectible taxes	(559,215)	-	(559,215)
1240	Due from other governments	9,205,097	-	9,205,097
1250	Accrued interest	5,479,392	-	5,479,392
1290	Other receivables	140,268	-	140,268
1293	Lease receivable	1,430,603	-	1,430,603
1300	Inventories, at cost	615,630	-	615,630
1410	Prepaid items	310,542	-	310,542
1510	Land	17,857,297	-	17,857,297
1520	Buildings and improvements, net	372,298,276	-	372,298,276
1530	Furniture and equipment, net	26,036,071	-	26,036,071
1550	Right-to-use leased equipment, net	660,814	-	660,814
1550	SBITA assets, net	612,195	-	612,195
1580	Construction in progress	175,581,149	-	175,581,149
1000	Total assets	1,390,516,722	566,984	1,391,083,706
DEFERRED OUTFLOWS OF RESOURCES				
1700	Deferred charges on debt refundings	36,361	-	36,361
1705	Deferred outflows of resources-TRS pension	22,799,523	-	22,799,523
1706	Deferred outflows of resources-TRS OPEB	21,376,176	-	21,376,176
	Total deferred outflows of resources	44,212,060	-	44,212,060
LIABILITIES				
2110	Accounts payable	32,486,797	7,569	32,494,366
2140	Interest payable	1,693,253	-	1,693,253
2160	Accrued wages and benefits payable	14,401,587	111,099	14,512,686
2180	Due to other governments	238,504	-	238,504
2300	Unearned revenue	36,656	-	36,656
	Long-term liabilities			
2501	Due within one year	46,449,698	-	46,449,698
2502	Due in more than one year	851,457,403	-	851,457,403
2540	Net pension liability	76,774,785	-	76,774,785
2545	Net OPEB liability	49,858,302	-	49,858,302
2000	Total liabilities	1,073,396,985	118,668	1,073,515,653
DEFERRED INFLOWS OF RESOURCES				
2600	Deferred gains on debt refundings	1,795,370	-	1,795,370
2603	Deferred inflows-leases	1,292,525	-	1,292,525
2605	Deferred inflows of resources-TRS pension	6,322,358	-	6,322,358
2610	Deferred inflows of resources-TRS OPEB	44,318,666	-	44,318,666
	Total deferred inflows of resources	53,728,919	-	53,728,919
NET POSITION				
3200	Net investment in capital assets	168,616,423	-	168,616,423
3820	Restricted for grant funds	7,302,372	-	7,302,372
3850	Restricted for debt service	24,108,928	-	24,108,928
3900	Unrestricted	107,575,155	448,316	108,023,471
3000	Total net position	$ 307,602,878	$ 448,316	$ 308,051,194

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

Exhibit B-1

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2025

Data Control Codes		Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants & Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Total
	Governmental activities:						
0011	Instruction	$ 161,405,543	$ 1,087,493	$ 13,872,442	$ (146,445,608)	$ -	$ (146,445,608)
0012	Instructional resources and media	3,089,450	-	318,424	(2,771,026)	-	(2,771,026)
0013	Curriculum and staff development	8,066,569	-	4,232,523	(3,834,046)	-	(3,834,046)
0021	Instructional leadership	3,684,284	-	496,016	(3,188,268)	-	(3,188,268)
0023	School leadership	14,755,253	-	1,117,364	(13,637,889)	-	(13,637,889)
0031	Guidance, counseling and evaluation	10,310,455	-	1,263,435	(9,047,020)	-	(9,047,020)
0032	Social work services	1,735,119	-	644,342	(1,090,777)	-	(1,090,777)
0033	Health services	3,232,394	-	263,950	(2,968,444)	-	(2,968,444)
0034	Student transportation	7,837,125	-	1,159,998	(6,677,127)	-	(6,677,127)
0035	Food service	16,002,297	3,859,591	12,755,011	612,305	-	612,305
0036	Co-curricular/extracurricular activities	7,755,638	427,894	1,659,424	(5,668,320)	-	(5,668,320)
0041	General administration	7,446,340	-	411,632	(7,034,708)	-	(7,034,708)
0051	Plant maintenance and operations	24,812,497	613,671	1,095,181	(23,103,645)	-	(23,103,645)
0052	Security monitoring services	3,157,433	-	141,704	(3,015,729)	-	(3,015,729)
0053	Data processing services	7,941,986	-	405,295	(7,536,691)	-	(7,536,691)
0061	Community services	642,541	-	351,853	(290,688)	-	(290,688)
0072	Long-term debt interest and fees	39,738,456	-	-	(39,738,456)	-	(39,738,456)
0073	Debt Service - Bond Issuance Cost and Fees	-	-	-	-	-	-
0081	Facilities Acquistion and Construction	503,784	-	15,247	(488,537)	-	(488,537)
0095	Juvenile justice AEP	44,763	-	-	(44,763)	-	(44,763)
0099	Other intergovernmental charges	1,005,153	-	75,461	(929,692)	-	(929,692)
	Total governmental activities	323,167,080	5,988,649	40,279,302	(276,899,129)	-	(276,899,129)
	Business-type activities:						
0061	Extended day services	1,750,612	2,521,748	-	-	771,136	771,136
		1,750,612	2,521,748	-	-	771,136	771,136
	Total primary government	$ 324,917,692	$ 8,510,397	$ 40,279,302	(276,899,129)	771,136	(276,127,993)

Data control codes			
	General revenues		
	Taxes		
MT	Property taxes, levied for general purpose	127,884,449	-	127,884,449
DT	Property taxes, levied for debt service	57,141,509	-	57,141,509
SF	State grants, unrestricted	84,366,711	-	84,366,711
MI	Miscellaneous	2,645,100	-	2,645,100
IE	Investment earnings	36,912,025	-	36,912,025
FR	Transfers (out) in	650,000	(650,000)	-
TR	Total general revenues and transfers	309,599,794	(650,000)	308,949,794
CN	Change in net position	32,700,665	121,136	32,821,801
NB	Net position - beginning	285,324,201	327,180	285,651,381
PA	Prior period adjustments Implemented GASB 101	(10,421,988)	-	(10,421,988)
NB	Net position - beginning, restated	274,902,213	327,180	275,229,393
NE	Net position - ending	$ 307,602,878	$ 448,316	$ 308,051,194

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

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Exhibit C-1

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2025

Data Control Codes		General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Funds	Total
	ASSETS					
1110	Cash and temporary investments	$ 182,197,468	$ 24,227,442	$ 544,212,161	$ 12,863,675	$ 763,500,746
1220	Property taxes - delinquent	2,846,188	881,912	-	-	3,728,100
1230	Allowance for uncollectible taxes	(426,905)	(132,310)	-	-	(559,215)
1240	Due from other governments	6,669,011	1,028,985	-	1,507,101	9,205,097
1250	Accrued interest	1,180,486	7,883	4,289,167	1,856	5,479,392
1260	Due from other funds	-	-	-	650,395	650,395
1290	Due from other sources	10,268	-	-	-	10,268
1294	Lease receivable	1,430,603	-	-	-	1,430,603
1300	Inventories, at cost	598,890	-	-	16,740	615,630
1410	Prepaid expenditures	303,042	-	-	7,500	310,542
1000	Total assets	$ 194,809,051	$ 26,013,912	$ 548,501,328	$ 15,047,267	$ 784,371,558
	LIABILITIES					
2110	Accounts payable	$ 1,127,677	$ 300	$ 30,874,067	$ 463,591	$ 32,465,635
2140	Accrued Interest payable	5,196	-	-	-	5,196
2160	Accrued wages payable	14,340,709	-	6	60,872	14,401,587
2170	Due to other funds	-	-	-	650,395	650,395
2180	Due to other governments	4,616	209,792	-	24,096	238,504
2300	Unearned revenue	34,600	-	-	2,056	36,656
2000	Total liabilities	15,512,798	210,092	30,874,073	1,201,010	47,797,973
	DEFERRED INFLOWS OF RESOURCES					
2601	Unavailable revenue-property taxes	2,419,283	749,602	-	-	3,168,885
2604	Deferred inflows-leases	1,292,525	-	-	-	1,292,525
	Total deferred inflows of resources	3,711,808	749,602	-	-	4,461,410
	FUND BALANCES					
3410	Non-spendable - inventories	598,890	-	-	16,740	615,630
3430	Non-spendable - prepaid items	303,043	-	-	7,500	310,543
3450	Restricted - grant funds	-	-	-	7,302,372	7,302,372
3470	Restricted - construction	-	-	487,097,674	-	487,097,674
3480	Restricted - debt service	-	25,054,218	-	-	25,054,218
3510	Committed - construction	-	-	30,529,581	-	30,529,581
3545	Committed - other	117,571,320	-	-	6,519,645	124,090,965
3600	Unassigned	57,111,192	-	-	-	57,111,192
3000	Total fund balances	175,584,445	25,054,218	517,627,255	13,846,257	732,112,175
4000	Total liabilities and fund balances	$ 194,809,051	$ 26,013,912	$ 548,501,328	$ 15,047,267	$ 784,371,558

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

Exhibit C-2

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
AUGUST 31, 2025

Total fund balances - governmental funds (from C-1)	$	732,112,175
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.		944,948,133
Accumulated depreciation and amortization, including current year depreciation and amortization expense of $21,602,645 is not reported in the fund financial statements.		(351,902,331)
Deferred gains and losses on refundings of debt were not recognized on the balance sheet for governmental funds.		(1,759,009)
Long-term liabilities including bonds payable, premiums, accreted interest, and compensated absences are not included on the fund financial statements.		(890,641,885)
Net OPEB liabilities are not included on the fund financial statements.		(49,858,302)
Net pension liabilities are not included on the fund financial statements.		(76,774,785)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.		(1,688,057)
Internal service funds are used to charge the cost of certain activities, such as self-insurance and catering, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		13,728,595
Accrued Arbitrage is not included on the fund financial statements		(7,265,216)
Revenue from property taxes are deferred inflows of resources 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 uncollectible accounts in the government-wide financial statements.		3,168,885
Items related to net pension and OPEB liabilities are not included on the fund financial statements:		
Deferred outflows - pension		22,799,523
Deferred outflows - OPEB		21,376,176
Deferred inflows - pension		(6,322,358)
Deferred inflows - OPEB		(44,318,666)
Net position of governmental activities (from A-1)	$	307,602,878

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

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Exhibit C-3

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

YEAR ENDED AUGUST 31, 2025

Data Control Codes		10 General Fund	50 Debt Service Fund	60 Capital Projects Fund	Nonmajor Funds	Total
	REVENUES					
5700	Local and intermediate sources	$ 140,032,128	$ 58,822,577	$ 24,761,932	$ 7,957,810	$ 231,574,447
5800	State program revenues	87,423,370	4,016,734	-	923,583	92,363,687
5900	Federal program revenues	1,048,006	-	-	23,800,318	24,848,324
5020	Total revenues	228,503,504	62,839,311	24,761,932	32,681,711	348,786,458
	EXPENDITURES					
	Current					
0011	Instruction	138,120,613	-	4,960,685	7,382,428	150,463,726
0012	Instructional resources and media services	2,732,402	-	-	152,328	2,884,730
0013	Curriculum and staff development	3,445,762	-	-	4,154,503	7,600,265
0021	Instructional leadership	3,173,296	-	-	321,716	3,495,012
0023	School leadership	13,203,604	-	-	339,024	13,542,628
0031	Guidance and counseling services	8,783,091	-	-	800,163	9,583,254
0032	Social work services	1,088,402	-	-	622,401	1,710,803
0033	Health services	2,923,299	-	-	87,572	3,010,871
0034	Student transportation	7,130,581	-	433,834	810,571	8,374,986
0035	Food service	257,313	-	-	16,092,080	16,349,393
0036	Co-curricular/extracurricular activities	5,560,664	-	546,120	1,491,082	7,597,866
0041	General administration	7,305,954	-	85,910	32,200	7,424,064
0051	Maintenance and operations	23,049,157	-	1,706,181	142,575	24,897,913
0052	Security and monitoring	2,245,479	-	600,548	84,640	2,930,667
0053	Data processing services	5,464,114	-	6,405,110	354,403	12,223,627
0061	Community services	217,370	-	-	338,399	555,769
	Debt service					
0071	Principal	543,541	24,175,000	130,916	169,379	25,018,836
0072	Interest	6,991	37,858,800	-	-	37,865,791
	Capital outlay					
0081	Facilities acquisition and construction	15,176	-	101,049,467	-	101,064,643
	Other intergovernmental					
0095	Juvenile justice alternative education program	44,763	-	-	-	44,763
0099	Other intergovernmental charges	1,005,153	-	-	-	1,005,153
6030	Total expenditures	226,316,725	62,033,800	115,918,771	33,375,464	437,644,760
	Excess (deficiency) of revenues					
1100	over (under) expenditures	2,186,779	805,511	(91,156,839)	(693,753)	(88,858,302)
	Other Financing Sources (Uses)					
7912	Sale of real or personal property	60,583	-	-	27	60,610
7913	Issuance of right-to-use lease	823,645	-	-	-	823,645
7915	Transfers in	1,050,000		7,108,292	60,145	8,218,437
7949	Other sources - SBITA	283,709	-	130,916	169,379	584,004
7949	Other sources - insurance settlement	-	-	413,248	-	413,248
8911	Transfers out	(7,123,555)	-	-	(44,882)	(7,168,437)
7080	Total other financing sources (uses)	(4,905,618)	-	7,652,456	184,669	2,931,507
1200	Net change in fund balance	(2,718,839)	805,511	(83,504,383)	(509,084)	(85,926,795)
0100	Fund balance - September 1 (beginning)	178,303,284	24,248,707	601,131,638	14,355,341	818,038,970
3000	Fund balance - August 31 (ending)	$ 175,584,445	$ 25,054,218	$ 517,627,255	$ 13,846,257	$ 732,112,175

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

Exhibit C-4

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

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

YEAR ENDED AUGUST 31, 2025

Net change in fund balances - total governmental funds (from C-3)	$	(85,926,795)
Internal service funds are used to charge for certain activities to the appropriate functions in other funds. The net income of internal service funds is reported with governmental activities, so the net effect is to increase net position.		1,239,061
Current year capital outlays are expenditures in the fund financial statements but appear as increases in capital assets in the government-wide financial statements. The net effect of the current year capital outlay is to increase net position.		113,014,300
Additional leases and SBITAS recorded in governmental funds		(1,407,649)
Depreciation and amortization of capital assets is not expensed in fund financial statements because it does not require the use of current financial resources. The effect of current year depreciation and amortization is to decrease net position.		(21,602,645)
Current year bond and lease principal payments are expenditures in the fund financial statements, whereas they are reported as reductions of bonds or leases payable in the government-wide financial statements. The effect of current year principal paid on bonds and leases payable is to increase net position.		
Bond principal payments $ 24,175,000		
Lease principal payments $ 172,212		25,018,837
SBITA principal payments $ 671,625		
Premiums on bonds payable are reported as other financing sources in the fund financial statements when the bonds are issued. Amounts are reported net of amortization on the government-wide financial statements. The net effect of these items was to increase net position.		5,385,783
Compensated absences are recognized when the related obligation matures and are expected to be liquidated with expendable available financial resources; therefore, changes to the accrual for these items are not reported in the fund financial statements. The net effect of these items was to decrease net position.		595,139
Revenue not recognized on the fund financial statements under the modified accrual basis is recognized on the accrual basis in the government-wide financial statements. The effect of the change in unearned revenue is to increase net position.		9,586
Accrued Arbitrage is not included on the fund financial statements		(7,265,216)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements an interest expenditure is reported when due.		(64)
Items related to net pension and OPEB liabilities are not recognized on the fund financial statements.		
Deferred outflows (decrease)		(10,136,219)
Deferred inflows decrease		12,926,352
Net OPEB liability (increase)		(13,402,534)
Net pension liability (decrease)		14,252,729
Change in net position of governmental activities (from B-1)	$	32,700,665

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

Exhibit D-1

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AUGUST 31, 2025

	Enterprise Fund	Internal Service Funds
ASSETS		
Current Assets		
Cash & temporary investments	$ 566,984	$ 13,619,757
Other receivables	-	130,000
Total assets	$ 566,984	$ 13,749,757
LIABILITIES		
Current Liabilities		
Accounts payable	$ 7,569	$ 21,162
Accrued wages payable	111,099	-
Unearned Revenue	-	-
Claims payable	-	274,054
Total current liabilities	118,668	295,216
Non-current Liabilities		
Workers comp claims	-	420,866
Total non-current liabilities	-	420,866
Total liabilities	118,668	716,082
NET POSITION		
Unrestricted Net Position	448,316	13,033,675
Total net position	$ 448,316	$ 13,033,675

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

Exhibit D-2

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED AUGUST 31, 2025

	Enterprise Fund	Internal Service Funds
Operating Revenues		
Charges for services	$ 2,521,748	$ 2,270,045
Total operating revenues	2,521,748	2,270,045
Operating Expenses		
Payroll	1,412,839	111,885
Insurance claims	-	499,667
Contracted services	147,763	44,898
Supplies and materials	68,946	132,072
Other operating expenses	121,064	81,746
Total operating expenses	1,750,612	870,268
Operating income	771,136	1,399,777
Nonoperating Revenues		
Investment earnings	-	239,286
Income before transfers	771,136	1,639,063
Transfers out	(650,000)	(400,000)
Change in net position	121,136	1,239,063
Total net position - September 1 (beginning)	327,180	11,794,612
Total net position - August 31 (ending)	$ 448,316	$ 13,033,675

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

Exhibit D-3

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED AUGUST 31, 2025

	Enterprise Fund	Internal Service Funds
Cash flows from operating activities		
Cash received from user charges	$ 2,501,298	$ 2,270,045
Cash payments to employees for services	(1,426,196)	(111,885)
Cash payments for contracted services	(147,673)	(44,898)
Cash payments for insurance claims	-	(516,583)
Cash payments for supplies	(69,148)	(133,473)
Cash payments for other operating expenses	(121,194)	(81,746)
Net cash provided by operating activities	737,087	1,381,460
Cash flows from noncapital financing activities		
Transfers to other funds	(650,000)	(400,000)
Net cash used in noncapital financing activities	(650,000)	(400,000)
Cash flows from investing activities		
Interest received	-	239,286
Net cash provided by investing activities	-	239,286
Net increase in cash and cash equivalents	87,087	1,220,746
Cash and cash equivalents at beginning of the year	479,897	12,399,011
Cash and cash equivalents at end of the year	$ 566,984	$ 13,619,757
Reconciliation of operating income to net cash provided by operating activities		
Operating income	$ 771,136	$ 1,399,777
Adjustments to reconcile operating income to net cash provided by operating activities		
Increase (decrease) in accounts payable	(242)	(1,401)
Increase (decrease) in accrued wages	(13,357)	-
Increase (decrease) in other accrued expenses	(20,450)	(16,916)
Net cash provided by operating activities	$ 737,087	$ 1,381,460

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

Exhibit E-1

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2025

	Private-Purpose Trust Funds	Custodial Funds
Assets		
Cash and temporary investments	$ 935,959	$ 853,653
Accrued interest	3,037	-
Due from other sources	-	98,049
Total assets	$ 938,996	$ 951,702
Liabilities		
Accounts payable	$ 1,000	$ 220
Total liabilities	1,000	220
Net Position		
Restricted for other purposes	937,996	951,482
Total net position	$ 937,996	$ 951,482

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

Exhibit E-2

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED AUGUST 31, 2025

	Private-Purpose Trust Funds	Custodial Funds
Additions		
Miscellaneous revenue	$ -	$ 1,011,501
Earnings on investments	42,534	20,250
Total additions	42,534	1,031,751
Deductions		
Contracted services	-	721,774
Supplies and materials	75	68,484
Scholarships awarded	-	-
Other miscellaneous operating expenses	48,109	220,436
Total deductions	48,184	1,010,694
Change in net position	(5,650)	21,057
Net position - September 1 (beginning)	943,646	930,425
Net position - August 31 (ending)	$ 937,996	$ 951,482

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

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

The Board is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. The District is not included in any other governmental reporting entity as defined by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus--an amendment of GASB Statements No. 14 and No. 34.* The District is not financially accountable for any other organizations; therefore, no component units are included within the reporting entity. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding entities. The District is a governmental entity exempt from federal income taxation and reporting under the Internal Revenue Code Section 115.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The statement of net position and the statement of activities are government-wide financial statements. They report information on all of the District's nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, state foundation funds, grants, and other intergovernmental revenues. *Business-type activities* are supported primarily by charges to users.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues and how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The program revenues include charges for services and operating grants and contributions. The charges for services revenues include payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include tuition paid by students not residing in the district, school lunch charges, charges for athletic events, etc. The grants and contributions revenues include amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Every Student Succeeds Act. If revenue is not labeled as program revenue, it is general revenue used to support all of the District's functions. Taxes are always general revenues.

Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the Governmental Fund balance sheet and Proprietary Fund statement of net position. All interfund transactions between governmental funds and between governmental funds and internal service funds are eliminated on the government-wide statements, with the exception of interfund services provided and used which are not eliminated in the process of consolidation. Interfund activities

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS - continued

between governmental funds and fiduciary funds remain as due to/due from other governments on the government-wide statement of activities. The fund financial statements provide reports on the financial condition and results of operations for three fund categories – governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental funds major and reports their financial condition and results of operations in a separate column.

The District utilizes two types of proprietary funds. Internal Service Funds are an accounting device used to accumulate and allocate costs internally across the District's various functions. These funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The Enterprise Fund accounts for the operation of the District's extended day program for after school care, which is financed and operated in a manner similar to a private business. Participants are charged a fee, which is used to support the activities of the program. Because internal service funds predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

C. MEASUREMENT FOCUS, BASICS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The accounting policies of the District comply with the rules prescribed in the Texas Education Agency's (TEA) *Financial Accountability System Resource Guide*. These accounting policies conform to generally accepted accounting principles (GAAP) applicable to state and local government.

The government-wide financial statements, fiduciary funds, and proprietary fund statements use the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the state are recognized under the susceptible to accrual concept. Miscellaneous revenues

C. MEASUREMENT FOCUS, BASICS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION - continued

are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. In general, revenues not collected within sixty days of year-end are not considered measurable and available.

Grant funds are considered to be earned when all eligibility requirements have been met, (including time requirements) to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received in advance, they are recorded as unearned revenues until earned. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

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

D. FUND ACCOUNTING

The District's accounting system is organized and operated on the basis of funds, each of which is a separate accounting entity with a self-balancing set of accounts. The District's resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The District reports the following major governmental funds:

The *general fund* is the District's primary operating fund. It accounts for financial resources except those required to be accounted for in another fund. Major revenue sources include local property taxes and state funding under the Foundation School Program. Expenditures include all costs associated with the daily operations of the schools except for programs funded by certain local, state, and federal sources, school construction and debt service.

The *debt service fund* accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds. The primary revenue source is local property taxes levied specifically for debt service.

The *capital projects fund* accounts for the proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions.

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

Governmental Funds:

The *special revenue funds* account for resources restricted or committed to specific purposes by the District or a grantor in a special revenue fund. The District's National School Breakfast and Lunch Program, Campus Activity Funds and all federal, state and locally funded grants are examples of special revenue funds. These grants are awarded to the District for accomplishing specific educational

D. FUND ACCOUNTING - continued

tasks as defined in the grant awards. Sometimes unused balances must be returned to the grantor at the close of specified project periods.

Proprietary Funds:

The *enterprise fund* accounts for the operation of the extended day after school program. Generation of net income is necessary for sound financial management, as the cost of providing extended day services should be supported by charges to users.

The *internal service funds* account for revenues and expenditures related to services provided to organizations on a cost reimbursement basis. The internal service funds are workers' compensation, tech trades, and catering.

Fiduciary Funds:

The *private purpose trust funds* are used to account for resources legally held in trust under which principal and income benefit individuals, private organizations or other governments. The District's private-purpose trust funds represent scholarship and study-abroad funds held in trust for students.

The *custodial funds* hold resources for others in a custodial capacity. The District's custodial funds are the student activity fund and flexible spending fund. The funds, being custodial in nature, are not used for the District's operations.

E. ASSETS, LIABILITIES, AND NET POSITION/FUND BALANCE

1. Deposits and Investments – For purposes of the statement of cash flows for proprietary and similar fund-types, the District considers highly liquid investments to be cash equivalents if they have a maturity date of three months or less when purchased. Investments, except for the investment pools, for the District are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost or fair value.

2. Receivables and Payables – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds". Property tax receivables include unpaid property taxes at year-end and are shown net of an allowance for uncollectibles.

3. Inventories – Inventories on the balance sheet consist of materials and supplies recorded at weighted average cost. The District follows the consumption method of accounting whereby inventory is recorded as expenditures when utilized. Food commodities are received at no cost. They are recorded as revenue and expenditures when received using the fair market value as supplied by the Texas Department of Agriculture. A portion of fund balance is reported as nonspendable to reflect minimum inventory quantities considered necessary for the District's continuing operations.

E. ASSETS, LIABILITIES, AND NET POSITION/FUND BALANCE - continued

4. Prepaids – Expenditures for significant services extending over more than one accounting period are allocated between accounting periods in the governmental funds and are accounted for proportionately over the periods that service is provided (consumption method).

5. Capital Assets – Capital assets including land, buildings, furniture and equipment, SBITAs, and right-to-use equipment are reported in the applicable governmental column in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of $5,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

   The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Building and improvements	30 - 40
Furniture and equipment	5 – 15

   Land and construction in progress are not depreciated. Right-to-use assets are amortized over the shorter of the duration of the lease or the useful life using the straight-line method.

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

   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.

7. Deferred Outflows/Inflows of Resources

   The statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of

E. ASSETS, LIABILITIES, AND NET POSITION/FUND BALANCE - continued

resources (expense/expenditures) until then. The District items that qualify for reporting in this category are:

Deferred charges on debt refundings reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred outflows/inflows from pension and OPEB activities are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and OPEB plan, except for projected and actual earnings differences on investments, which are amortized on a closed basis over a 5-year period.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District items that qualify for reporting in this category are:

Property taxes are recognized in the period the amount becomes available. This item, unavailable revenue, is reported only in the District's fund balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Deferred gain on refunding is amortized over the shorter of the life of the refunded or refunding debt.

District contributions to the pension and OPEB plans after the measurement date are recognized in the subsequent year.

Deferred inflows from leases are adjusted over the life of the lease by the current portion of the principal received.

8. Pensions

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS 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.

E. ASSETS, LIABILITIES, AND NET POSITION/FUND BALANCE – continued

9. Other Post-Employment Benefits

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

10. Fund Balances

    In the fund financial statements, governmental fund balances are classified as follows:

    Non-spendable – Includes fund balance amounts that cannot be spent because they are not in spendable form or they are legally or contractually required to be maintained intact. Examples of non-spendable fund balances are inventories and prepaid items.

    Restricted – Includes fund balance amounts constrained to being used for a specific purpose through constitutional provisions or enabling legislation or by external parties such as grantors or contributors by federal or state laws or regulations. Examples of restricted fund balances include, but are not limited to, child nutrition funds or grant funds.

    Committed – Includes fund balance amounts that are constrained to a specific purpose by the Board of Trustees. Formal action by the Board shall be required to commit funds to this category. Formal action has historically been accomplished by resolution. Such action shall occur prior to the end of the fiscal year; however, the amount subject to the constraint may be determined in the subsequent period. Such constraints shall only be amended or removed by Board action. Examples of committed fund balances include, but are not limited to, potential litigation, claims, and judgments or non-bond funded capital projects.

    Assigned – Includes fund balance amounts that are constrained by the government's intent to be used for a specific purpose. The Superintendent or designee is authorized to assign funds to this category. Examples of assigned fund balance include, but are not limited to, insurance deductibles, contingencies, and projects not yet completed at fiscal year-end.

    Unassigned – Includes all amounts not included in other spendable classifications. It is the residual classification for the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that

E. ASSETS, LIABILITIES, AND NET POSITION/FUND BALANCE – continued

are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

11. Fund Balance Flow Assumptions

    Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). It is the District's policy to use restricted resources first, then unrestricted resources as they are needed. In order to calculate the amounts to report as unrestricted (committed, assigned, and unassigned) fund balance in the governmental funds financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. The District considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any unrestricted fund balance classification could be used.

12. Net Position

    Net positions represent the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources on the government-wide financial statements. Net positions are classified in the following categories:

    Net investment in capital assets – This amount consists of capital assets net of accumulated depreciation and capital-related deferred outflows of resources, reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

    Restricted net position – This amount is restricted by creditors, grantors, contributors, or laws or regulations of other governments.

    Unrestricted net position – This amount is the net position that does not meet the definition of "net investment in capital assets" or "restricted net position".

13. Net Position Flow Assumptions

    Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide, proprietary funds, and fiduciary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

E. ASSETS, LIABILITIES, AND NET POSITION/FUND BALANCE – continued

14. Leases

Lessee

The District is a lessee for noncancelable leases of equipment (copiers). The District recognizes a lease liability, reported with long-term debt, and a right-to-use lease asset, reported with other capital assets, in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of $5,000 or more.

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

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

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease.
- Lease payments included in the measurement of the liability are composed of fixed payments, purchase option price that the District is reasonably certain to exercise, lease incentives receivable from the lessor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

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

Lessor

The District is a lessor for noncancelable leases of property and equipment. The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the

E. ASSETS, LIABILITIES, AND NET POSITION/FUND BALANCE - continued

lease receivable is reduced by the principal portion of lease payments. The deferred inflow of resources is initially measured at the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease.
- Lease payments included in the measurement of the lease receivable are composed of fixed payments from the lessee, residual value guarantee payments from the lessee that are fixed in substance, and any lease incentives that are payable to the lessee.

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

15. Subscription-Based Information Technology Arrangements (SBITAs)

The District is under contract for various SBITAs for the right-to-use subscription assets (software). The SBITAs are noncancelable, and the District recognizes a SBITA liability and an intangible right-to-use SBITA asset in the government-wide financial statements. The District recognizes SBITA liabilities with a payment, individual value of $5,000 or more.

At the commencement of the SBITA, the District initially measures the SBITA liability at the present value of payments expected to be made during the SBITA term. Subsequently, the SBITA liability is reduced by the principal portion of SBITA payments made. The SBITA asset is initially measured as the sum of (1) the initial SBITA liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Key estimates and judgments related to SBITA include how the District determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) SBITA term, and (3) SBITA payments.

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

E. ASSETS, LIABILITIES, AND NET POSITION/FUND BALANCE - continued

The District monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure the SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the SBITA liability. SBITA assets are reported with other capital assets and SBITA liabilities are reported with long-term debt on the statement of position.

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

17. GASB Pronouncements Implemented by the District

GASB Statement No. 101: *Compensated Absences*. Statement 101 was issued in June 2022 and was effective for periods beginning after December 15, 2023. This Statement requires that liabilities for compensated absences must be recognized for leave that has not been used and leave that has been used but not yet paid. This includes vacation, sick leave, paid time off (PTO), holidays, parental leave, military leave, and jury duty leave. A liability should be recognized for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The District has evaluated the effects of this standard and has determined that it does impact the financial statements. As such the District has incorporated such liabilities on both the face of the financial statements and the note disclosures.

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

F. BUDGETARY INFORMATION

The Board of Trustees adopts an appropriated budget for the general fund, debt service fund, the National School Breakfast and Lunch Program special revenue fund, and the Tuition Based Pre-K special revenue fund on a basis consistent with GAAP. Budgetary information for the general fund appears in the required supplementary information subsection where the District compares the final amended budget to actual revenues and expenditures. Per regulatory requirements, the debt service fund and the National School Breakfast and Lunch Program special revenue fund are required to be reported with the original budget, final amended budget and actual revenues and expenditures. These schedules are included in the combining and individual fund financial statements and schedules subsection. All other governmental funds adopt project-length budgets. All annual appropriations lapse at fiscal year-end.

F. BUDGETARY INFORMATION - continued

The appropriated budget is prepared by fund, function and department. The District's campus and department heads may make transfers of appropriation within their campus or department budget.

Transfers of appropriations between functions require approval of the Board of Trustees. The level of budgetary control at which expenditures may not legally exceed appropriations is the function level. The Board approved several supplementary budget appropriations.

DETAILED NOTES ON ALL FUNDS

G. DEPOSITS AND INVESTMENTS

Cash Deposits: The District's funds are required to be deposited and invested under the terms of a depository contract, pursuant to the Texas School Depository Act. The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the District's and the depository banks' agent bank. The pledged securities are in compliance with the Texas Government Code, Chapter 2257 "Collateral for Public Funds", and are sufficient to meet the terms agreed to in the current depository contract as approved by TEA.

Investments: The District's investment policy is in accordance with the Public Funds Investment Act, the Public Funds Collateral Act, and federal and state laws. The District further limits its investments to obligations of or guaranteed by governmental entities as permitted by Government Code 2256.009, certificates of deposit, no-load money market mutual funds, repurchase agreements, banker's acceptances, commercial paper, guaranteed investment contracts, securities lending programs or investment pools.

For fiscal year 2025, the district invested in certificates of deposit, Texas CLASS, Local Government Investment Cooperative (LOGIC) Investment Pool, the Texas Local Government Investment Pool (TexPool), Texas Association of School Boards Lone Star Investment Pool (Lone Star), and Texas Range.

Texas CLASS is organized under the Ninth Amended and Restated Trust Agreement in accordance with all the requirements contained in section 2256.016 of the Act. Texas CLASS is administered by Public Trust Advisors, LLC and all funds are held by the custodial agent, UMB Bank, N.A. Texas CLASS may invest in obligations of the U.S. or its agencies and instrumentalities; repurchase agreements; SEC-registered money market funds rated in the highest rating category by at least one Nationally Recognized Statistical Rating Organization (NRSRO); and commercial paper rated A-1, P-1 or equivalent by two nationally recognized rating agencies.

LOGIC is duly chartered by the State of Texas Interlocal Cooperation Act, is administered by Hilltop Securities, Inc. and J.P. Morgan Investment Management, Inc. (JPMIM), and managed by JPMIM, who provides custody, fund accounting and investment management. Transfer agency services are provided by DST Asset Manager Solutions, Inc. LOGIC may invest in obligations of the U.S. or its agencies and instrumentalities; repurchase agreements; SEC-registered money market funds rated in the highest rating category by at least one Nationally Recognized Statistical Rating Organization (NRSRO); and commercial paper rated A-1, P-1 or equivalent by two nationally recognized rating agencies.

TexPool is duly chartered and overseen by the State Comptroller's Office, administered and managed by Federated Investment Counseling. State Street Bank serves as the custodial bank. The portfolio consists

G. DEPOSITS AND INVESTMENTS - continued

of U.S. Government securities; collateralized repurchase and reverse repurchase agreements; no-load money market mutual funds regulated by the Securities and Exchange Commission (SEC) and rated AAAm by Standard and Poor's; and securities lending programs.

Lone Star is duly chartered by the State of Texas Interlocal Cooperation Act, is administered by First Public, LLC, and managed by American Beacon Advisors and Mellon. State Street Bank is the custodial bank. Lone Star Corporate Overnight Plus Fund may invest in obligations of the U.S. or its agencies and instrumentalities; other obligations insured by the U.S.; fully collateralized repurchase agreements having a defined termination date, secured by obligations described previously; SEC-regulated no-load money market mutual funds, the assets which consist exclusively of the obligations described above; and commercial paper rated A-1, P-1 or equivalent by two nationally recognized rating agencies.

Texas Range is owned and operated by the pool's Texas municipal investors and six elected advisory board members. It is administered by PFM Asset Management LLC and US Bank serves as the custodial bank. It invests exclusively in high-quality money market instruments as permitted by the Public Funds Investment Act. These investments include U.S. Government and Federal agency obligations with a 13-month maximum maturity, municipal obligations, certificates of deposit, money market mutual funds that observe certain investment restrictions, bankers' acceptances, repurchase agreements involving obligations of the U.S. Government and its Agencies and instrumentalities, and commercial paper with a stated maturity of 365 days or fewer and rated not less than A-1, P-1, or the equivalent by at least two nationally recognized rating agencies

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

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs–other than quoted prices included within level 1–that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

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

G. DEPOSITS AND INVESTMENTS - continued

The District's investment balances, including fiduciary funds, and weighted maturity of such investments are as follows:

		Fair Value Measurements				
	Investments August 31, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Percent of Total Investments	Weighted Average Maturity (Days)
Investments by Fair Value Level:						
US Agency Obligations	64,677,605	-	64,677,604	-	9%	378
US Treasury Obligations	432,816,275	-	432,816,276	-	62%	289
Total	$ 497,493,880	$ -	$ 497,493,880	$ -	71%	

Investment Pools are measured at amortized cost and are not subject to level reporting.

U.S. Agency Securities classified in Level 1 of the fair value hierarchy are valued using the market approach because the investments are restricted by Policy and state law to active secondary market. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities, or a group of assets and liabilities. The exit or fair market prices used for these fair market valuations of the portfolio are all Level 1 and represent unadjusted quoted prices in active markets for identical assets and liabilities that have been accessed at the measurement date.

The Texas CLASS, LOGIC, Lone Star, and Texas Range investment pools are external investment pools measured at fair value. Their strategy is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. The District has no unfunded commitments related to the investment pools. Texas CLASS, LOGIC, Lone Star, and Texas Range have a redemption notice period of one day and may redeem daily. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national or state emergency that affects the pools' liquidity.

The TexPool investment pool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, the investment pool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pool transacts at a net asset value of $1.00 per share, has weighted average maturities of 60 days or less and weighted average lives of 120 days or less, investments held are highly rated by nationally recognized statistical rating organizations, have no more than 5% of portfolio with one issuer (excluding U.S. government securities), and can meet reasonably foreseeable redemptions. TexPool has a redemption notice period of one day and may redeem daily. The investment

(2) DEPOSITS AND INVESTMENTS - continued

pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

Commercial paper classified in Level 2 is valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features and ratings. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The District monitors interest rate risk utilizing weighted average maturity analysis. In accordance with its investment policy, the District reduces its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio as a whole, diversification, and by holding securities to maturity. In addition, the District does not directly invest in an individual security maturing more than three years from the date of purchase. As of August 31, 2025, the weighted average maturity of the total portfolio was 216 days.

As of August 31, 2025, the District's investments as presented by investment maturity periods are as follows:

		Investment Maturities (in Years)			
	Carrying Value	Fair Value	Less than 1	1-2	More than 2
Wells Fargo public funds account	$ 14,961,716	$ 19,972,859	$ 19,972,859	$ -	$ -
Certificates of deposit	26,397,212	26,397,212	26,397,212	-	-
Government investment pools					
Texas CLASS	145,247,490	145,247,490	145,247,490	-	-
LOGIC	3,028,354	3,028,354	3,028,354	-	-
Texpool	38,087,382	38,087,382	38,087,382	-	-
Lone Star	11,714,330	11,714,330	11,714,330	-	-
Texas Range	1,427,043	1,427,043	1,427,043	-	-
US Treasury Obligations	432,816,275	432,816,275	246,481,092	186,335,184	-
US Agency securities	64,677,605	64,677,605	29,943,324	34,734,280	-
Total investments	738,357,407	$ 743,368,550	$ 522,299,086	$ 221,069,463	$ -
Less Private Purpose Trust Fund cash	(935,959)				
Less Custodial Fund cash	(853,653)				
Demand deposits and petty cash	41,119,692				
Total cash and investments - primary government	$ 777,687,487	-			

G. DEPOSITS AND INVESTMENTS - continued

Custodial Credit Risk: The District's agent holds securities in the District's name; therefore, the District is not exposed to custodial credit risk. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker/dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party. The District's policy requires that the investments of the District shall be secured through third-party custodial and safekeeping procedures as designated by the district.

