YSLETA INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL AND COMPLIANCE REPORT

For the Year Ended June 30, 2026

YSLETA INDEPENDENT SCHOOL DISTRICT
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YSLETA INDEPENDENT SCHOOL DISTRICT

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INTRODUCTORY SECTION


THE DISTRICT
YSLETA INDEPENDENT SCHOOL DISTRICT

CERTIFICATE OF BOARD

Ysleta Independent School District	El Paso County	071-905
Name of School District	County	Co. - Dist. No.

We, the undersigned, certify that the attached annual financial report of the above named school district was reviewed and approved for the fiscal year June 30, 2026, at a meeting of the Board of Trustees of such school district on November 17, 2026.

_____ _____

President of the Board Secretary of the Board


THEDISTRICT
YSLETA INDEPENDENT SCHOOL DISTRICT

Ysleta Independent School District
9600 Sims Drive • El Paso, Texas 79925 • 915-434-0050

THE DISTRICT
CHIEF FINANCIAL and OPERATIONAL OFFICER

November 17, 2026

Members of the Board of Trustees
Ysleta Independent School District
9600 Sims Drive
El Paso, Texas, 79925

The Annual Financial Report for the Ysleta Independent School District (the District) as of and for the fiscal year ended June 30, 2026, is submitted herewith. The responsibility for both the accuracy of the data and the completeness of the presentation, including all disclosures, rests with the management of the District.

This report was prepared by the Finance Department and to the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner to present fairly the financial position and results of operations of the various funds of the District. Readers of this report are encouraged to consider the information presented here in conjunction with additional information presented in management's discussion and analysis found on pages 7-14 of this report. All disclosures necessary to enable the reader to gain an understanding of the financial activities for the fiscal year ended June 30, 2026 have been included.

This report is comprised of three major categories:

Introductory Section
This section contains this letter of transmittal that summarizes fiscal information.

Financial Section
This section contains the Independent Auditor's Report, Management Discussion and Analysis, the Basic Financial Statements, Notes to the Basic Financial Statements and Supplemental Information, which includes financial statements by fund type. The Basic Financial Statements, together with the independent auditor’s report, Management Discussion and Analysis and the Notes to the Financial Statements are designed to provide a financial overview; the Supplemental Information provides more detailed financial information on a fund-by-fund basis.

Financial Management
District management is responsible for establishing and maintaining internal controls designed to ensure the assets of the District are protected from loss, theft, misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal controls are designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budget Control - The District maintains numerous budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget adopted by the Board of Trustees.

Activities of all funds are included in this report. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by fund. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end and are generally re-established in the following year as an obligation against that year's appropriated budget.

Accounting Policies - Detailed descriptions of the District's accounting policies are contained in the Notes to the Basic Financial Statements on pages 33-68, and they are an integral part of this report. These policies describe the basis of accounting, funds and accounts used, valuation policies for inventories and investments and other significant accounting information.

Independent Audit - The accounting firm of Whitley Penn LLP was appointed by the Board of Trustees to perform the June 30, 2026 fiscal year audit. The Independent auditor's report on the Basic Financial Statements is included in the financial section of this report.

Acknowledgement - We would like to express our appreciation to the District's independent auditors, Whitley Penn, for the professional manner in which they have accomplished this audit. We would also like to thank Superintendent, Dr. Xavier De La Torre and the Board of Trustees for their interest and support in planning and conducting the financial operations of the Ysleta Independent School District in a responsible and professional manner.

Respectfully submitted,

Lynly G. Cambern

Lynly G. Cambern, CPA
Chief Financial and Operational Officer

YSLETA INDEPENDENT SCHOOL DISTRICT
OFFICIALS DIRECTORY

BOARD OF TRUSTEES

Carlos Bustillos
President

Mike Dwyer
Vice President

Connie Woodruff
Secretary

Cruz A. Ochoa
Member

Shane Haggerty
Member

Chris Hernandez
Member

Henry Rivera
Member

ADMINISTRATION

Dr. Xavier De La Torre
Superintendent

Lynly G. Cambern, CPA
Chief Financial and Operational Officer

Bobbi Russell-Garcia
Chief Human Capital Management Officer

Dr. Brenda Chacon
Chief Academic Officer

Priscilla De Mata
Chief Counsel


THE DISTRICT
YSLETA INDEPENDENT SCHOOL DISTRICT

FINANCIAL SECTION


THE DISTRICT
YSLETA INDEPENDENT SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Ysleta Independent School District

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *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 management's discussion and analysis, budgetary comparison information, pension information, and other-post employment benefit information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements, required Texas Education Agency (TEA) schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and required TEA schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information and Introductory Section

Management is responsible for the other information included in the annual report. The other information comprises the Schedule L-1 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2026 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Whitley Penn LLP

Houston, Texas
November 10, 2026


THE DISTRICT
YSLETA INDEPENDENT SCHOOL DISTRICT

As management of the Ysleta Independent School District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2026.