Credit Risk: State law and the District's investment policy limits investments in all categories to top ratings issued by nationally recognized statistical rating organizations. The credit ratings for the District's investments are disclosed in the table on the previous page.

Concentration of Credit Risk: The District's investment policy requires the investment portfolio to be diversified in terms of investment instruments, maturity scheduling, and financial institutions in order to reduce the risk of loss resulting from over-concentration of assets in a specific class of investments, specific maturity, or specific issuer.

The net decrease in the fair value of investments during the year ended August 31, 2025 is included in investment earnings as follows:

Investment Earnings	$	37,066,531
Net decrease in Fair Value of Investments		(154,506)
Total Investment Earnings	$	36,912,025

H. RECEIVABLES

Receivables as of year-end for the District's individual major funds and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Debt Service	Capital Projects	Nonmajor	Total
Receivables:					
Property Taxes	$ 2,846,188	$ 881,912	$ -	$ -	$ 3,728,100
Due from Other Governments					
Local	2,590,163	-	-	-	2,590,163
State	4,078,848	1,028,985	-	1,507,101	6,614,934
Accrued Interest	1,180,486	7,883	4,289,167	1,856	5,479,392
Other Receivables	10,268	-	-	-	10,268
Lease Receivable	1,430,603	-	-	-	1,430,603
Gross Receivables	12,136,556	1,918,780	4,289,167	1,508,957	19,853,460
Less: Allowance for Uncollectibles	(426,905)	(132,310)	-	-	(559,215)
	$ 11,709,651	$ 1,786,470	$ 4,289,167	$ 1,508,957	$ 19,294,245

The District leases 2 cell towers. The District's lease receivables have terms from 20 to 30 years, including monthly and annual payments of principal and interest with various borrowing rates. The District has $1,430,603 remaining in lease receivables and $1,292,525 remaining in deferred inflows as of August 31, 2025. The District recognized lease revenue of $67,356 and interest of $26,489 in the fiscal year. As of August 31, 2025, expectation of lease receipts through the expiration of all leases is as follows:

Principal and Interest Expected to Maturity
Governmental Activities - Lessor

Year Ended August 31	Principal	Interest	Total
2026	48,129	26,071	74,200
2027	49,018	25,182	74,200
2028	49,923	24,277	74,200
2029	52,169	23,351	75,520
2030	55,803	22,357	78,160
Thereafter	1,175,561	181,475	1,357,036
Total Expected	$ 1,430,603	$ 302,713	$ 1,733,316

I. PROPERTY TAXES

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. The assessed value of the roll upon which the levy for the 2025 fiscal year was based, was $20,989,068,405. The tax rates assessed for the year ended August 31, 2025 to finance general fund operations and the payment of principal and interest on general obligation long-term debt were $0.6726 and $0.2963 per $100 valuation, respectively, for a total of $0.9689 per $100 valuation.

Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

J. DELINQUENT TAXES RECEIVABLE

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the general and debt service funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

K. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund balances at August 31, 2025 consisted of the following individual fund balances:

	Interfund Receivables	Interfund Payables
Governmental Funds:		
Nonmajor	$ 650,395	$ 650,395
Total - All Funds	$ 650,395	$ 650,395

Interfund balances consist of short-term lending/borrowing arrangements that result primarily from payroll, warehouse ordering and other regularly occurring charges that are paid by the general fund and then charged back to the appropriate other fund. Additionally, some lending/borrowing may occur between two or more nonmajor governmental funds. Interfund balances between governmental funds and proprietary funds are eliminated in the statement of net position and reported as internal balances.

The interfund balance between Nonmajor funds occurs when expenditures take place before reimbursements are received from the grants. The transfer back occurs when funds are received from the granting agency. All interfund balances are expected to be repaid within the next fiscal year.

Interfund transfers are defined as “flows of assets without equivalent flow of assets in return and without a requirement for repayment.” At August 31, 2025, the composition of interfund transfers is as follows:

Transfers From	Transfers To	Amount	Purpose
General fund	Capital projects funds	$ 7,108,292	Transfer of funds from general fund to capital projects fund for authorized construction
General fund	Nonmajor funds	15,263	Transfer of funds from general fund to child nutrition fund for negative lunch account balances
Nonmajor funds	Nonmajor funds	44,882	Transfer from summer feeding program to child nutrition fund.
Enterprise fund	General fund	650,000	Transfer of funds related to extended day program from enterprise fund to general fund
Internal service funds	General fund	400,000	Transfer portion of workers' compensation fund to general fund
		$ 8,218,437	

L. CAPITAL ASSET ACTIVITY

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

	Beginning Balance	Additions	Retirements/ Transfers	Ending Balance
Governmental Activities				
Capital assets, not depreciated or amortized:				
Land	$ 17,857,297	$ -	$ -	$ 17,857,297
Construction in progress	87,413,915	99,906,812	(11,739,578)	175,581,149
Total capital assets not depreciated or amortized	105,271,212	99,906,812	(11,739,578)	193,438,446
Capital assets, being depreciated and amortized:				
Buildings and improvements	668,590,197	12,542,612	-	681,132,809
Furniture and equipment	57,032,663	10,896,805	-	67,929,468
Right-to-use assets - equipment	1,207,914	823,645	(1,207,914)	823,645
Right-to-use subscriptions	1,039,761	584,004	-	1,623,765
Total capital assets being depreciated	727,870,535	24,847,066	(1,207,914)	751,509,687
Less accumulated depreciation and amortization for:				
Buildings and improvements	(290,882,946)	(17,951,587)	-	(308,834,533)
Furniture and equipment	(38,862,455)	(3,030,942)	-	(41,893,397)
Right-to-use assets - equipment	(1,207,914)	(162,830)	1,207,914	(162,830)
Right-to-use subscriptions	(554,285)	(457,286)	-	(1,011,571)
Total accumulated depreciation and amortization	(331,507,600)	(21,602,645)	1,207,914	(351,902,331)
Total capital assets, being depreciated and amortized, net	396,362,935	3,244,421	-	399,607,356
Governmental activities capital assets, net	$ 501,634,147	$ 103,151,233	$ (11,739,578)	$ 593,045,802

L. CAPITAL ASSET ACTIVITY - continued

Depreciation and amortization expense was charged to District functions as follows:

Instruction	$	12,411,330
Instructional resources and media services		221,484
Curriculum and staff development		463,374
Instructional leadership		201,768
School leadership		1,279,699
Guidance and counseling services		768,569
Social work services		27,374
Health services		240,872
Student transportation		719,443
Food service		1,328,480
Co-curricular/extracurricular activities		749,927
General administration		232,656
Plant maintenance and operations		1,845,621
Security and monitoring services		246,701
Data processing services		783,250
Community service		82,097
	$	21,602,645

M. CHANGES IN LONG-TERM LIABILITIES

The District's long-term liabilities consist of bond indebtedness, workers' compensation, compensated absences, leases, net pension liability and net OPEB liability. The current requirements for general obligation bonds principal and interest expenditures are accounted for in the debt service fund. Current funding requirements for workers' compensation, compensated absences, leases and SBITAs payable, pension, and OPEB plans are accounted for in the governmental funds. Unfunded long-term liabilities are generally liquidated with resources of the general fund.

M. CHANGES IN LONG-TERM LIABILITIES -- continued

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

	Beginning Balance, restated	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds payable					
General obligation bonds	$ 837,940,000	$ -	$ (24,175,000)	$ 813,765,000	$ 40,530,000
Premium on GO bonds	69,094,379	-	(4,803,567)	64,290,812	4,707,364
Total Bonds payable	907,034,379	-	(28,978,567)	878,055,812	45,237,364
Other liabilities					
Arbitrage rebate	-	7,265,216	-	7,265,216	-
Workers compensation	711,836	-	(16,916)	694,920	274,054
Compensated absences	11,648,121	10,079,822	(10,674,958)	11,052,985	691,270
Leases Payable	-	823,645	(172,212)	651,433	155,022
SBITA Payable	274,356	584,004	(671,625)	186,735	91,988
Net Pension Liability	91,027,514	10,572,700	(24,825,429)	76,774,785	-
Net OPEB Liability	36,455,768	15,100,964	(1,698,430)	49,858,302	-
Total governmental activities long-term liabilities	$ 1,047,151,974	$ 44,426,351	$ (67,038,137)	$ 1,024,540,188	$ 46,449,698

Internal Service Funds predominantly serve the governmental funds. Accordingly, the workers' compensation claims reported in the internal service funds are included as part of the above totals for governmental activities.

Lease Liability

The District has copiers under lease agreements. The right-to-use assets under the lease have a cost of $823,645, and accumulated amortization is $162,830. There are no variable payments and the leases will be fully paid off in fiscal year 2029. As of August 31, 2025, the schedule of lease payments is as follows:

M. CHANGES IN LONG-TERM LIABILITIES -- continued

Principal and Interest Expected to Maturity
Governmental Activities - Lessee

Year Ended August 31	Principal	Interest	Total
2026	$ 155,022	$ 19,233	$ 174,255
2027	159,367	14,887	174,254
2028	164,147	10,108	174,255
2029	169,070	5,185	174,255
2030	3,827	115	3,942
Total Expected	$ 651,433	$ 49,528	$ 700,961

SBITA Liabilities

The District is under contract for noncancellable SBITAs that convey control of the right-to-use software. The District recognizes a subscription liability, reported with long-term debt, and a right-to-use subscription asset (an intangible asset), reported with capital assets, in the government-wide and proprietary fund financial statements. The District recognizes subscription liabilities with an initial individual value of $5,000 or more. The SBITA liabilities outstanding as of August 31, 2025 consist of 8 educational software subscriptions. The value of the SBITA assets are $1,623,766 and accumulated amortization totaled $1,011,571.

- At the commencement of a SBITA, the District initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of SBITA payments. The subscription asset is initially measured at the initial amount of the subscription liability, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying IT assets. The District uses its incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the noncancellable period of the SBITA.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, termination penalties if the District is reasonably certain to exercise such option, subscription contract incentives receivable from the SBITA vendor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

M. CHANGES IN LONG-TERM LIABILITIES -- continued

Subscription Assets

Software	Balance as of August 31, 2025
CDW Google Workspace	$ 283,709
Cengage Learning MS/Health Scien	71,479
Cisco C9300 DNA License	84,685
Cisco DNA License	46,231
Cisco Flex Phone Licensing	336,564
Cisco Identity Subscription	226,370
Goodheart OLS Architecture	97,901
Laserfiche Software	476,827
Total Software Subscription Assets	$ 1,623,766

The subscriptions allow the right to use information technology over the terms of the subscription. The District is required to make annual payments at its incremental borrowing rate or interest rate stated or implied with the subscriptions. The subscription rate, terms, and ending subscription liabilities are as follows:

Subscriptions Payable
Governmental Activities - SBITA

	Interest Rates	Lease Term in Months	Ending Balance
Subscriptions	2.3543% to 3.378%	12	$ 186,735
Total Government Activities			$ 186,735

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

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

M. CHANGES IN LONG-TERM LIABILITIES -- continued

The future principal and interest SBITA payments as of August 31, 2025, were as follows:

Principal and Interest Expected to Maturity
Governmental Activities - SBITA

Year Ended August 31	Principal	Interest	Total
2026	$ 91,988	$ 5,600	$ 97,588
2027	94,747	2,841	97,588
Total Expected	$ 186,735	$ 8,441	$ 195,176

General Obligation Bonds

The District issues general obligation bonds to provide funds for the construction and equipment of school facilities and to refund general obligation bonds.

General obligation bonds are direct obligations and pledge the full faith and credit of the District. These are issued as 10 to 30 year current interest bonds with fixed or adjustable rates. Certain outstanding bonds may be redeemed at their par value prior to their normal maturity dates in accordance with the terms of the related bond indenture.

In accordance with the provisions of Section 148 of the Internal Revenue Code of 1986, as amended, bonds must satisfy certain arbitrage rebate requirements. Rebatable arbitrage is the excess of the amount earned on investments purchased with bond proceeds over the amount that such investments would have earned had such investments been invested at a rate equal to the yield on the bond issue. Rebatable arbitrage must be paid to the U.S. Treasury at the end of each five-year anniversary of the bond issue and upon final redemption of all outstanding bonds of the issue. As of August 31, 2025, the District has reported arbitrage of $22,552.25 for payment due in 2026 and $7,265,216.26 for payment due in 2029.

N. BONDS PAYABLE

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

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

Description	Interest Rate Payable	Final Maturity Date	Amounts Original Issue	Interest Current Year	Payable Amounts Outstanding 9/1/2024	Outstanding 8/31/2025
Refunding 2017A	5.00%	8/15/2028	$ 87,575,000	$ 3,067,750	$ 61,355,000	$ 47,120,000
Refunding 2017B	4.0% to 5.0%	8/15/2036	74,875,000	2,430,350	54,280,000	50,560,000
School Building Series 2018	4.0% to 5.0%	8/15/2043	76,500,000	3,014,700	66,125,000	63,875,000
School Building Series 2019	4.0% to 5.0%	8/15/2044	101,460,000	3,771,400	86,740,000	83,670,000
Refunding 2021	2.0% to 5.0%	8/15/2028	5,485,000	132,400	3,740,000	2,840,000
School Building Series 2024	4.0% to 5.0%	8/15/2050	565,700,000	25,442,200	565,700,000	565,700,000
			$911,595,000	$ 37,858,800	$837,940,000	$813,765,000

Debt service requirements are as follows:

	Governmental Activities		
Year Ended August, 31	Principal	Interest	Total
2026	$ 40,530,000	$ 36,677,050	$ 77,207,050
2027	25,190,000	34,678,150	59,868,150
2028	25,805,000	33,418,650	59,223,650
2029	23,495,000	32,128,400	55,623,400
2030	26,450,000	30,953,650	57,403,650
2031-2035	152,900,000	134,132,350	287,032,350
2036-2040	164,645,000	96,897,150	261,542,150
2041-2045	179,740,000	58,414,250	238,154,250
2046-2050	175,010,000	21,550,000	196,560,000
	$ 813,765,000	$ 478,849,650	$ 1,292,614,650

O. COMPENSATED ABSENCES

Regular 12-month employees are entitled to an annual vacation of two weeks with full pay, which increases to three weeks during the 15th year. The District is required under Texas Education Code 22.003 to provide eligible employees with a minimum of five days of State personal leave per year. There is no limit to how many days can be accrued; however, they are not paid out at retirement. State personal leave is transferred if the employee moves from one district to another. Each employee is entitled to five days local sick leave. There is no limit to how many days can be accrued; however, employees are entitled to 50% of the outstanding sick leave at retirement up to $5,000 per employee. The liability for earned leave is estimated to be $11,052,985 and is included on the government-wide statement of net position at August 31, 2025.

P. DEFINED BENEFIT PENSION PLAN

Plan Description. The Hurst-Euless-Bedford Independent School 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 Legislature as noted in the Plan description above. Accordingly, the 2023 Texas Legislature passed Senate Bill (SB) 10 and House Joint Resolution (HJR) 2 to provide eligible retirees with a one-time stipend and an ad hoc cost-of-living-adjustment (COLA).

P. DEFINED BENEFIT PENSION PLAN – continued

One-Time Stipends

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

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

Cost-of-Living Adjustment

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

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

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

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

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

Contribution Rates and Contribution Amounts

	Member		State		District	
Year	Rate	Amount	Rate	Amount	Rate	Amount
2025	8.25%	$ 15,896,828	8.25%	$ 9,731,959	8.25%	$ 7,386,165
2024	8.25%	$ 15,464,084	8.25%	$ 8,735,255	8.25%	$ 7,799,212
2023	8.00%	$ 13,155,794	8.00%	$ 8,989,083	8.00%	$ 6,417,128

P. DEFINED BENEFIT PENSION PLAN – continued

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

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

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

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

- All public schools, charter schools, and regional educational service centers must contribute 1.9 percent of the member’s salary beginning in fiscal year 2024, gradually increasing to 2 percent in fiscal year 2025.
- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

P. DEFINED BENEFIT PENSION PLAN – continued

Actuarial Assumptions. The total pension liability in the August 31, 2023 valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2023 rolled forward to August 2024
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 *	3.87%
Last year ending August 31 in Projection Period (100 years)	2123
Inflation	2.3%
Salary Increases	2.95% to 8.95% including inflation
Ad hoc post-employment benefit changes	None

* The source for the rate is the Bond Buyers 20 Index which represents the estimated yield of a portfolio of 20 general obligation bonds maturing in 20 years based on a survey of municipal bond traders.

The actuarial methods and assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2023. For a full description of these assumptions please see the actuarial valuation report dated November 21, 2023.

Discount Rate. A single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 9.54 percent of payroll in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

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

The long-term 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, 2024 are summarized on the following page:

P. DEFINED BENEFIT PENSION PLAN - continued

Asset Class*	Target Allocation %**	Long-Term Expected Geometric Real Rate of Return***	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.0%	4.4%	1.0%
Non-U.S. Developed	13.0	4.2	0.8
Emerging Markets	9.0	5.2	0.7
Private Equity	14.0	6.7	1.2
Stable Value			
Government Bonds	16.0%	1.9%	0.4
Stable Value Hedge Funds	5.0	3.0	0.2
Absolute Return*	0.0	4.0	0.0
Real Return			
Real Estate	15.0%	6.6%	1.2
Energy, Natural Resources & Infrastructure	6.0	5.6	0.4
Commodities	0.0	2.5	0.0
Risk Parity	8.0%	4.0%	0.4
Asset Allocation Leverage			
Cash	2.0%	1.0%	0.0
Asset Allocation Leverage	(6.0)	1.3	(0.1)
Inflation Expectation			2.4
Volatility Drag****			(0.7)
Expected Return	100.0%		7.9%

* *Absolute Return includes Credit Sensitive Investments.*
** *Target allocations are based on the FY2024 policy model.*
*** *Capital Market Assumptions (CMA) come from 2024 SAA Study CMA Survey as of 12/31/2023).*
**** *The volatility drag results from the conversion between arithmetic and geometric mean returns.*

P. DEFINED BENEFIT PENSION PLAN – continued

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the net pension liability if the discount rate used was 1 percentage point lower than and 1 percentage point higher than the discount rate (7%) 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:	$ 122,628,785	$ 76,774,785	$ 38,781,486

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 $76,774,785 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	$ 76,774,785
State's proportionate share that is associated with Hurst-Euless-Bedford ISD	$ 103,927,618
Total	$ 180,702,403

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

At August 31, 2024 the District's proportion of the collective net pension liability was .1256868633% which was a decrease of .00683177% from its proportion measured as of August 31, 2023.

Changes in Assumptions and Benefits since the Prior Actuarial Valuation.

The actuarial assumptions and methods are the same as used in the determination of the prior year's net pension liability.

P. DEFINED BENEFIT PENSION PLAN - continued

The 2023 Texas Legislature passed Senate Bill 10 (SB 10), which provided a stipend payment to certain retirees and variable ad hoc cost-of-living adjustments (COLA) to certain retirees in early fiscal year 2024. Due to its timing, the legislation and payments were not reflected in the August 31, 2023 actuarial valuation. Under the roll forward method, an adjustment was made to reflect the legislation in the rolled forward liabilities for the current measurement year, August 31, 2024. SB10 and House Joint Resolution 2 (HJR2) of the 88th Regular Legislative Session appropriated payments of $1.645 billion for one-time stipends and $3.355 billion for COLAs. This appropriation is treated as a supplemental contribution and included in other additions. Since the Legislature appropriated funds for this one-time stipend and COLA, there was no impact on the Net Pension Liability of TRS.

For the year ended August 31, 2025 the District recognized pension expense of $10,782,209 and revenue of $12,421,087 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	$ 4,231,721	$ 599,420
Changes in Actuarial Assumptions	3,964,046	531,443
Difference between Projected and Actual Investment Earnings	466,687	-
Changes in Proportion and Difference between District contributions and Proportionate Share of Contributions	6,750,904	5,191,495
Contributions paid to TRS subsequent to the measurement date of the Net Pension Liability	7,386,165	-
Total	$ 22,799,523	$ 6,322,358

The District recognized $7,386,165 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the measurement year ended August 31, 2026. The other amounts of the District's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

P. DEFINED BENEFIT PENSION PLAN - continued

Measurement year ended August 31:	Pension Expense Amount
2025	$ (83,779)
2026	8,774,487
2027	1,934,209
2028	(1,385,228)
2029	(148,689)
Thereafter	-
	$ 9,091,000

For the current fiscal year and each of the past two years, the District's actual contributions were equal to 100 percent of the required contributions. The General Fund, Special Revenue Funds, and Proprietary Funds normally are used to liquidate pension liabilities. The contributions made by the State on behalf of the District have been recorded in the governmental funds financial statements of the District as both state revenues and expenditures. These contributions are the legal responsibility of the State.

Q. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

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 the 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.

Q. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - continued

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

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

TRS-Care Monthly Premium Rates

	Medicare	Non--Medicare
Retiree or Surviving Spouse	$ 135	$ 200
Retiree and Spouse	529	689
Retiree or Surviving Spouse and Children	468	408
Retiree and Family	1,020	999

Contributions. Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions, and contributions from the state, active employees, and 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 .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 public or charter school. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act, which is 0.75 percent of each active employee's pay for fiscal year 2024. The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution Rates and Contribution Amounts

	Active Member		State		School District	
Year	Rate	Amount	Rate	Amount	Rate	Amount
2025	0.65%	$ 1,252,481	1.25%	$ 2,191,969	0.75%	$ 1,587,685
2024	0.65%	$ 1,221,106	1.25%	$ 2,155,973	0.75%	$ 1,609,035
2023	0.65%	$ 1,100,105	1.25%	$ 2,035,374	0.75%	$ 1,233,361

Q. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - continued

For the current fiscal year and each of the past two years, the District's actual contributions were equal to 100 percent of the required contributions. The General Fund, Special Revenue Funds, and Proprietary Funds normally are used to liquidate OPEB liabilities.

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

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amounts of $83 million in fiscal year 2022 from the Federal Rescue Plan Act (ARPA) to help defray COVID-19 related health care costs during fiscal year 2022.

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

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

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

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

Q. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - continued

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2023 rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.30%
Single Discount Rate	3.87% as of August 31, 2024
Aging Factors	Based on the Society of Actuaries' 2013 Study "Health Care Costs – From Birth to Death".
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Salary Increases	2.95% to 8.95%, including inflation
Ad Hoc Post-Employment Benefit Changes	None

Discount Rate. A single discount rate of 3.87% was used to measure the total OPEB liability. This was a decrease of 0.26 percent in the discount rate since the previous year. Because the investments are held in cash and there is no intentional objective to advance fund the benefits, the Single Discount Rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate is the Bond Buyer's "20-Bond GO Index" as of August 31, 2024, using the Fixed Income Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

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

	1% Decrease in Discount Rate (2.87%)	Current Single Discount Rate (3.87%)	1% Increase in Discount Rate (4.87%)
District's proportionate share of the Net OPEB Liability:	$ 59,233,993	$ 49,858,302	$ 42,282,603

Q. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - continued

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

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
District's proportionate share of the Net OPEB Liability:	$ 40,602,185	$ 49,858,302	$ 61,919,945

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 $49,858,302 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	$ 49,858,302
State's proportionate share that is associated with Hurst-Euless-Bedford ISD	62,471,776
Total	$ 112,330,078

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

On August 31, 2024, the District's proportion of the collective net OPEB liability was 0.1642694727%, which was an decrease of 0.0004033328% from its proportion measured as of August 31, 2023.

Q. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - continued

Changes Since the Prior Actuarial Valuation – The following were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability (TOL) since the prior measurement period:

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

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

For the year ended August 31, 2025, the District recognized OPEB expense of $5,448,688 and revenue of $8,120,178 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	$ 9,556,163	$ 24,881,996
Changes in actuarial assumptions	6,381,274	16,268,187
Difference between projected and actual investment earnings	-	139,620
Changes in proportion and difference between employer contributions and proportionate share of contributions	3,851,054	3,028,863
Contributions paid to TRS subsequent to the measurement date of the Net OPEB Liability	1,587,685	-
Total	$ 21,376,176	$ 44,318,666

Q. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - continued

The District recognized $1,587,685 as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date, which will be recognized as a reduction of the net OPEB liability in the measurement year ended August 31, 2026. The other amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement Year ended August 31:	OPEB Expense Amount
2025	$ (6,740,801)
2026	(4,482,673)
2027	(5,670,704)
2028	(4,924,553)
2029	(2,736,196)
Thereafter	24,752
	$ (24,530,175)

Prescription Drug Coverage. The Medicare Modernization Act of 2003 created an outpatient prescription drug benefit program (known as Medicare Part D) and a Retiree Drug Subsidy (RDS) program which were made available in 2006. The Texas Public School Retired Employee Group Insurance Program (TRS-Care) is offering a Medicare Part D Plan and is participating in the Retiree Drug Subsidy plan for eligible TRS-Care participants. Under Medicare Part D and the RDS program, TRS-Care receives payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. On-behalf payments must be recognized as equal revenues and expenditures/expenses by each reporting employer.

The allocation of these on-behalf payments is based on the ratio of a reporting employer's covered payroll to the entire covered payroll reported by all participating reporting employers. TRS based this allocation percentage on the "completed" report submissions by reporting employers for the month of December 2024. For the years ended August 31, 2025, 2024 and 2023, the subsidy payments received by TRS-Care on behalf of the District were $1,160,492, $942,133 and $890,524, respectively.

R. GENERAL LIABILITY AND WORKERS' COMPENSATION INSURANCE

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. The District continues to carry commercial insurance for risks of loss including property, fleet, cyber security, professional liability insurance for our BCTEA students, general liability, boiler, and crime covering all facilities, properties, equipment and personnel. The District did make a significant coverage change to our Auto Liability from $5 Million to $100,000/$300,000 in accordance with Texas Bodily Injury Tort Claim Limits for School Districts. No settled claims have exceeded the commercial or insurance pool coverages in any of the last three years.

The District sponsors a self-insurance plan to pay workers' compensation benefits. The District fully funded actual claims and potential claims incurred during the year. Claims exceeding a limit for any one accident or occurrence are covered through an insurance carried through Midwest Employers Casualty Company. The self-insured retention is $500,000 per occurrence.

Estimates of claims payable and of claims incurred but not reported at August 31, 2025 are reflected as accrued expenses in the workers' compensation insurance fund. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. The plan is funded to discharge liabilities of the fund as they become due, currently estimated to be in the next fiscal year.

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

	Year Ended August 31, 2025	Year Ended August 31, 2024
Unpaid claims, beginning of the year	$ 711,836	$ 758,886
Incurred claims (including IBNR)	499,667	297,202
Claim payments	(516,583)	(344,252)
Unpaid claims, end of fiscal year	$ 694,920	$ 711,836

S. UNEARNED REVENUE

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenues reported in the governmental funds were as follows:

	Nonmajor Funds
Other	$ 36,656

T. DUE TO OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District received entitlements from the state through the School Foundation and Per Capita programs. Amounts due to federal, state and local governments as of August 31, 2025 are summarized below and are reported on the combined financial statements as Due to other governments.

	General Fund	Debt Service Fund	Nonmajor Funds	Total
State Funding	$ -	$ 209,792	$ 24,096	$ 233,888
Sales Taxes	4,616	$ -	-	4,616
	$ 4,616	$ 209,792	$ 24,096	$ 238,504

U. COMMITTED AND ASSIGNED FUND BALANCE

General Fund

The non-spendable fund balances were inventories of $598,890 and prepaid items of $303,043. The committed fund balance of $117,571,320 is separated as follows:

Facilities maintenance, renovation, and repair	$ 35,000,000
Land acquisition and modification	6,000,000
Campus and department carryover	4,000,000
Capital asset acquisition and maintenance	10,000,000
Contingency reserve	62,571,320
Total	$ 117,571,320

The unassigned fund balance was $57,111,192.

Other Major Funds

The debt service fund had a restricted fund balance of $25,054,218 to be used for debt service payments. The capital projects fund had a restricted fund balance of $487,097,674 and a committed fund balance of $30,529,581 to be used for authorized construction and other capital asset acquisitions.

Nonmajor Funds

Special revenue funds had a restricted fund balance of $7,302,372 for child nutrition and other grant obligations. Special revenue funds also had a committed fund balance of $6,519,645 primarily for

campus activities and other local programs, and non-spendable fund balance of $16,740 for inventory and $7,500 for prepaid items.

V. NONMONETARY TRANSACTIONS

In May 2011, Senate Rule 6 repealed the technology allotment used by Texas schools and created an Instructional Materials Allotment (IMA) for the purchase of instructional materials, technology equipment, and technology related services. Under the IMA, instructional material purchases must be made through TEA's online registration system. Instructional materials acquired through the IMA totaling $369,717 are recorded as revenues in the Instructional Materials Fund.

Ownership of textbooks previously purchased by the state and utilized by the District was transferred to the District. The majority of these textbooks were sold or otherwise disposed of in accordance with TEA guidelines. At August 31, 2025, the remainder of the District's textbooks have minimal value and are not otherwise reflected elsewhere in these statements.

During fiscal year 2025, the District received commodities purchased by the Texas Department of Agriculture (TDA). These commodities have been recorded in the amount of $1,133,650 in the National School Breakfast and Lunch special revenue fund as federal revenues, which represents the amount of consideration given by TDA.

W. LITIGATION

There are claims and pending actions incident to normal operations of the District. In the opinion of the District administration, the District's potential liability in these matters will not have a material impact on the financial statements.

X. COMMITMENTS AND CONTINGENCIES

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

Construction Contracts – The funds in the capital project fund will be used for future school construction and renovation. At August 31, 2025 there were various construction contracts for renovations and new construction with unaccrued commitments totaling $642,142,340.

Y. ADJUSTMENTS TO AND RESTATEMENTS OF BEGINNING BALANCES

Net position at September 1, 2024 was restated per the following table for the implementation of GASB 101:

	Governmental Activities
Beginning net position, as previously reported	$ 1,226,133
Implementation of GASB 101 for Compensated Absences	$ (11,648,121)
Beginning net position, restated	$ (10,421,988)

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REQUIRED SUPPLEMENTARY INFORMATION

Exhibit G-1

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED AUGUST 31, 2025

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (GAAP Basis)	Variance With Final Budget (Over) or Under
	REVENUES				
5700	Local and intermediate sources	$ 131,166,941	$ 135,592,437	$ 140,032,128	$ (4,439,691)
5800	State program revenues	109,385,416	85,223,014	87,423,370	(2,200,356)
5900	Federal program revenues	450,000	450,000	1,048,006	(598,006)
5020	Total revenues	241,002,357	221,265,451	228,503,504	(7,238,053)
	EXPENDITURES				
	Current				
0011	Instruction	149,915,712	140,294,355	138,120,613	2,173,742
0012	Instructional resources and media services	2,880,500	2,861,806	2,732,402	129,404
0013	Curriculum and staff development	4,558,312	4,250,181	3,445,762	804,419
0021	Instructional leadership	3,459,114	3,316,383	3,173,296	143,087
0023	School leadership	14,069,105	13,450,841	13,203,604	247,237
0031	Guidance and counseling services	9,510,950	8,962,320	8,783,091	179,229
0032	Social work services	1,246,491	1,198,376	1,088,402	109,974
0033	Health services	3,269,533	3,133,964	2,923,299	210,665
0034	Student transportation	7,461,244	7,520,423	7,130,581	389,842
0035	Food service	309,643	340,193	257,313	82,880
0036	Co-curricular/extracurricular activities	7,224,317	6,559,137	5,560,664	998,473
0041	General administration	8,639,755	8,111,026	7,305,954	805,072
0051	Maintenance and operations	26,390,260	24,933,436	23,049,157	1,884,279
0052	Security and monitoring	4,410,631	2,838,829	2,245,479	593,350
0053	Data processing services	5,723,535	5,319,789	5,464,114	(144,325)
0061	Community services	358,400	340,525	217,370	123,155
0071	Debt service - principal	-	1,100,000	543,541	556,459
0072	Debt service - interest	-	-	6,991	(6,991)
0081	Facilities Acquistion and Construction	24,756	115,709	15,176	100,533
0095	Juvenile justice alternative education program	22,500	105,500	44,763	60,737
	Other intergovernmental				
0099	Other intergovernmental charges	1,074,912	1,121,153	1,005,153	116,000
6030	Total expenditures	250,549,670	235,873,946	226,316,725	9,557,221
	Excess (deficiency) of revenues				
1100	over (under) expenditures	(9,547,313)	(14,608,495)	2,186,779	(16,795,274)
	Other Financing Sources (Uses)				
7912	Sale of real or personal property	5,000	5,000	60,583	(55,583)
7913	Issuance of right-to-use lease payable		-	823,645	(823,645)
7915	Transfers in	9,542,313	12,553,451	1,050,000	11,503,451
7949	Other sources - SBITA	-	-	283,709	(283,709)
8911	Transfers out	-	(7,108,292)	(7,123,555)	15,263
7080	Total other financing sources (uses)	9,547,313	5,450,159	(4,905,618)	10,355,777
1200	Net change in fund balance	-	(9,158,336)	(2,718,839)	(6,439,497)
0100	Fund balance - September 1 (beginning)	178,303,284	178,303,284	178,303,284	-
3000	Fund balance - August 31 (ending)	$ 178,303,284	$ 169,144,948	$ 175,584,445	$ (6,439,497)

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED AUGUST 31, 2025

BUDGETARY DATA

The Board of Trustees adopts an "appropriated budget" for the General Fund on a basis consistent with generally accepted accounting principles. The District is required to present the adopted and final amended budgeted revenues and expenditures. The District compares the final amended budget to actual revenues and expenditures. The General Fund budget report appears in exhibit G-1.

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

1. Prior to August 20, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.

2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must be given.

3. Prior to September 1, the budget is legally adopted by the Board of Trustees. Once a budget is adopted, it can only be amended at the fund and function level by approval of a majority of the members of the Board. Fund and function level amendments are presented to the Board at its regular meetings and each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year.

4. Each budget is controlled by the budget owner at the revenue and expenditure function/object level. Budgeted amounts are as adopted and, if applicable, amended by the Board. Annual budgets are legally adopted for the General Fund, the National School Breakfast and Lunch Program and the Debt Service Fund. All budget appropriations lapse at year end.

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HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

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

TEACHER RETIREMENT SYSTEM OF TEXAS PENSION PLAN

YEAR ENDED AUGUST 31, 2025

Measurement period ending August 31,	FY 2025 Plan Year 2024	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021
District's proportion of the net pension liability	0.1256868633%	0.1325186333%	0.1099807153%	0.1106107860%
District's proportionate share of the net pension liability	$ 76,774,785	$ 91,027,514	$ 65,292,722	$ 28,168,653
State's proportionate share of the net pension liability associated with the District	$ 103,927,618	$ 111,958,287	$ 116,867,881	$ 52,390,666
Total	$ 180,702,403	$ 202,985,801	$ 182,160,603	$ 80,559,319
District's covered payroll (for Measurement Year)	$ 172,447,872	$ 162,829,899	$ 156,906,579	$ 154,750,203
District's proportionate share of the net pension liability as a percentage of its covered payroll	44.52%	55.90%	41.61%	18.20%
Plan fiduciary net position as a percentage of the total pension liability*	77.51%	73.15%	75.62%	88.79%
Plan's net pension liability as a percentage of covered payroll*	102.39%	122.32%	112.72%	51.08%

The amounts presented for the fiscal year were determined as of the Plan's fiscal year end, August 31 of the prior year.

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

Exhibit G-2

FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015
0.1111415569%	0.1339083317%	0.1295894880%	0.1265568809%	0.1230621%	0.1253919%
$ 59,525,150	$ 69,609,737	$ 71,329,199	$ 40,466,073	$ 46,503,320	$ 44,324,368
$ 111,434,794	$ 96,762,975	$ 105,649,729	$ 63,194,080	$ 75,891,668	$ 74,414,323
$ 170,959,944	$ 166,372,712	$ 176,978,928	$ 103,660,153	$ 122,394,988	$ 118,738,691
$ 149,362,530	$ 142,595,146	$ 137,860,153	$ 133,047,929	$ 128,231,609	$ 124,496,697
39.85%	48.82%	51.74%	30.41%	36.27%	35.60%
75.54%	75.24%	73.74%	82.17%	78.00%	78.43%
110.36%	114.93%	126.11%	75.93%	92.75%	91.94%

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS FOR PENSIONS

TEACHERS RETIREMENT SYSTEM OF TEXAS

FOR FISCAL YEAR 2025

Fiscal year ending August 31,	2025	2024	2023	2022
Contractually required contribution	$ 7,386,165	$ 7,799,212	$ 6,417,128	$ 4,779,150
Contributions in relation to the contractually required contribution	(7,386,165)	(7,799,212)	(6,417,128)	(4,779,150)
Contribution deficiency (excess)	$ —	$ —	$ —	$ —
District's covered payroll	$ 175,357,558	$ 172,447,872	$ 162,829,899	$ 156,906,579
Contributions as a percentage of covered payroll	4.21%	4.52%	3.94%	3.05%

The amounts presented for the fiscal year were determined as of the District's fiscal year end.

Exhibit G-3

2021	2020	2019	2018	2017	2016
$ 4,310,162	$ 4,283,031	$ 4,692,165	$ 4,302,257	$ 4,147,796	$ 3,909,993
(4,310,162)	(4,283,031)	(4,692,165)	(4,302,257)	(4,147,796)	(3,909,993)
$ —	$ —	$ —	$ —	$ —	$ —
$ 154,750,203	$ 149,362,530	$ 142,595,146	$ 137,860,153	$ 133,047,929	$ 128,231,609
2.79%	2.87%	3.29%	3.12%	3.12%	3.05%

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION
Teacher Retirement System of Texas
YEAR ENDED AUGUST 31, 2025

Changes of Assumptions

The actuarial assumptions and methods have not been modified since the determination of the prior year's Net Pension Liability.

2022 – These new assumptions were adopted in conjunction with an actuarial experience study. The primary assumption change was the lowering of the single discount rate from 7.25 percent to 7.00 percent.

2021 – Changes of assumptions: The public education employer contribution rate changed from 1.5% in 2020 to 1.6% in 2021.

2020 – Change of assumptions: The state and employer contribution rate changed from 6.8% to 7.5%. The 1.5% public education employer contribution applied to just employers whose employees were not covered by OASDI in 2019 and it changed in 2020 to apply to all public schools, charter schools and regional education centers irrespective of participation in OASDI.

2018 – Changes of assumptions: The discount rate changed from 8.0% as of August 31, 2017 to a blended rate of 6.907% as of August 31, 2018. The long-term assumed rate of return changed from 8.0% as of August 31, 2017 to 7.25% as of August 31, 2018. Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. The total pension liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.

Changes in Benefit Terms

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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

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

TEACHER RETIREMENT SYSTEM OF TEXAS

YEAR ENDED AUGUST 31, 2025

Measurement period ending August 31,	FY 2025 Plan Year 2024	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022
District's proportion of the net OPEB liability	0.1642694727%	0.1646728055%	0.1635223719%
District's proportionate share of the net OPEB liability	$ 49,858,302	$ 36,455,768	$ 39,153,805
State's proportionate share of the net OPEB liability associated with the District	$ 62,471,776	$ 43,989,488	$ 47,761,491
Total	$ 112,330,078	$ 80,445,256	$ 86,915,296
District's covered payroll (for Measurement Year)	$ 172,447,872	$ 162,829,899	$ 156,906,579
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	28.91%	22.39%	24.95%
Plan fiduciary net position as a percentage of the total OPEB liability*	13.70%	14.94%	11.52%
Plan's net OPEB liability as a percentage of covered payroll*	67.98%	51.86%	59.10%

The amounts presented for the fiscal year were determined as of the Plan's fiscal year end, August 31 of the prior year.