Overview of the Financial Statements

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

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

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

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

The G*overnment-wide financial statements* of the District are principally supported by taxes and intergovernmental revenues *(governmental activities)*.

The governmental activities of the District include Instruction, Instructional Resources and Media Services, Curriculum and Instructional Staff Development, Instructional Leadership, School Leadership, Guidance, Counseling, and Evaluation Services, Social Work Services, Health Services, Student Transportation, Food Services, Extracurricular Activities, General Administration, Facilities Maintenance and Operations, Security and Monitoring Services, Data Processing Services, Community Services, Interest on Long-term Debt, Debt Issuance Costs and Fees, Facilities Repairs and Maintenance, Payments to Fiscal Agent/Member Districts of SSA, and Other Intergovernmental Charges.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds*. Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains twenty-nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, and the Capital Projects Fund, all of which are considered to be major funds. Data from the other non-major governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the financial statements. The District adopts an annual appropriated budget for its General Fund, Debt Service Fund, and the Child Nutrition Program Fund.

Proprietary Funds. The District maintains individual internal service funds for Health Insurance, Workers' Compensation, and Print Shop Services. *Internal service funds*, one type of proprietary fund, are an accounting device used to accumulate and allocate costs internally among the District's various funds and functions. Because these services predominantly benefit governmental functions, they have been included within *governmental activities* in the government-wide financial statements.

The District maintains enterprise funds for: Teachers Network Technology, Regional Wrestling Meet, Employee Day Care Collaborative, Oasis Program, and District Events. *Enterprise funds*, a second type of proprietary fund, are used to report on other activity for which a fee is charged to external users for goods or services. Enterprise funds are included within the *business-type activities* in the government-wide financial statements.

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

Fiduciary Funds. The fiduciary funds are used to account for resources held for the benefit of students and employees. The District's *custodial funds* are used to account for resources held in a custodial capacity by the District and consist of funds that are the property of students or others. The fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the District's own programs.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. The required supplementary information relates to comparison of the original adopted budget, the final amended budget, and the actual amounts for the fiscal year. A budgetary comparison schedule is required supplementary information for the General Fund and any major special revenue funds. The District did not have any major special revenue funds; therefore, only the General Fund is presented as required supplementary information. In addition, required supplementary information includes a schedule of the District's proportionate share of the Net Pension Liability - TRS for the last ten Measurement Years and a schedule of District contributions - TRS for the past ten fiscal years. Similar information is reported for OPEB contributions and the Net OPEB liability.

Other Information. The combining fund statements and required TEA schedules are presented immediately following the required supplementary information.

Financial Summary and Detailed Analysis

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $102,307,324 at the close of the most recent fiscal year, a decrease of $14,864,320.

As of June 30, 2026 and 2025, the District's net position included the following:

	Governmental Activities		Business-type Activities		Total	
	2026	2025	2026	2025	2026	2025
Current and other assets	$ 168,701,783	$ 198,608,339	$ 53,820	$ 50,644	$ 168,755,603	$ 198,658,983
Capital assets, net of depreciation and amortization and noncurrent assets	999,200,891	1,041,164,274	-	-	999,200,891	1,041,164,274
Total Assets	1,167,902,674	1,239,772,613	53,820	50,644	1,167,956,494	1,239,823,257
Deferred outflow of resources	82,570,038	92,672,608	-	-	82,570,038	92,672,608
Total Deferred Outflows of Resources	82,570,038	92,672,608	-	-	82,570,038	92,672,608
Current liabilities	67,638,694	89,090,320	-	-	67,638,694	89,090,320
Long term liabilities	1,151,124,420	1,210,058,648	-	-	1,151,124,420	1,210,058,648
Total Liabilities	1,218,763,114	1,299,148,968	-	-	1,218,763,114	1,299,148,968
Deferred inflow of resources	134,070,742	120,789,901	-	-	134,070,742	120,789,901
Total Deferred Inflows of Resources	134,070,742	120,789,901	-	-	134,070,742	120,789,901
Net Position:						
Net investment in capital assets	127,632,392	152,449,723	-	-	127,632,392	152,449,723
Restricted	79,106,353	72,631,353	-	-	79,106,353	72,631,353
Unrestricted	(309,099,889)	(312,574,724)	53,820	50,644	(309,046,069)	(312,524,080)
Total Net Position	$ (102,361,144)	$ (87,493,648)	$ 53,820	$ 50,644	$ (102,307,324)	$ (87,443,004)