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

This schedule will ultimately contain ten years of information, but data was unavailable prior to 2017. Additional years will be presented on a prospective basis in accordance with GASB 75.

Exhibit G-5

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
0.1596533170%	0.1650900857%	0.1684827290%	0.1648004000%	0.1573706948%
$ 61,585,419	$ 62,758,197	$ 79,677,545	$ 82,286,333	$ 68,434,612
$ 82,510,736	$ 84,331,973	$ 105,873,637	$ 118,333,548	$ 104,951,155
$ 144,096,155	$ 147,090,170	$ 185,551,182	$ 200,619,881	$ 173,385,767
$ 154,750,203	$ 149,362,530	$ 142,595,146	$ 137,860,153	$ 133,047,929
39.80%	42.02%	55.88%	59.69%	51.44%
6.18%	4.99%	2.66%	1.57%	0.91%
100.13%	101.46%	135.21%	146.64%	132.55%

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS FOR OTHER POST-EMPLOYMENT BENEFITS (OPEB)

TEACHERS RETIREMENT SYSTEM OF TEXAS

LAST EIGHT FISCAL YEARS

Fiscal year ending August 31,	2025	2024
Contractually required contribution	$ 1,587,685	$ 1,609,035
Contributions in relation to the contractually required contribution	(1,587,685)	(1,609,035)
Contribution deficiency (excess)	$ 0	$ —
District's covered payroll	$ 175,357,558	$ 172,447,872
Contributions as a percentage of covered payroll	0.91%	0.93%

The amounts presented for the fiscal year were determined as of the District's fiscal year end.

This schedule will ultimately contain ten years of information, but data was unavailable prior to 2018. Additional years will be presented on a prospective basis in accordance with GASB 75.

2023	2022	2021	2020	2019	2018
$ 1,233,361	$ 1,083,424	$ 1,236,369	$ 1,108,660	$ 1,058,823	$ 1,003,937
(1,233,361)	(1,083,424)	(1,236,369)	(1,108,660)	(1,058,823)	(1,003,937)
$ —	$ —	$ —	$ —	$ —	$ —
$ 162,829,899	$ 156,906,579	$ 154,750,203	$ 149,362,530	$ 142,595,146	$ 137,860,153
0.76%	0.69%	0.80%	0.74%	0.74%	0.73%

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY OPEB INFORMATION
Teacher Retirement System of Texas
YEAR ENDED AUGUST 31, 2025

Changes since the Prior Actuarial Valuation

2024 - The following were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability (TOL) since the prior measurement period:

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

2023 - Changes of assumptions: The discount rate changed from 3.91 percent as of August 31, 2022 to 4.13 percent as of August 31, 2023, accompanied by revised demographic and economic assumptions based on the TRS experience study.

2022 - The following assumptions, methods and plan changes which are specific to TRS-Care were updated from the prior year's report:

- The discount rate changed from 1.95 percent as of August 31, 2021 to 3.91 percent as of August 31, 2022. This change decreased the Total OPEB Liability (TOL).

2021- Changes of assumptions: The discount rate changed from 2.33% as of August 31, 2020 to 1.95% as of August 31, 2021.

2020 - Changes of assumptions:

- The discount rate changes from 2.63% as of August 31, 2019 to 2.33% as of August 31, 2020. This change increased to TOL.
- The participation rate for pre-65 retirees was lowered from 50 percent to 40 percent. This change lowered to TOL.
- The ultimate health care trend assumption was lowered from 4.50 percent to 4.25 percent as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change lowered the TOL.

2019 - Changes of assumptions: The discount rate changed from 3.69% as of August 31, 2018 to 2.63% as of August 31, 2019; lowered the participation rates and updated the health care trend rate assumption.

2018 - Changes of assumptions: The discount rate changed from 3.42% as of August 31, 2017 to 3.69% as of August 31, 2018, updated the health care trend rate assumption, and revised demographic and economic assumptions based on the TRS experience study.

Changes in Benefit Terms

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

SUPPLEMENTARY INFORMATION - COMBINING STATEMENTS AND SCHEDULES

NON-MAJOR SPECIAL REVENUE FUNDS

Special revenue funds are funds used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. These funds are as follows:

Title X, Part C - Education for Homeless Children and Youth - this fund accounts for funds granted to support staff development and supplemental services, including in-service training, counseling, psychological services and tutoring.

ESSA Title I, Part A - Improving Basic Programs - this fund accounts for funds granted to enable schools to provide opportunities for children served to acquire the knowledge and skills contained in the State content standards and to meet the State student performance standards.

IDEA - Part B, Formula - this fund accounts for funds granted to operate educational programs for children with disabilities.

IDEA - Part B, Preschool - this fund accounts for funds granted to supplement and increase services beyond the level of State and local funds expended for preschool students ages 3-5 with disabilities.

National School Breakfast and Lunch Programs - this fund accounts for funds granted for programs using federal reimbursement revenues originating from the United States Department of Agriculture (USDA).

Summer Food Service Program for Children - this fund accounts for funds awarded from the Texas Department of Agriculture to provide meals to the community based on the average number of daily participants.

Perkins V: Strengthening Career and Technical Education for the 21st Century - this fund accounts for funds granted to develop more fully the academic knowledge, technical, and employability skills of secondary education students who enroll in CTE programs.

Title II, Part A – Supporting Effective Instruction - this fund accounts for funds granted to increase academic achievement through improving teacher and principal quality and increasing the number of highly qualified teachers in classrooms and highly qualified principals in schools.

Title III, Part A - English Language Acquisition - this fund accounts for funds granted to provide supplemental resources to LEAs to help ensure that children who are limited English proficient (LEP) attain English proficiency at high levels in core academic basic subjects and can meet state mandated achievement performance standards.

Title IV, Part A, Subpart 1 - this fund accounts for grants designed to improve the academic achievement of all students by increasing the capacity of LEAs, schools, and communities to provide all students with access to a well-rounded education, improve school conditions for student learning, and improve the use of technology in order to enhance academic outcomes and digital literacy of students.

Medicaid Administrative Claiming Program (MAC) - this fund accounts for reimbursements to the district for certain outreach and case management activities.

Federally Funded Special Revenue Funds - this fund accounts for funds not specifically defined elsewhere.

State Supplemental Visually Impaired (SSVI) - this fund accounts for State Supplemental Visually Impaired funds received from the Region 11 Education Service Center.

Advanced Placement Incentives - this fund accounts for funds awarded to school districts under the Texas Advanced Placement Award Incentive Program, Chapter 28, Subchapter C, Texas Education Code.

Instructional Materials Allotment - this fund accounts for funds granted to school districts to purchase instructional materials, technology equipment, and technology related services.

State Funded Special Revenue Funds - this fund accounts for funds not specifically defined elsewhere.

Campus Activity Fund - this fund accounts for transactions related to a principal's activity fund if monies generated are not subject to recall by the District's board of trustees into the General Fund.

Campus Technology Fund - this fund accounts for funds related to scheduled replacement of campus/administrative office computers.

Tuition Based Pre-K - this fund accounts for the tuition and expenditures for the District's Pre-Kindergarten program.

Locally Funded Special Revenue Funds - this fund accounts for funds not specifically defined elsewhere.

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2025

Assets	Title X, Part C - Education for Homeless Children and Youth	ESSA Title I, Part A - Improving Basic Programs	IDEA - Part B, Formula	IDEA - Part B, Preschool	National School Breakfast and Lunch Programs
Cash & temporary investments	$ 13,205	$ -	$ -	$ -	$ 6,870,545
Due from other governments	-	465,685	68,468	15,122	813,960
Accrued interest	-	-	-	-	1,856
Due from other funds	-	-	-	-	-
Inventories, at cost	-	-	-	-	16,740
Prepaids	-	-	-	-	-
Total assets	$ 13,205	$ 465,685	$ 68,468	$ 15,122	$ 7,703,101
Liabilities and fund balance					
Accounts payable	$ -	$ 3,371	$ 6,330	$ -	$ 348,079
Accrued interest payable	-	-	-	-	-
Accrued wages payable	-	2,003	21,120	112	35,910
Due to other funds		460,311	41,018	15,010	-
Due to other governments	13,205	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	13,205	465,685	68,468	15,122	383,989
Fund balance					
Non-spendable - inventories	-	-	-	-	16,740
Non-spendable - prepaid items	-	-	-	-	-
Restricted - grant funds	-	-	-	-	7,302,372
Committed - other	-	-	-	-	-
Total fund balance	-	-	-	-	7,319,112
Total liabilities and fund balance	$ 13,205	$ 465,685	$ 68,468	$ 15,122	$ 7,703,101

Special Revenue Funds						
Summer Food Service Program for Children	**Perkins V - CTE**	**Title II, Part A - Supporting Effective Instruction**	**Title III, Part A - English Language Acquisition**	**Title IV, Part A, SSAEP**	**Medicaid Administrative Claiming Program**
$ -	$ -	$ 10,891	$ -	$ -	$ -
-	6,208	-	35,512	2,781	46,285
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
$ -	$ 6,208	$ 10,891	$ 35,512	$ 2,781	$ 46,285
$ -	$ 278	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	932	-	-	-	-
-	4,998	-	35,512	2,781	46,285
-	-	10,891	-	-	-
-	-	-	-	-	-
-	6,208	10,891	35,512	2,781	46,285
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
$ -	$ 6,208	$ 10,891	$ 35,512	$ 2,781	$ 46,285

(Continued)

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2025

Assets	Federally Funded Special Revenue Funds	State Supplemental Visually Impaired	Advanced Placement Incentives	Instructional Materials Allotment
Cash & temporary investments	$ -	$ -	$ 163,485	$ 154,680
Due from other governments	15,300	-	-	-
Accrued interest	-	-	-	-
Due from other funds	-	-	-	-
Inventories, at cost	-	-	-	-
Prepaids	-	-	-	-
Total assets	$ 15,300	$ -	$ 163,485	$ 154,680
Liabilities and fund balance				
Accounts payable	$ 8,600	$ -	$ -	$ 7,487
Accrued interest payable	-	-	-	-
Accrued wages payable	-	-	-	-
Due to other funds	6,700	-	-	-
Due to other governments	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	15,300	-	-	7,487
Fund balance				
Non-spendable - inventories	-	-	-	-
Non-spendable - prepaid items	-	-	-	-
Restricted - grant funds	-	-	-	-
Committed - other	-	-	163,485	147,193
Total fund balance	-	-	163,485	147,193
Total liabilities and fund balance	$ 15,300	$ -	$ 163,485	$ 154,680

Special Revenue Funds						
State Funded Special Revenue Funds	Campus Activity Fund	Campus Technology	Tuition Based Pre-K	Locally Funded Special Revenue Funds	Total Nonmajor Governmental Funds (See C-1)	
4,935	$ 2,864,956	$ 2,289,932	$ 331,421	$ 159,625	$ 12,863,675	
37,780	-	-	-	-	1,507,101	
-	-	-	-	-	1,856	
-	650,395	-	-	-	650,395	
-	-	-	-	-	16,740	
-	7,500	-	-	-	7,500	
$ 42,715	$ 3,522,851	$ 2,289,932	$ 331,421	$ 159,625	$ 15,047,267	
$ -	$ 87,209	$ -	$ 166	$ 2,071	$ 463,591	
-	-	-	-	-	-	
-	795	-	-	-	60,872	
37,780	-	-	-	-	650,395	-
-	-	-	-	-	24,096	
-	-	-	2,010	46	2,056	
37,780	88,004	-	2,176	2,117	1,201,010	
-	-	-	-	-	16,740	
-	7,500	-	-	-	7,500	
-	-	-	-	-	7,302,372	
4,935	3,427,347	2,289,932	329,245	157,508	6,519,645	
4,935	3,434,847	2,289,932	329,245	157,508	13,846,257	
$ 42,715	$ 3,522,851	$ 2,289,932	$ 331,421	$ 159,625	$ 15,047,267	

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON MAJOR GOVERNMENTAL FUNDS
YEAR ENDED AUGUST 31, 2025

	Title X, Part C - Education for Homeless Children and Youth	ESSA Title I, Part A - Improving Basic Programs	IDEA - Part B, Formula	IDEA - Part B, Preschool	National School Breakfast and Lunch Programs
Revenues					
Local, intermediate and out-of-state	$ -	$ -	$ -	$ -	$ 3,929,967
State program revenues	-	-	-	-	80,428
Federal program revenues	60,325	4,482,214	4,538,856	80,831	12,442,506
Total revenues	60,325	4,482,214	4,538,856	80,831	16,452,901
Expenditures					
Instruction	-	885,924	2,851,774	80,719	-
Instructional resources and media	-		-	-	-
Curriculum and staff development	-	2,927,157	418	-	-
Instructional leadership	-	177,919	121,992	-	-
School leadership	-	-	-	-	-
Guidance and counseling services	-	-	752,418	112	-
Social work services	60,325	294,186	-	-	-
Health services	-	-	1,683	-	-
Student transportation	-	-	810,571	-	-
Food service	-	-	-	-	16,026,819
Co-curricular/extracurricular activities	-	-	-	-	-
General administration	-	-	-	-	-
Maintenance and operations	-	-	-	-	85,769
Security and monitoring	-	-	-	-	-
Data processing services	-	-	-	-	-
Community services	-	197,028	-	-	-
Debt service	-	-	-	-	-
Principal	-	-	-	-	-
Total expenditures	60,325	4,482,214	4,538,856	80,831	16,112,588
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	340,313
Other Financing Sources (Uses)					
Sale of real or personal property	-	-	-	-	27
Other sources - SBITA	-	-	-	-	-
Transfers in	-	-	-	-	60,145
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	60,172
Net change in fund balance	$ -	$ -	$ -	$ -	$ 400,485
Fund balance - September 1 (beginning)	-	-	-	-	6,918,627
Fund balance - August 31 (ending)	$ -	$ -	$ -	$ -	$ 7,319,112

Special Revenue Funds					
Summer Food Service Program for Children	Perkins V - CTE	Title II, Part A - Supporting Effective Instruction	Title III, Part A - English Language Acquisition	Title IV	Medicaid Administrative Claiming Program
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
109,421	266,898	653,747	558,918	340,240	85,889
109,421	266,898	653,747	558,918	340,240	85,889
-	186,632	-	103,726	-	-
-	-	-	-	-	-
-	2,564	653,747	366,778	76,510	-
-	3,562	-	9,643	-	-
-	62,603	-	-	-	-
-	11,537	-	-	1,600	-
-	-	-	-	262,130	-
-	-	-	-	-	85,889
-	-	-	-	-	-
64,539	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	78,771	-	-
-	-	-	-	-	-
-	-	-	-	-	-
64,539	266,898	653,747	558,918	340,240	85,889
44,882	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(44,882)	-	-	-	-	-
(44,882)	-	-	-	-	-
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
$ -	$ -	$ -	$ -	$ -	$ -

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON MAJOR GOVERNMENTAL FUNDS
YEAR ENDED AUGUST 31, 2025

	Federally Funded Special Revenue Funds	State Supplemental Visually Impaired	Advanced Placement Incentives	Instructional Materials Allotment
Revenues				
Local, intermediate and out-of-state	-	$ -	$ 6,598	$ 1,495
State program revenues	-	10,778	13,408	691,815
Federal program revenues	180,473	-	-	-
Total revenues	180,473	10,778	20,006	693,310
Expenditures				
Instruction	102,731	10,778	12,356	676,451
Instructional resources and media	-	-	-	-
Curriculum and staff development	6,542	-	3,389	-
Instructional leadership	8,600	-	-	-
School leadership	-	-	-	-
Guidance and counseling services	-	-	24,193	-
Social work services	-	-	-	-
Health services	-	-	-	-
Student transportation	-	-	-	-
Food service	-	-	-	-
Co-curricular/extracurricular activities	-	-	-	-
General administration	-	-	-	-
Maintenance and operations	-	-	-	-
Security and monitoring	-	-	-	-
Data processing services	-	-	-	-
Community services	62,600	-	-	-
Debt service				
Principal	-	-	-	-
Total expenditures	180,473	10,778	39,938	676,451
Excess (deficiency) of revenues over (under) expenditures	-	-	(19,932)	16,859
Other Financing Sources (Uses)				
Sale of real or personal property	-	-	-	-
Other sources - SBITA	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	$ -	$ -	$ (19,932)	$ 16,859
Fund balance - September 1 (beginning)	-	-	183,417	130,334
Fund balance - August 31 (ending)	$ -	$ -	$ 163,485	$ 147,193

Special Revenue Funds					
State Funded Special Revenue Funds	Campus Activity Fund	Campus Technology	Tuition Based Pre-K	Locally Funded Special Revenue Funds	Total Nonmajor Governmental Funds (See C-3)
$ -	$ 2,907,561	$ -	$ 961,153	151,036	$ 7,957,810
127,154	-	-	-	-	923,583
-	-	-	-	-	23,800,318
127,154	2,907,561	-	961,153	151,036	32,681,711
-	660,563	771,740	882,650	156,384	7,382,428
-	152,328	-	-	-	152,328
-	25,887	-	89,407	2,104	4,154,503
-	-	-	-	-	321,716
-	276,421	-	-	-	339,024
-	10,303	-	-	-	800,163
-	-	-	-	5,760	622,401
-	-	-	-	-	87,572
-	-	-		-	810,571
-	722	-	-	-	16,092,080
-	1,491,082	-	-	-	1,491,082
-	32,200	-	-	-	32,200
43,550	13,256	-	-	-	142,575
83,096	1,544	-	-	-	84,640
-	170,836	183,567	-	-	354,403
-	-	-	-	-	338,399
-	-	169,379	-	-	169,379
126,646	2,835,142	1,124,686	972,057	164,248	33,375,464
508	72,419	(1,124,686)	(10,904)	(13,212)	(693,753)
-	-	-	-	-	27
-	-	169,379	-	-	169,379
-	-	-	-	-	60,145
-	-	-	-	-	(44,882)
-	-	169,379	-	-	184,669
$ 508	$ 72,419	$ (955,307)	$ (10,904)	$ (13,212)	$ (509,084)
4,427	3,362,428	3,245,239	340,149	170,720	14,355,341
$ 4,935	$ 3,434,847	$ 2,289,932	$ 329,245	$ 157,508	$ 13,846,257

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INTERNAL SERVICE FUNDS

Internal Service Funds account for the financing of goods or services provided by one department to other departments on a cost reimbursement basis. The Internal Service Funds are as follows:

Workers' Compensation - this fund accounts for costs associated with the workers' compensation self-funded program.

Tech Trades - this fund group provides instructional opportunities to students in industrial technology through real life experiences including providing services to customers for fees with overhead charges above costs of parts or materials. Proceeds remain within the department for future program operations.

Catering - this fund accounts for catering services costs for schools and various organizations within the district.

Exhibit H-3

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
AUGUST 31, 2025

	Workers' compensation	Tech trades	Catering	Total Internal Service Funds (See D-1)
Assets				
Current Assets				
Cash & temporary investments	$ 13,340,202	$ 18,341	$ 261,214	$ 13,619,757
Other receivables	130,000	-	-	130,000
Total assets	$ 13,470,202	$ 18,341	$ 261,214	$ 13,749,757
Liabilities				
Current Liabilities				
Accounts payable	$ 17,339	$ 1,348	$ 2,475	$ 21,162
Claims payable	274,054	-	-	274,054
Total current liabilities	291,393	1,348	2,475	295,216
Non-current Liabilities				
Workers comp claims	420,866	-	-	420,866
Total non-current liabilities	420,866	-	-	420,866
Total liabilities	712,259	1,348	2,475	716,082
Net Position				
Unrestricted	$ 12,757,943	$ 16,993	$ 258,739	$ 13,033,675

Exhibit H-4

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED AUGUST 31, 2025

	Workers' compensation	Tech trades	Catering	Total Internal Service Funds (See D-2)
Operating Revenues				
Charges for services	$ 2,154,734	$ 32,963	$ 82,348	$ 2,270,045
Total operating revenues	2,154,734	32,963	82,348	2,270,045
Operating Expenses				
Payroll	110,580	1,305	-	111,885
Insurance claims	499,667	-	-	499,667
Contracted services	44,898	-	-	44,898
Supplies and materials	55,833	27,095	49,144	132,072
Other operating costs	80,840	906	-	81,746
Total operating expenses	791,818	29,306	49,144	870,268
Operating income	1,362,916	3,657	33,204	1,399,777
Nonoperating Revenues				
Investment earnings	239,286	-	-	239,286
Income before transfers	1,602,202	3,657	33,204	1,639,063
Transfers out (in)	(400,000)	-	-	(400,000)
Change in net position	1,202,202	3,657	33,204	1,239,063
Total net position - September 1 (beginning)	11,555,741	13,336	225,535	11,794,612
Total net position - August 31 (ending)	$ 12,757,943	$ 16,993	$ 258,739	$ 13,033,675

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED AUGUST 31, 2025

	Workers' compensation	Tech trades	Catering	Total Internal Service Funds (See D-3)
Cash flows from operating activities				
Cash received from user charges	$ 2,154,734	$ 32,963	$ 82,348	$ 2,270,045
Cash payments to employees for services	(110,580)	(1,305)	-	(111,885)
Cash payments for contracted services	(44,898)	-	-	(44,898)
Cash payments for insurance claims	(516,583)	-	-	(516,583)
Cash payments for supplies	(59,068)	(25,747)	(48,658)	(133,473)
Cash payments for other operating expenses	(80,840)	(906)	-	(81,746)
Net cash provided by (used in) operating activities	1,342,765	5,005	33,690	1,381,460
Cash flows from noncapital financing activities				
Transfers to/from other funds	(400,000)	-	-	(400,000)
Net cash used in noncapital financing activities	(400,000)	-	-	(400,000)
Cash flows from investing activities				
Interest received	239,286	-	-	239,286
Net cash provided by investing activities	239,286	-	-	239,286
Net increase (decrease) in cash and cash equivalents	1,182,051	5,005	33,690	1,220,746
Cash and cash equivalents at beginning of the year	12,158,151	13,336	227,524	12,399,011
Cash and cash equivalents at end of the year	$ 13,340,202	$ 18,341	$ 261,214	$ 13,619,757
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	$ 1,362,916	$ 3,657	$ 33,204	$ 1,399,777
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Increase (decrease) in accounts payable	(3,235)	1,348	486	(1,401)
Increase (decrease) in accrued wages	-	-	-	-
Increase (decrease) in other accrued expenses	(16,916)	-	-	(16,916)
Net cash provided by (used in) operating activities	$ 1,342,765	$ 5,005	$ 33,690	$ 1,381,460

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CUSTODIAL FUNDS

Custodial funds are established to account for assets held by the District in a custodial capacity. Expenditures are made only in accordance with the purpose for which assets are received. The District has the following Custodial Funds:

Flexible Spending Fund - this fund accounts for costs associated with the IRS flexible medical and dependent care spending account offered to the District employees through payroll deductions. District employees determine when and how funds are spent.

Student Activity Fund - this fund accounts for the receipt and disbursement of monies from student activity organizations. These organizations have officers and the funds raised are for the benefit of the students.

Exhibit H-9

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
CUSTODIAL FUNDS
August 31, 2025

	Flexible Spending Fund	Student Activity Funds	Total Custodial Funds
Assets			
Cash and temporary investments	$ 366,078	$ 487,575	$ 853,653
Due from other sources	98,049	-	98,049
Total assets	$ 464,127	$ 487,575	$ 951,702
Liabilities			
Accounts payable	$ -	$ 220	$ 220
Total liabilities	$ -	$ 220	$ 220
Net Position			
Restricted for other purposes	$ 464,127	$ 487,355	$ 951,482
Total net position	$ 464,127	$ 487,355	$ 951,482

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

Exhibit H-10

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN NET POSITION
CUSTODIAL FUNDS
YEAR ENDED AUGUST 31, 2025

	Flexible Spending Fund	Student Activity Funds	Total Custodial Funds
Additions			
Miscellaneous revenue	$ 657,558	$ 353,943	$ 1,011,501
Earnings on investments	6,980	13,270	20,250
Total additions	664,538	367,213	1,031,751
Deductions			
Contracted services	631,224	90,550	721,774
Supplies and materials	-	68,484	68,484
Other miscellaneous operating expenses	-	220,436	220,436
Total deductions	631,224	379,470	1,010,694
Change in net position	33,314	(12,257)	21,057
Net position - September 1 (beginning)	430,813	499,612	930,425
Net position - August 31 (ending)	$ 464,127	$ 487,355	$ 951,482

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

TEXAS EDUCATION AGENCY REQUIRED SCHEDULES

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECEIVABLE

YEAR ENDED AUGUST 31, 2025

	(1)	(2)	(3)
Last 10 Years August 31	**Tax rates**		**Assessed /Appraised Value for School Tax Purposes**
	Maintenance	**Debt Service**	
2016 and prior years	Various	Various	Various
2017	1.0400	0.2760	10,771,940,001
2018	1.0400	0.2230	12,240,981,339
2019	1.0400	0.2230	13,698,779,740
2020	0.9700	0.2500	15,498,767,290
2021	0.9624	0.2356	15,798,326,547
2022	0.9252	0.2356	17,205,287,717
2023	0.8742	0.2356	18,416,245,007
2024	0.6855	0.2356	19,881,980,757
2025 (School year under audit)	0.6726	0.2963	20,989,068,405
1000 TOTALS			

8000 Total Taxes Refunded under section 26.115 Tax Code

Exhibit J-1

(10) Beginning Balance September 1, 2022	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance August 31, 2023
985,691	—	33,342	9,718	(149,119)	793,512
292,180	—	5,074	1,346	(861)	284,899
311,456	—	6,594	1,414	(826)	302,622
196,936	—	9,574	2,145	(833)	184,384
223,450	—	3,842	990	(24,562)	194,056
216,125	—	(57,147)	(13,990)	(109,956)	177,306
296,043	—	(43,080)	(10,971)	(111,832)	238,262
412,002	-	(43,935)	(11,841)	(167,623)	300,155
782,939		(762,071)	(261,917)	(1,465,193)	341,734
—	188,354,243	128,638,661	56,669,101	(2,135,311)	911,170
$ 3,716,822	$ 188,354,243	$ 127,790,854	$ 56,385,995	$ (4,166,116)	$ 3,728,100
		632,720			

Exhibit J-2

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE (GAAP Basis)
NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
YEAR ENDED AUGUST 31, 2025

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance With Final Budget (Over) or Under
	REVENUES				
5700	Local and intermediate sources	$ 4,191,202	$ 3,809,767	$ 3,929,967	$ (120,200)
5800	State program revenues	2,795	80,428	80,428	-
5900	Federal program revenues	14,087,217	13,815,831	12,442,506	1,373,325
5020	Total revenues	18,281,214	17,706,026	16,452,901	1,253,125
	EXPENDITURES				
0035	Food service	18,195,445	17,918,156	16,026,819	1,891,337
0051	Maintenance and operations	85,769	85,769	85,769	-
6030	Total expenditures	18,281,214	18,003,925	16,112,588	1,891,337
	Excess (deficiency) of revenues				
1100	over (under) expenditures	-	(297,899)	340,313	(638,212)
	Other Financing Sources (Uses)				
7912	Sale of real or personal property	-	2,190	27	2,163
7915	Transfers in	-	-	60,145	(60,145)
7080	Total other financing sources (uses)	-	2,190	60,172	(57,982)
1200	Net change in fund balance	-	(295,709)	400,485	(696,194)
0100	Fund balance - September 1 (beginning)	6,918,627	6,918,627	6,918,627	-
3000	Fund balance - August 31 (ending)	$ 6,918,627	$ 6,622,918	$ 7,319,112	$ (696,194)

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE (GAAP Basis)
DEBT SERVICE FUND
YEAR ENDED AUGUST 31, 2025

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance With Final Budget (Over) or Under
	REVENUES				
5700	Local and intermediate sources	$ 60,798,714	$ 57,817,595	$ 58,778,710	$ (961,115)
5800	State program revenues	10,415,836	4,223,735	4,016,734	207,001
5020	Total revenues	71,214,550	62,041,330	62,795,444	(754,114)
	EXPENDITURES				
0071	Debt service - principal on long-term debt	77,214,550	24,175,000	24,175,000	-
0072	Debt service - interest on long-term debt	-	37,858,800	37,814,933	43,867
0073	Debt service - bond issuance cost and fees	-	7,500	-	7,500
6030	Total expenditures	77,214,550	62,041,300	61,989,933	51,367
	Excess of revenues				
1100	over expenditures	(6,000,000)	30	805,511	(805,481)
1200	Net change in fund balance	(6,000,000)	30	805,511	(805,481)
0100	Fund balance - September 1 (beginning)	24,248,707	24,248,707	24,248,707	-
3000	Fund balance - August 31 (ending)	$ 18,248,707	$ 24,248,737	$ 25,054,218	$ (805,481)

HURST EULESS BEDFORD INDEPENDENT SCHOOL DISTRICT

STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES

FOR THE YEAR ENDED AUGUST 31, 2025

Section A: Compensatory Education Programs

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	20,943,994
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	8,903,501

Section B: Bilingual Education Programs

AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	3,096,019
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25,35)	5,742,501

STATISTICAL SECTION
(Unaudited)

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This section of the District's annual comprehensive financial report presents information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Financial Trends	Schedules 1 - 7

These schedules contain trend information to help the reader understand how the District's financial performance and well being has changed over time.

Revenue Capacity	Schedules 8 - 11

These schedules contain information to help the reader assess the District's ability to generate its own source of revenues.

Debt Capacity	Schedules 12 - 15

These schedules present information to help the reader assess the affordability of the District's current level of outstanding debt and the District's ability to issue additional debt in the future.

Demographic and Economic Information	Schedules 16 - 17

These schedules offer demographic and economic indicators to help the reader understand the socioeconomic environment within which the District's financial activities take place and to provide information that facilitates comparisons of financial statement information over time and among governments.

Operating Information	Schedules 18 - 21

These schedules contain operational and structure data to help the readers understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	2016	2017	2018	2019
Governmental activities				
Net investment in capital assets	$ 16,583,665	$ 26,374,493	$ 31,495,765	$ 45,868,215
Restricted	14,020,036	15,137,689	16,322,030	16,130,034
Unrestricted	105,560,374	117,532,532	37,600,712	48,912,805
Total Governmental Net Position	$ 136,164,075	$ 159,044,714	$ 85,418,507	$ 110,911,054
Business-Type Activities				
Net investment in capital assets	$ —	$ —	$ —	$ —
Restricted	—	—	—	—
Unrestricted	596,046	573,094	598,305	615,040
Total Business-Type Net Position	$ 596,046	$ 573,094	$ 598,305	$ 615,040
Total Primary Government				
Net investment in capital assets	$ 16,583,665	$ 26,374,493	$ 31,495,765	$ 45,868,215
Restricted	14,020,036	15,137,689	16,322,030	16,130,034
Unrestricted	106,156,420	118,105,626	38,199,017	49,527,845
Total Primary Government Net Position	$ 136,760,121	$ 159,617,808	$ 86,016,812	$ 111,526,094

Source: Statement of Net Position - Government-wide audited financial reports.

2020	2021	2022	2023	2024	2025
$ 72,235,802	$ 99,781,019	$ 109,397,796	$ 139,413,878	$ 156,056,122	$ 168,616,423
17,077,837	19,526,856	24,792,393	28,048,068	30,135,724	31,411,300
54,912,226	56,648,763	92,813,371	102,479,191	99,132,355	107,575,155
$ 144,225,865	$ 175,956,638	$ 227,003,560	$ 269,941,137	$ 285,324,201	$ 307,602,878
$ —	$ —	$ —	$ —	$ —	$ —
—	—	—	—	—	—
161,851	426,690	686,441	159,691	327,180	448,316
$ 161,851	$ 426,690	$ 686,441	$ 159,691	$ 327,180	$ 448,316
$ 72,235,802	$ 99,781,019	$ 109,397,796	$ 139,413,878	$ 156,056,122	$ 168,616,423
17,077,837	19,526,856	24,792,393	28,048,068	30,135,724	31,411,300
55,074,077	57,075,453	93,499,812	102,638,882	99,459,535	108,023,471
$ 144,387,716	$ 176,383,328	$ 227,690,001	$ 270,100,828	$ 285,651,381	$ 308,051,194

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Expenses, Program Revenues, and Net (Expense)/Revenue
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

Expenses by function	**2016**	**2017**	**2018**	**2019**
Governmental activities:				
Instruction	$ 121,340,167	$ 131,826,288	$ 89,232,325	$ 148,793,500
Instructional resources & media services	2,747,096	2,940,802	2,167,281	3,254,407
Curriculum and staff development	3,382,001	3,690,356	2,723,177	8,974,535
Instructional leadership	2,550,029	2,694,119	1,942,842	2,563,178
School leadership	11,497,851	11,988,748	8,017,046	12,230,574
Guidance and counseling services	8,076,076	8,632,914	5,677,759	8,712,204
Social work services	764,470	811,527	598,651	914,747
Health services	2,372,931	2,537,303	1,711,772	2,585,128
Student transportation	4,532,814	5,125,141	4,357,510	7,294,347
Food service	10,455,808	11,314,112	8,965,783	12,543,361
Co-curricular/extracurricular activities	6,069,578	6,556,564	5,479,382	5,676,268
General administration	4,864,989	5,452,596	4,639,771	6,046,974
Plant maintenance and operations	18,004,751	17,704,345	15,965,997	21,324,782
Security and monitoring services	1,065,500	1,007,759	1,025,340	1,244,514
Data processing services	4,533,861	5,272,250	4,437,579	5,539,749
Community services	281,053	488,224	227,627	634,905
Debt service - interest and fees on long-term debt	13,053,831	13,354,532	21,106,779	11,234,319
Debt Service - Bond Issuance Cost and Fees	—	—	—	—
Facilities Acquistion and Construction	—	—	—	—
Juvenile justice alternative education program	7,611	55,470	2,451	—
Other intergovernmental charges	714,384	761,346	748,799	869,854
Total governmental expenses	$ 216,314,801	$ 232,214,396	$ 179,027,871	$ 260,437,346
Business-type activities:				
Extended day services	$ 1,331,290	$ 1,336,961	$ 1,416,290	$ 1,474,450
Total Primary Government Expenses	$ 217,646,091	$ 233,551,357	$ 180,444,161	$ 261,911,796
Program Revenues				
Governmental activities				
Charges for services				
Instruction	$ 129,335	$ 100,350	$ 78,986	$ 78,313
Instructional resources and media services	—	—	—	—
Curriculum and staff development	—	—	—	—
Instructional leadership				
School leadership	—	—	—	—
Guidance and counseling services	—	—	—	—
Social work services	—	—	—	—
Health services	—	—	—	—
Student transportation	—	—	—	—
Food service	3,209,741	3,404,257	3,576,044	3,546,431
Co-curricular/extracurricular services	364,926	321,510	345,236	342,573
General administration	—	—	—	—
Plant maintenance and operations	399,616	354,271	395,376	237,532
Security and monitoring services	—	—	—	—
Data processing services	—	—	—	—
Community services	—	—	—	—
Operating grants and contributions	34,320,753	40,075,836	32,141,658	39,152,058
Total governmental program revenues	38,424,371	44,256,224	36,537,300	43,356,907
Business-type activities				
Charges for services	$ 2,377,336	$ 2,360,056	$ 2,464,598	$ 2,539,492
Total business-type activities revenues	$ 2,377,336	$ 2,360,056	$ 2,464,598	$ 2,539,492
Total Primary Government Revenues	$ 40,801,707	$ 46,616,280	$ 39,001,898	$ 45,896,399
Net (Expense)/Revenue				
Total primary government net expense	$ (176,844,384)	$ (186,935,077)	$ (141,442,263)	$ (216,015,397)

Source: Statement of Activities - Government-wide audited financial reports.

Schedule 2

2020	2021	2022	2023	2024	2025
$ 154,834,942	$ 152,990,277	$ 138,576,217	$ 146,516,063	$ 176,049,555	$ 161,405,543
3,061,483	3,101,913	3,069,918	3,046,839	3,385,881	3,089,450
7,357,001	7,779,033	6,994,932	6,805,906	7,973,126	8,066,569
3,203,032	3,148,664	2,727,043	3,072,213	3,983,145	3,684,284
14,182,590	13,899,405	12,756,662	13,544,158	15,165,548	14,755,253
10,315,034	10,200,311	9,068,182	9,300,788	10,838,363	10,310,455
1,168,079	954,199	1,276,146	1,421,513	2,016,033	1,735,119
3,479,565	3,308,490	3,278,567	3,034,500	3,707,252	3,232,394
6,656,937	6,285,217	6,770,721	6,656,395	8,669,544	7,837,125
13,884,170	10,759,862	13,826,215	14,033,940	17,167,666	16,002,297
6,642,266	5,870,866	6,560,824	7,072,799	7,438,716	7,755,638
5,939,452	5,984,313	6,104,490	6,644,853	7,394,130	7,446,340
19,661,436	19,955,409	22,656,260	24,134,777	26,075,645	24,812,497
1,551,039	1,320,482	1,210,516	1,787,867	3,635,849	3,157,433
5,253,644	5,304,294	5,996,421	9,451,966	11,919,362	7,941,986
700,300	527,236	415,079	450,466	630,476	642,541
12,541,676	11,984,304	11,275,465	10,293,097	19,597,355	39,738,456
—	—	—	—	3,714,543	—
—	—	—	—	1,881,915	503,784
—	—	903	3,483	4,386	44,763
903,549	865,014	939,711	944,300	929,618	1,005,153
$ 271,336,195	$ 264,239,289	$ 253,504,272	$ 268,215,923	$ 332,178,108	$ 323,167,080
$ 1,394,841	$ 1,088,076	$ 1,152,281	$ 1,309,166	$ 1,735,456	$ 1,750,612
$ 272,731,036	$ 265,327,365	$ 254,656,553	$ 269,525,089	$ 333,913,564	$ 324,917,692
$ 76,083	$ 211,804	$ 1,643,916	$ 1,054,650	$ 1,335,564	$ 1,087,493
—	—	—	—	—	—
—	—	—	99,997	—	—
			—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
2,464,050	512,642	838,873	3,235,450	3,733,915	3,859,591
241,027	214,389	363,803	342,160	410,921	427,894
—	—	—	—	—	—
635,417	526,684	463,048	319,273	259,318	613,671
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
37,499,156	42,773,813	65,403,315	50,717,673	57,435,579	40,279,302
40,915,733	44,239,332	68,712,955	55,769,203	63,175,297	46,267,951
$ 1,506,691	$ 1,352,915	$ 1,912,032	$ 1,868,858	$ 2,402,945	$ 2,521,748
$ 1,506,691	$ 1,352,915	$ 1,912,032	$ 1,868,858	$ 2,402,945	$ 2,521,748
$ 42,422,424	$ 45,592,247	$ 70,624,987	$ 57,638,061	$ 65,578,242	$ 48,789,699
$ (230,308,612)	$ (219,735,118)	$ (184,031,566)	$ (211,887,028)	$ (268,335,322)	$ (276,127,993)

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

General Revenues and Total Change in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

	2016	2017	2018	2019
Net (Expense)/Revenue				
Governmental activities	$ (177,890,430)	$ (187,958,172)	$ (142,490,571)	$ (217,080,439)
Business-type activities	1,046,046	1,023,095	1,048,308	1,065,042
Total Net Expenses	$ (176,844,384)	$ (186,935,077)	$ (141,442,263)	$ (216,015,397)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes levied for general purposes	100,415,176	111,853,659	126,881,939	138,406,918
Property taxes levied for debt service	29,897,309	29,666,816	27,236,390	30,976,825
State aid - formula grants	67,267,056	66,085,444	29,269,521	62,864,707
Miscellaneous local and intermediate	2,045,625	751,050	909,729	744,591
Investment earnings	822,655	1,435,795	3,409,982	8,531,638
Transfers in (out)	970,618	1,046,047	1,023,097	1,048,307
Special Item	2,424,828	—	—	—
Total governmental activities revenues	203,843,267	210,838,811	188,730,658	242,572,986
Business-type activities:				
Transfers in (out)	(970,618)	(1,046,047)	(1,023,097)	(1,048,307)
Total general revenues and other changes	$ 202,872,649	$ 209,792,764	$ 187,707,561	$ 241,524,679
Change in Net Position				
Governmental activities	$ 25,952,837	$ 22,880,639	$ 46,240,087	$ 25,492,547
Business-type activities	75,428	(22,952)	25,211	16,735
Total primary government	$ 26,028,265	$ 22,857,687	$ 46,265,298	$ 25,509,282

Source: Statement of Activities - Government-wide audited financial reports.

Schedule 3

2020	2021	2022	2023	2024	2025
$ (230,420,462)	$ (219,999,957)	$ (184,791,317)	$ (212,446,720)	$ (269,002,811)	$ (276,899,129)
111,850	264,839	759,751	559,692	667,489	771,136
$ (230,308,612)	$ (219,735,118)	$ (184,031,566)	$ (211,887,028)	$ (268,335,322)	$ (276,127,993)
145,361,068	152,734,160	155,243,272	161,931,472	122,299,650	127,884,449
37,408,241	37,359,385	39,480,714	43,825,982	43,021,974	57,141,509
74,082,722	60,282,410	42,046,066	34,342,887	87,266,765	84,366,711
679,350	668,646	540,295	978,515	1,382,816	2,645,100
5,638,853	686,129	(1,972,108)	13,218,999	29,914,670	36,912,025
565,039	—	500,000	1,086,442	500,000	650,000
—	—	—	—	—	—
263,735,273	251,730,730	235,838,239	255,384,297	284,385,875	309,599,794
(565,039)	—	(500,000)	(1,086,442)	(500,000)	(650,000)
$ 263,170,234	$ 251,730,730	$ 235,338,239	$ 254,297,855	$ 283,885,875	$ 308,949,794
$ 33,314,811	$ 31,730,773	$ 51,046,922	$ 42,937,577	$ 15,383,064	$ 32,700,665
(453,189)	264,839	259,751	(526,750)	167,489	121,136
$ 32,861,622	$ 31,995,612	$ 51,306,673	$ 42,410,827	$ 15,550,553	$ 32,821,801

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	2016	2017	2018	2019
General Fund				
Non-spendable	$ 637,082	$ 668,658	$ 1,516,399	$ 1,470,844
Restricted	—	—	—	—
Committed	62,000,000	69,000,000	69,000,000	69,000,000
Unassigned	26,155,113	30,090,230	26,176,745	37,821,976
Total general fund	$ 88,792,195	$ 99,758,888	$ 96,693,144	$ 108,292,820
All Other Governmental Funds				
Non-spendable	$ 2,195	$ 13,781	$ 32,689	$ 25,101
Restricted	20,233,817	19,217,311	102,248,895	184,574,600
Committed	35,261,672	38,982,034	66,921,598	66,107,933
Unassigned	—	—	—	—
Total all other governmental funds	$ 55,497,684	$ 58,213,126	$ 169,203,182	$ 250,707,634

Source: Balance Sheet - Governmental Funds - audited financial reports

Schedule 4

2020	2021	2022	2023	2024	2025
$ 1,502,592	$ 1,598,682	$ 1,157,085	$ 573,569	$ 632,857	$ 901,933
—	—	—	986,043	635,950	—
86,717,053	98,580,532	111,467,239	117,571,320	117,571,320	117,571,320
33,945,877	42,690,127	49,034,640	52,064,060	59,463,157	57,111,192
$ 122,165,522	$ 142,869,341	$ 161,658,964	$ 171,194,992	$ 178,303,284	$ 175,584,445
$ 18,894	$ 4,886	$ 40,032	$ 51,513	$ 40,116	$ 24,240
68,677,090	52,632,654	49,113,346	30,070,431	604,030,193	519,454,264
69,819,344	52,533,607	63,125,534	50,416,655	35,665,377	37,049,226
—	—	—	—	—	—
$ 138,515,328	$ 105,171,147	$ 112,278,912	$ 80,538,599	$ 639,735,686	$ 556,527,730

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Governmental Funds Revenues
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	2016	2017	2018	2019
Local Sources:				
Local maintenance and debt service tax	$ 129,889,502	$ 141,461,964	$ 154,484,036	$ 169,217,791
Tuition from patrons	695,310	683,644	631,921	791,777
Other revenue from local sources	2,322,165	2,779,549	5,148,472	9,842,023
Co-curricular revenues	5,659,558	5,800,695	6,013,926	5,913,020
Other revenue from intermediate sources	—	20,000	30,000	30,500
Total Local Sources	138,566,535	150,745,852	166,308,355	185,795,111
State Sources:				
Per capita and foundation	66,357,420	65,214,427	58,871,711	47,421,007
Other state program revenues	9,142,186	10,377,547	8,776,429	12,849,073
Total State Sources	75,499,606	75,591,974	67,648,140	60,270,080
Federal Sources:				
Federal Grants	18,833,229	19,758,399	20,914,742	23,874,088
Total Revenues	$ 232,899,370	$ 246,096,225	$ 254,871,237	$ 269,939,279

Note: General Governmental Funds Revenues include those received by the following funds: General, Debt Service, Capital Projects, and Special Revenue Funds.

Schedule 5

2020	2021	2022	2023	2024	2025
$ 183,272,698	$ 189,938,119	$ 194,683,987	$ 206,538,423	$ 164,459,678	$ 185,016,372
568,565	662,518	802,657	1,019,033	1,153,120	1,133,596
7,224,064	2,058,109	(376,259)	14,709,501	34,781,836	38,986,135
4,156,517	1,551,196	2,780,451	5,582,288	6,228,993	6,438,344
98,955	1,058,812	24,585	—	500,000	—
195,320,799	195,268,754	197,915,421	227,849,245	207,123,627	231,574,447
55,512,627	44,746,370	44,114,442	30,990,686	75,687,444	75,749,069
12,212,932	11,145,312	13,696,991	11,182,639	19,495,992	16,614,618
67,725,559	55,891,682	57,811,433	42,173,325	95,183,436	92,363,687
23,511,406	29,468,254	50,612,789	38,565,625	36,800,227	24,848,324
$ 286,557,764	$ 280,628,690	$ 306,339,643	$ 308,588,195	$ 339,107,290	$ 348,786,458

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Governmental Funds Expenditures and Debt Service Ratio

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	2016	2017	2018	2019
Expenditures by Function				
Instruction	$ 110,015,918	$ 117,447,507	$ 118,157,410	$ 130,276,229
Instructional resources and media services	2,486,314	2,563,066	2,609,766	2,656,412
Curriculum and staff development	2,965,799	3,029,069	2,977,410	5,415,986
Instructional leadership	2,342,777	2,413,718	2,498,899	2,536,975
School leadership	10,257,491	10,337,581	10,620,790	10,848,121
Guidance and counseling services	7,246,711	7,570,588	7,671,866	8,086,392
Social work services	765,301	779,638	810,496	885,278
Health services	2,132,941	2,225,132	2,262,137	2,339,704
Student transportation	4,959,360	4,904,750	5,659,237	6,260,242
Food service	10,777,817	11,626,082	12,339,111	13,191,128
Co-curricular/extracurricular activities	5,576,166	5,929,557	5,859,726	6,005,091
General administration	4,654,135	5,102,897	5,462,878	5,424,656
Plant maintenance and operations	16,808,862	16,340,729	16,665,833	16,250,942
Security and monitoring services	890,994	900,711	954,908	1,071,734
Data processing services	3,831,552	4,360,013	5,119,430	5,041,718
Community services	247,512	486,868	429,696	494,916
Debt service				
Principal	13,255,590	11,957,689	13,574,890	17,625,000
Interest	16,617,465	17,917,744	13,793,540	13,820,832
Cost and fees	2,947	2,948	2,035,519	839,057
Facilities acquisition and construction	8,700,686	7,165,540	5,223,854	43,211,544
Contracted instructional	—	—	—	—
Juvenile justice alternative educational program	7,611	55,470	2,451	—
Other intergovernmental charges	714,384	761,346	748,799	869,854
Total Expenditures	$ 225,258,333	$ 233,878,643	$ 235,478,646	$ 293,151,811
Debt service as a percentage of noncapital expenditures	13.94%	13.28%	12.07%	12.72%

Source: Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - audited financial reports

Schedule 6

2020	2021	2022	2023	2024	2025
$ 128,193,715	$ 132,731,025	$ 135,448,814	$ 136,948,148	$ 151,682,139	$ 150,463,726
2,598,661	2,748,186	2,985,258	2,875,453	2,935,359	2,884,730
5,536,770	6,324,189	7,134,360	7,210,238	7,367,070	7,600,265
2,645,643	2,788,316	2,781,498	2,967,911	3,682,292	3,495,012
11,543,799	11,881,468	12,325,611	12,457,447	12,791,870	13,542,628
8,289,217	8,642,212	8,884,781	8,874,225	9,358,357	9,583,254
986,391	834,321	1,335,913	1,547,234	1,938,702	1,710,803
2,976,099	2,909,528	3,215,786	2,996,603	3,238,726	3,010,871
7,513,778	5,356,549	6,659,611	6,501,205	8,396,813	8,374,986
12,412,940	10,698,831	15,379,229	18,052,329	16,822,023	16,349,393
5,666,763	5,001,503	6,030,982	6,456,156	6,446,213	7,597,866
5,434,505	5,654,372	6,283,677	6,610,215	7,120,377	7,424,064
17,139,182	17,321,591	18,430,103	21,987,555	25,019,602	24,897,913
1,415,803	1,170,777	1,086,448	1,621,535	3,694,746	2,930,667
6,676,815	5,105,036	5,675,091	10,246,978	12,137,623	12,223,627
463,531	390,581	408,565	516,921	485,173	555,769
18,830,000	20,755,000	21,802,808	27,526,273	23,779,238	25,018,836
18,157,618	16,202,762	15,426,038	15,088,264	23,301,116	37,865,791
3,100	100,550	2,600	8,700	3,714,543	—
128,495,626	36,409,863	10,206,340	41,922,552	52,661,922	101,064,643
—	—			—	—
—	—	903	3,483	4,386	44,763
903,549	865,014	939,711	944,300	929,618	1,005,153
$ 385,883,505	$ 293,891,674	$ 282,444,127	$ 333,363,725	$ 377,507,908	$ 437,644,760
14.66%	14.41%	13.83%	14.93%	14.68%	19.29%

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Other Financing Sources and Uses and Net Change in Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	2016	2017	2018	2019
Excess (deficiency) of revenues over (under) expenditures	$ 7,641,037	$ 12,217,582	$ 19,392,591	$ (23,212,532)
Other Financing Sources (Uses)				
Proceeds from sale of bonds	—	—	238,950,000	101,460,000
Right-to-use leases	—	—	—	—
Sale of equipment and/or capital assets	1,245,598	18,506	38,586	15,585
Transfers in	20,604,540	12,316,919	31,504,636	15,040,440
Premium on issuance of bonds	—	—	41,134,855	13,392,768
Other resources	2,424,828	—	—	—
Proceeds of SBITAs and Other Resources	—	—	—	—
Transfers out	(16,133,922)	(10,870,872)	(30,081,539)	(13,592,133)
Payment to refunded bond escrow	—	—	(193,014,817)	—
Other uses	—	—	—	—
Total other financing sources (uses)	8,141,044	1,464,553	88,531,721	116,316,660
Net change in fund balances	$ 15,782,081	$ 13,682,135	$ 107,924,312	$ 93,104,128

Note: General Governmental Funds include the following: General, Debt Service, Capital Projects, and Special Revenue Funds.

Schedule 7

2020	2021	2022	2023	2024	2025
$ (99,325,741)	$ (13,262,984)	$ 23,895,516	$ (24,775,530)	$ (38,400,618)	$ (88,858,302)
—	5,485,000	—	—	565,700,000	—
—	—	1,207,914	—	—	823,645
41,098	96,690	23,878	45,042	88,168	60,610
40,161,702	9,340,247	13,574,312	7,666,412	6,006,051	8,218,437
—	769,626	—	—	38,017,829	—
—	—	—	—	—	413,248
—	—	—	1,039,761	—	584,004
(39,196,663)	(8,940,247)	(12,804,232)	(6,179,970)	(5,106,051)	(7,168,437)
—	(6,128,694)	—	—	—	—
—	—	—	—	—	—
1,006,137	622,622	2,001,872	2,571,245	604,705,997	2,931,507
$ (98,319,604)	$ (12,640,362)	$ 25,897,388	$ (22,204,285)	$ 566,305,379	$ (85,926,795)

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Schedule 8

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Assessed Value and Actual Value of Taxable Property

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Real Property	Personal Property	Less: Exemptions	Total Taxable Value	Total Direct Tax Rate [a]
2016	8,375,373,853	1,872,889,461	1,072,229,157	9,176,034,157	1.350
2017	9,425,586,083	1,753,794,311	407,440,393	10,771,940,001	1.316
2018	10,945,293,959	1,969,582,033	673,894,653	12,240,981,339	1.263
2019	12,119,403,559	2,033,626,213	454,250,032	13,698,779,740	1.273
2020	13,919,978,708	2,104,169,254	525,380,672	15,498,767,290	1.220
2021	14,685,400,892	2,178,293,001	1,065,367,346	15,798,326,547	1.198
2022	17,334,488,585	2,270,177,298	2,399,378,166	17,205,287,717	1.161
2023	17,948,057,702	2,388,602,613	1,920,415,308	18,416,245,007	1.110
2024	19,031,906,616	2,571,717,728	1,721,643,587	19,881,980,757	0.921
2025	17,677,910,230	2,728,406,944	(582,751,231)	20,989,068,405	0.969

Source: Tarrant Appraisal District.

Note: The real property and personal property amounts were derived by using the tax roll for the necessary year.

[a] Per $100 of assessed value.

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

(rate per $100 of assessed value)

(Unaudited)

	District Direct Rates						
Fiscal Year	**Operating**	**Debt Service**	**Total**	**City of Arlington**	**City of Bedford**	**City of Colleyville**	**City of Euless**
2016	1.040	0.310	1.350	0.648	0.495	0.356	0.468
2017	1.040	0.276	1.316	0.645	0.477	0.339	0.463
2018	1.040	0.223	1.263	0.640	0.520	0.334	0.463
2019	1.040	0.233	1.273	0.635	0.562	0.321	0.463
2020	0.970	0.250	1.220	0.624	0.569	0.307	0.463
2021	0.962	0.235	1.197	0.623	0.569	0.304	0.463
2022	0.925	0.236	1.161	0.620	0.552	0.292	0.475
2023	0.874	0.236	1.110	0.600	0.496	0.266	0.460
2024	0.686	0.236	0.921	0.590	0.496	0.261	0.458
2025	0.694	0.306	1.000	0.600	0.496	0.276	0.447

Source: Information obtained from Tarrant Appraisal District website.

[a] Rates include levies for operating and debt service costs.

Overlapping Rates[a]						
City of Hurst	City of Fort Worth	City of North Richland Hills	Tarrant County	Tarrant Co. Hospital District	Tarrant Co. College District	Viridian Municipal Management District
0.611	0.855	0.610	0.264	0.228	0.149	0.448
0.588	0.835	0.610	0.254	0.228	0.145	0.448
0.581	0.805	0.590	0.244	0.224	0.140	0.448
0.580	0.785	0.585	0.234	0.224	0.136	0.448
0.597	0.748	0.572	0.234	0.224	0.130	0.448
0.625	0.748	0.576	0.234	0.224	0.130	0.448
0.625	0.733	0.572	0.229	0.224	0.130	0.448
0.614	0.713	0.548	0.224	0.224	0.130	0.448
0.581	0.673	0.489	0.195	0.195	0.112	0.448
0.591	0.673	0.489	0.188	0.183	0.112	0.463

Schedule 10

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Principal Property Taxpayers
Current Year and Nine Years Ago
(Unaudited)

Principal Taxpayers[a]	Type of Property	2023-2024 Assessed Valuation[b]	Rank	Percentage of Total Assessed Value	2014-2015 Assessed Valuation	Rank	Percentage of Total Assessed Value
American Airlines	Airline Industry	$ 1,076,452,665	1	5.13%	$ 182,284,867	2	1.90%
Bell Textron Inc	Defense Industry	521,479,662	2	2.48%	498,159,555	1	5.19%
Cmf 15 Portfolio LLC	Real Estate	274,650,000	3	1.31%	120,016,230	3	1.25%
Westdale Hills 2013 LP	Real Estate	215,675,638	4	1.03%	85,000,000	4	0.89%
Canopy on Central LP	Real Estate	187,400,000	5	0.89%	-	-	0.00%
4328 Centreport Drive (TX) Owner LP/855 Ash (TX)	Real Estate	158,120,000	6	0.75%	-	-	0.00%
Ingram Micro Inc.		130,740,328	7	0.62%	-	-	0.00%
Crest Gateway LP/Crest Oasis LP	Real Estate	130,000,000	8	0.62%	-	-	0.00%
Overlook LLC	Real Estate	118,200,000	9	0.56%	-	-	0.00%
Stoneleigh at Bear Creek Apartments	Real Estate	102,790,000	10	0.49%	49,747,562	9	0.52%
Oncor Electric Delivery Co LLC	Utility	-	-	-	72,591,656	5	0.76%
WDOP Sub I LP/WDOP Sub II LP	Real Estate	-	-	-	70,860,671	6	0.74%
Shops at Northeast Mall LLC	Real Estate	-	-	-	60,916,370	7	0.64%
Centre Station Apartments LLC	Real Estate	-	-	-	50,294,000	8	0.52%
Flint Hills Resources LP	Refining	-	-	-	48,266,249	10	0.50%
Total		$ 2,915,508,293		13.89%	$ 1,238,137,160		12.91%

[a] Information obtained from Tarrant Appraisal District.

[b] July 2024 assessed valuation of $20,989,068,405 was the basis of the 2025 fiscal year property tax revenues.

Schedule 11

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Taxes Levied for the Fiscal Year	Subsequent Adjustments to Levy	Final Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Adjusted Levy
2016	121,718,481	8,621,581	130,340,062	129,035,301	99.00%	1,168,901	130,204,202	99.90%
2017	137,694,774	3,565,026	141,259,800	139,861,691	99.01%	1,102,089	140,963,780	99.79%
2018	149,697,774	4,025,735	153,723,509	152,876,940	99.45%	531,447	153,408,387	99.80%
2019	167,538,782	1,988,764	169,527,546	168,571,499	99.44%	757,396	169,328,895	99.88%
2020	181,172,255	1,133,276	182,305,531	181,922,688	99.79%	562,088	182,484,776	100.10%
2021	180,663,110	9,411,599	190,074,709	189,484,068	99.69%	374,516	189,858,584	99.89%
2022	190,967,229	4,293,681	195,260,910	194,455,829	99.59%	509,038	194,964,867	99.85%
2023	196,437,812	9,375,777	205,813,589	205,525,085	99.86%	(123,498)	205,401,587	99.80%
2024	180,774,582	(12,882,157)	167,892,425	167,109,486	99.53%	(1,130,913)	165,978,573	98.86%
2025	188,354,243	(4,166,116)	184,188,127	185,307,762	100.61%	-	185,307,762	100.61%

Source: Information obtained from Tarrant County Tax Assessor.

Schedule 12

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Outstanding Debt by Type
Last Ten Fiscal Years
(Unaudited)

	Governmental Activities				
Fiscal Year	School Building Bonds	Refunding Bonds	Total Primary Government	Percentage of Personal Income[a]	Per Capita[a]
2016	108,034,323	177,134,571	285,168,894	6.39%	2,016
2017	101,144,857	167,324,568	268,469,425	5.91%	1,894
2018	95,003,799	245,972,943	340,976,742	7.41%	2,393
2019	202,445,646	231,579,609	434,025,255	9.15%	3,038
2020	195,064,726	215,951,274	411,016,000	8.27%	2,852
2021	190,281,482	196,385,992	386,667,474	7.38%	2,648
2022	177,881,260	183,738,238	361,619,498	6.75%	2,458
2023	153,798,066	176,949,994	330,748,060	5.82%	2,178
2024	772,863,467	134,170,912	907,034,379	15.09%	5,970
2025	765,212,999	112,842,813	878,055,812	13.90%	5,779

Note: Details of the District's outstanding debt can be found in Note M in the notes to the financial statements.

[a] See Schedule 16 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Schedule 13

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Direct and Overlapping Governmental Activities Debt

August 31, 2025

(Unaudited)

Taxing Body	Net Debt Outstanding	Percent Overlapping[a]	Amount Overlapping Net Debt
City of Fort Worth	$ 1,095,470,000	5.24%	$ 57,402,628
City of Colleyville	10,860,000	4.02%	436,572
City of North Richland Hills	121,805,000	0.15%	182,708
City of Euless	61,700,000	63.65%	39,272,050
City of Hurst	50,080,000	63.22%	31,660,576
City of Bedford	148,820,000	100.00%	148,820,000
City of Arlington	628,020,000	3.61%	22,671,522
Tarrant County College District	547,535,000	7.26%	39,751,041
Tarrant County	314,050,000	7.26%	22,800,030
Tarrant County Hospital District	431,255,000	7.26%	31,309,113
Tarrant County Water District	98,710,000	5.88%	5,804,148
Viridian Municipal Management District	293,560,000	100.00%	293,560,000
Total Overlapping Net Debt			693,670,388
Hurst - Euless - Bedford ISD	878,893,980	100.00%	878,893,980
Total GO Bonds	813,765,000		
Premium on GO Bonds	64,290,812		
SBITA	186,735		
Leases	651,433		
Total Direct and Overlapping Debt to Net Debt			$ 1,572,564,368
Ratio of Total Direct and Overlapping Net Debt to 2023 Taxable Assessed Valuation		$ 20,989,068,405	7.49%

Source: Information furnished by each governmental unit or obtained from Municipal Advisory Council of Texas.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the district. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the district. This process recognizes that, when considering the district's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

[a] The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Legal Debt Margin Information
Last Ten Fiscal Years
(Unaudited)

	2016	2017	2018	2019
Debt limit	$ 917,603,416	$ 1,077,194,000	$ 1,224,098,134	$ 1,369,877,974
Total net debt applicable to limit	277,062,005	259,547,234	330,993,183	423,227,364
Legal debt margin	$ 640,541,411	$ 817,646,766	$ 893,104,951	$ 946,650,610
Total net debt applicable to the limit as a percentage of debt limit	30.19%	24.09%	27.04%	30.90%

[a] Per section 45.0031 of the Texas Education Code, the District has to have a projected ability to pay the principal of and interest on the bonds from a tax at a rate not to exceed $0.50 per $100 of valuation. Per section 45.001, the Bonds must mature serially or otherwise not more than 40 years from their date.

Schedule 14

Legal Debt Margin Calculation for Fiscal Year 2025

Assessed value	$ 20,989,068,405
Debt limit (10% of assessed value)	2,098,906,841 [a]
Debt applicable to limit	852,788,528
Legal debt margin	$ 1,246,118,313

2020	2021	2022	2023	2024	2025
$ 1,549,876,729	$ 1,579,832,655	$ 1,720,528,772	$ 1,841,624,501	$ 1,988,198,076	$ 2,098,906,841
398,947,076	373,686,797	345,354,631	309,210,407	882,785,672	852,788,528
$ 1,150,929,653	$ 1,206,145,858	$ 1,375,174,141	$ 1,532,414,094	$ 1,105,412,404	$ 1,246,118,313
25.74%	23.65%	20.07%	16.79%	44.40%	40.63%

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Ratio of Net General Bonded Debt to Taxable Assessed Valuation and Net Bonded Debt Per Capita

Last Ten Years

(Unaudited)

August 31,	Taxable Assessed Value	Assessment Ratio	Gross Bonded Debt Outstanding at Year End [a]	Reserve For Retirement of Bonded Debt	Net Bonded Debt Outstanding at Year End
2016	9,176,034,157	100%	285,168,894	8,106,889	277,062,005
2017	10,771,940,001	100%	268,469,425	8,922,191	259,547,234
2018	12,240,981,339	100%	340,976,742	9,983,559	330,993,183
2019	13,698,779,740	100%	434,025,255	10,797,890	423,227,365
2020	15,498,767,290	100%	411,016,000	12,068,924	398,947,076
2021	15,798,326,547	100%	386,667,474	12,980,677	373,686,797
2022	17,205,287,717	100%	361,619,498	16,264,867	345,354,631
2023	18,416,245,007	100%	330,748,060	21,537,653	309,210,407
2024	19,881,980,757	100%	907,034,379	24,248,707	882,785,672
2025	20,989,068,405	100%	878,055,812	25,267,284	852,788,528

Source: Information obtained from Tarrant Appraisal District.

[a] The District's bonded indebtedness consists of General Obligation Bonds.

Schedule 15

Ratio Net Bonded Debt to Taxable Assessed Valuation	Estimated Population	Net Bonded Debt Per Capita	Taxable Assessed Valuation Per Capita
3.02%	141,444	1,959	64,874
2.41%	141,781	1,831	75,976
2.70%	142,514	2,323	85,893
3.09%	142,862	2,962	95,888
2.57%	144,098	2,769	107,557
2.37%	146,042	2,559	108,177
2.01%	147,118	2,347	116,949
1.68%	151,834	2,037	121,292
4.44%	151,923	5,811	130,869
4.06%	151,950	5,612	138,131

Schedule 16

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Demographic and Economic Statistics
Last Ten Calendar Years
(Unaudited)

Calendar Year	Estimated Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2016	141,444	4,465,146	31,568	4.00
2017	141,781	4,546,120	32,064	3.80
2018	142,514	4,601,470	32,288	3.50
2019	142,862	4,742,197	33,194	3.20
2020	144,098	4,970,095	34,491	8.00
2021	146,042	5,236,322	35,855	5.30
2022	147,118	5,354,525	36,396	3.40
2023	151,834	5,687,672	37,460	3.80
2024	151,923	6,009,494	39,556	3.70
2025	151,950	6,316,466	41,569	3.80

Unemployment rate from U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics. Average of for cities of Bedford, Euless, and Hurst for 2024 through 2022; preliminary rate as of September 2024 for 2024

Schedule 17

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Principal Employers
Current Year and Nine Years Ago
(Unaudited)

	2025			2016		
Employer	Employees	Rank	Percentage of Total Employment[a]	Employees	Rank	Percentage of Total Employment[a]
American Airlines	4,500	1	5.80%	-		0.00%
Bell Helicopter Textron	4,000	2	5.16%	4,000	1	5.46%
Hurst-Euless-Bedford ISD	2,006	3	2.59%	2,511	2	3.43%
Texas Health Harris Methodist HEB	1,480	4	1.91%	1,600	4	2.18%
Carter Blood Care	961	5	1.24%	844	6	1.15%
Walmart Supercenter - (Collective)	894	6	1.15%	964	5	1.32%
LSG Sky Chefs, Inc.	663	7	0.85%	600	8	0.82%
State National Companies	559	8	0.72%		-	
City of Euless	408	9	0.53%			0.00%
City of Hurst	400	10	0.52%			0.00%
Tarrant County College				575	9	0.79%
The Shops at Northeast Mall				800	7	1.09%
Northeast Mall (Collective)				1,706	3	2.33%
Autogrill Group Inc.				450	10	0.61%
	15,871		20.47%	14,050		19.18%

[a] Percentages of total employment for 2025 and 2016 were calculated using total employment data from the City of Hurst, City of Euless, and City of Bedford Annual Comprehensive Financial Reports from the corresponding fiscal years.

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HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Full-time-Equivalent District Employees by Type

Last Ten Fiscal Years

(Unaudited)

	Full-time-Equivalent Employees as of August 31										Percentage Change
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2025–2016
Supervisory											
Instructional administrators	24	24	22	22	23	28	27	31	31	31	29.2%
Noninstructional administrators	8	9	13	13	13	13	12	12	13	12	50.0%
Principals	28	28	28	28	28	29	29	30	31	30	7.1%
Assistant principals	41	40	42	42	42	43	43	44	44	48	17.1%
Total supervisory	101	101	105	105	106	113	111	117	119	121	19.8%
Instruction											
Elementary classroom teachers	693	697	701	711	698	715	690	690	694	693	0.0%
Secondary classroom teachers	444	455	461	473	483	482	513	501	503	496	11.7%
Special education teachers	108	112	124	126	129	132	135	147	155	159	47.2%
Other teachers	92	95	93	93	106	119	101	113	116	112	21.7%
Aides	180	184	189	208	221	212	234	254	284	300	66.7%
Total instruction	1,517	1,543	1,568	1,611	1,637	1,660	1,673	1,705	1,752	1,760	16.0%
Student Services											
Guidance counselors	42	42	41	43	44	44	45	43	47	46	9.5%
Therapists	22	24	25	24	26	30	30	31	35	38	72.7%
Psychologists/diagnosticians	27	27	27	28	30	31	33	32	36	37	37.0%
Librarians	24	24	24	24	24	25	25	25	25	25	4.2%
Nurses	34	34	34	34	34	36	37	41	41	39	14.7%
Total student services	149	151	151	153	158	166	170	172	184	185	24.2%
Support and Administration											
Professional Support	64	68	80	86	88	88	107	113	126	114	78.1%
Auxiliary staff	680	683	640	651	664	627	638	625	682	708	4.1%
Total support and administration	744	751	720	737	752	715	745	738	808	822	10.5%
Total	2,511	2,546	2,544	2,606	2,653	2,654	2,699	2,732	2,863	2,888	15.0%

Source: Information obtained from Texas Education Agency PEIMS reports

Note: Full-time instructional employees (teachers) of the district are employed for all 187 scheduled school days.
All other employees' scheduled work days range from 200 to 248 days per year.

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Operating Statistics

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Enrollment	Operating Expenditures	Cost per Pupil	Percentage Change	Government Wide Expenses
2016	22,834	186,681,645	8,176	1.22%	217,646,091
2017	23,120	196,834,722	8,514	4.13%	233,551,357
2018	23,429	200,850,843	8,573	0.69%	180,444,161
2019	23,686	217,655,378	9,189	7.19%	261,911,796
2020	23,816	220,397,161	9,254	0.71%	272,731,036
2021	22,962	219,558,485	9,562	3.32%	265,327,365
2022	22,874	234,065,732	10,233	7.02%	241,522,846
2023	22,947	238,647,872	10,400	1.63%	269,525,089
2024	23,226	273,117,085	11,759	13.07%	333,913,567
2025	23,262	273,117,085	11,741	-0.15%	328,016,999

Notes: Operating expenditures are total expenditures less debt service, capital outlays, and intergovernmental expenditures.
Implementation of GASB 75 resulted in adjustments to government-wide expenses causing
a 3.56% increase in the cost per pupil in 2022.

Schedule 19

Cost per Pupil	Percentage Change	Teaching Staff	Pupil–Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals
9,532	3.70%	1,337	17.1	52.7%
10,102	5.98%	1,359	17.0	51.9%
7,702	-23.76%	1,379	17.0	52.5%
11,058	43.57%	1,403	16.9	56.0%
11,452	3.56%	1,416	16.8	54.5%
11,555	0.90%	1,448	15.9	51.0%
10,559	-8.62%	1,439	15.9	60.7%
11,746	11.24%	1,450	15.8	60.8%
14,377	22.40%	1,468	15.8	60.8%
14,101	-1.92%	1,460	15.9	59.1%

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HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Teacher Base Salaries
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Minimum Salary[a]	Maximum Salary[a]	District Average Salary[b]	Region Average Salary[b]	Statewide Average Salary[b]
2016	53,500	84,069	58,542	54,379	51,891
2017	54,500	86,592	59,885	55,194	52,525
2018	55,000	88,324	60,691	56,144	53,334
2019	55,500	90,533	61,803	56,985	54,122
2020	56,000	82,304	63,623	59,339	57,091
2021	57,700	83,719	64,273	60,028	57,641
2022	58,500	84,338	64,759	61,303	58,887
2023	60,000	86,174	65,973	61,303	60,717
2024	61,500	87,652	67,206	64,783	62,474
2025	62,500	88,979	68,886	65,311	63,751

Note: Amounts are for a teacher with a bachelor's degree. Amounts do not include additional salary steps based on experience or academic credentials, nor fringe benefits such as health insurance, workers' compensation, and so on.

[a] Information obtained from district records

[b] Information obtained from Texas Education Agency - TAPR (Texas Academic Performance Report) reports for fiscal years 2016 through 2025

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Capital Asset Information
Last Ten Fiscal Years
(Unaudited)

	2016	2017	2018	2019
Schools				
Elementary				
Buildings	20	20	20	20
Square feet	1,435,727	1,435,727	1,435,727	1,435,727
Capacity	14,001	14,001	14,001	14,001
Enrollment	13,015	13,075	13,356	13,382
Junior High				
Buildings	5	5	5	5
Square feet	690,552	690,552	690,552	690,552
Capacity	5,379	5,379	5,379	5,379
Enrollment	4,975	5,067	5,076	5,257
High				
Buildings	2	2	2	2
Square feet	637,936	604,795	604,795	604,795
Capacity	4,525	4,525	4,525	4,525
Enrollment	4,658	4,838	4,847	4,903
Other				
Buildings	3	3	3	3
Square feet	253,470	253,470	253,470	253,470
Activity Centers				
Buildings	2	2	2	2
Square feet	182,536	182,536	182,536	182,536
Administrative				
Buildings	2	2	2	2
Square feet	69,919	69,919	69,919	69,919
Auxiliary Services Complex				
Buildings	3	3	3	3
Square feet	78,671	78,671	78,671	78,671
Buses	123	127	128	133
Portable Buildings				
Buildings	42	42	42	42
Square feet	60,768	60,768	60,768	60,768
Athletics				
Football fields	5	5	5	5
Running tracks	7	7	7	7
Baseball/softball	4	4	4	4
Swimming pools	1	1	—	—
Playgrounds	20	20	20	20
Physical fitness areas	26	26	26	26

Source: Information obtained from District records.

2020	2021	2022	2023	2024	2025
20	21	21	21	21	21
1,435,727	1,567,958	1,567,958	1,567,958	1,578,982	1,578,982
14,001	15,091	15,091	15,091	15,256	15,256
13,348	12,559	13,240	13,496	12,959	12,990
5	5	5	5	5	5
690,552	858,436	858,436	858,436	858,436	858,901
5,379	6,504	6,504	6,504	6,504	6,504
5,388	5,356	5,297	5,208	5,150	5,097
2	2	2	2	2	2
604,795	604,795	604,795	604,795	604,795	604,795
4,525	4,525	4,525	4,525	4,525	4,525
4,971	5,047	5,030	5,002	5,117	5,175
3	3	4	5	6	7
253,470	253,470	279,563	330,784	389,378	398,590
2	2	2	2	2	2
182,536	182,536	182,536	182,536	182,536	182,536
2	2	2	2	2	2
69,919	69,919	69,919	69,919	69,919	69,919
3	3	3	3	3	3
78,671	78,671	78,671	78,671	78,671	78,671
148	148	151	151	153	138
40	32	32	32	26	33
57,888	46,368	46,368	46,368	37,440	47,520
5	5	5	5	5	5
7	7	7	7	7	7
4	4	4	4	4	4
—	—	—	—	1	1
20	21	21	21	21	21
26	27	27	27	27	28

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FEDERAL AWARDS SECTION

2300 North Field Street, Suite 1000
Dallas, Texas 75201
972-490-1970

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 *Governmental Auditing Standards*

Board of Trustees
Hurst-Euless-Bedford Independent School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hurst-Euless-Bedford Independent School District (the District) as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 12, 2026.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
January 12, 2026

2300 North Field Street, Suite 1000
Dallas, Texas 75201
972-490-1970

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Board of Trustees
Hurst-Euless-Bedford Independent School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Hurst-Euless-Bedford Independent School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2025. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control Over Compliance

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

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

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

Board of Trustees
Hurst-Euless-Bedford Independent School District

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
January 12, 2026

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2025

Federal grantor agency	Federal ALN number	Pass-through entity identification number	Expenditures indirect costs and refunds
U.S. Department of Education			
(Passed through State Department of Education)			
ESSA Title I, Part A - Improving Basic Programs	84.010A	25610101220916	$ 4,673,791
Instructional Leadership Grant	84.010A	25610105220916	8,600
Special Education Cluster (IDEA):			
IDEA - Part B Formula	84.027A	256600012209166600	4,732,797
IDEA - Part B Preschool	84.173A	256610012209166610	84,287
High Cost Fund (2265)			75,460
Total Special Education Cluster (IDEA)			4,892,544
Perkins V - Strengthening CTE for 21st Century	84.048A	25420006220916	266,898
Title X, Part C - Education for Homeless Children and Youth	84.196A	254600057110018	63,470
Title II, Part A - Supporting Effective Instruction	84.367A	25694501220916	682,140
Title III, Part A - English Language Acquisition	84.365A	25671001220916	570,096
Title III, Part A - Immigrant	84.424A	25671003220916	66,445
Title IV, Part A, SSAEP	84.424A	25680101220916	347,045
Improving Academic Achievement, Summer School LEP	84.369A	69552402	32,690
Total Department of Education			11,603,719
U.S. Department of Agriculture			
(Passed through Texas Education Agency)			
Child Nutrition Cluster:			
National School Breakfast	10.553	202525N109946	2,700,483
National School Lunch	10.555	202525N109946	8,608,373
Summer Food Service Program for Children	10.559	202525N109946	109,421
Total passed through Texas Education Agency			11,418,277
(Passed through Texas Department of Agriculture)			
National School Lunch Program Commodity donation (**noncash**)	10.555	202525N109946	1,133,650
Total passed through Texas Department of Agriculture			1,133,650
Total Child Nutrition Cluster			12,551,927
Total Department of Agriculture			12,551,927
Medicaid Cluster			
U.S. Department of Health and Human Services			
(Passed through Texas Health and Human Services Commission)			
Medicaid Administrative Claiming Program	93.778	HHS000537900176	85,889
Total Medicaid Cluster			85,889
Total expenditures of federal awards			24,241,535
RECONCILIATION			
Federal program revenues General Fund			$ 1,048,006
Federal program revenues Special Revenue Fund			23,800,318
Total federal program revenues per exhibit C-3			24,848,324
School Health and Related Services			(606,789)
Total expenditures of federal awards			$ 24,241,535

Hurst-Euless-Bedford Independent School District

Notes to Supplementary Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2025

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the modified accrual basis of accounting, which is described in Note C to the District's financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Hurst-Euless-Bedford Independent School District
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2025

I. Summary of the Auditor's Results

Financial Statements

a. An unmodified opinion was issued on the financial statements.

b. Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes __X__ No
- Significant deficiency(s) identified? _____ Yes __X__ None Reported

c. Noncompliance material to financial statements noted? _____ Yes __X__ No

Federal Awards

d. Internal control over major programs

- Material weakness(es) identified? ____ Yes __X__ No
- Significant deficiency(s) identified? ____ Yes __X__ None reported

e. An unmodified opinion was issued on compliance for major programs

f. Any audit findings disclosed that were required to be reported in accordance with 2 CFR 200.516(a)? ____ Yes __X__ No

g. Identification of major programs:

84.010A	Title I, Part A
87.027A and 84.173A	Special Education Cluster

h. The dollar threshold used to distinguish between Type A and Type B programs $750,000

i. Auditee qualified as a low-risk auditee. __X__ Yes _____ No

II. Financial Statement Findings

None

III. Federal Awards Findings

None

Hurst-Euless-Bedford Independent School District
Schedule of Prior Year Findings
For the Year Ended August 31, 2025

Prior Year Findings

None reported.