Net investment in capital assets of $127,632,392 reflects the District's investment in capital assets (e.g., land, buildings, furniture and equipment, construction in progress, subscription assets, and lease assets) less any related debt used to acquire those assets and unspent bond proceeds. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. An additional portion of the District's net position, $79,106,353, represents resources that are subject to external restrictions on how they may be used.

Net position is restricted for various purposes as follows:

	Governmental Activities	
	2026	2025
Federal and state programs	$ 4,831,910	$ 4,104,521
Debt service	74,274,443	68,526,832
	$ 79,106,353	$ 72,631,353

The balance of unrestricted net position may be used to meet the District's ongoing obligations to students and creditors. At the end of the current fiscal year, the District reports a deficit balance in unrestricted net position of $309,046,069 caused by the net pension and net OPEB liabilities.

Governmental Activities. Current and other assets decrease in governmental activities by $29.9 million from the prior year, primarily due to a decrease in cash and investments resulting from payments related to capital-related debt issuances. Capital assets of governmental activities decreased by $43.8 million, primarily due to retirement of assets and change in depreciation estimates.

Other liabilities in governmental activities decreased by $21.4 million, primarily due to a $18.8 million decrease in short term debt payable and a $1.9 million decrease in due to other governments.

Long-term liabilities of governmental activities decreased by $58.8 million, payments of $20.9 million of previously outstanding bonds, a $24.7 million decrease in the net OPEB liability, and a $13.1 million decrease in net pension liability. The decrease in the net OPEB and Pension liability was primarily attributable to an increase in the discount rate used to measure the liability.

Business-type Activities. Business-type activities remained relatively consistent with the prior year, with net position increasing slightly from $50.6 thousand to $53.8 thousand. Current and other assets increased by approximately $3.2 thousand. Unrestricted net position increased by approximately $3.2 thousand.

Comparative Schedule of Changes in Net Position for the Years Ended June 30, 2026, and 2025

	Governmental Activities		Business-type Activities		Total	
	2026	2025	2026	2025	2026	2025
Program Revenues						
Charges for services	$ 3,448,008	$ 3,453,476	$ 11,011	$ 18,334	$ 3,459,019	$ 3,471,810
Operating grants and contributions	84,561,853	89,028,293	-	-	84,561,853	89,028,293
General Revenues						
Property taxes	94,103,242	95,806,821	-	-	94,103,242	95,806,821
State Aid - Formula Grants	290,631,050	283,425,485	-	-	290,631,050	283,425,485
Investment earnings	5,062,075	6,295,958	-	-	5,062,075	6,295,958
Other	2,179,800	43,796	-	-	2,179,800	43,796
Total Revenues	479,986,028	478,053,829	11,011	18,334	479,997,039	478,072,163
Expenses						
Instruction	247,977,320	256,022,258	-	-	247,977,320	256,022,258
Instructional resources and media services	4,636,918	4,814,238	-	-	4,636,918	4,814,238
Curriculum and staff development	11,547,917	12,634,323	-	-	11,547,917	12,634,323
Instructional leadership	7,435,664	7,082,230	-	-	7,435,664	7,082,230
School leadership	25,930,123	28,227,084	-	-	25,930,123	28,227,084
Guidance, counseling, and evaluation services	16,869,770	17,370,372	-	-	16,869,770	17,370,372
Social work services	2,609,458	2,499,685	-	-	2,609,458	2,499,685
Health services	5,742,700	5,788,131	-	-	5,742,700	5,788,131
Student transportation	12,045,909	13,917,487	-	-	12,045,909	13,917,487
Food service	23,413,248	24,402,471	-	-	23,413,248	24,402,471
Extracurricular activities	21,856,807	22,315,431	-	-	21,856,807	22,315,431
General administration	10,163,371	10,995,275	-	-	10,163,371	10,995,275
Facilities maintenance and operations	52,723,283	61,039,395	-	-	52,723,283	61,039,395
Security and monitoring services	10,136,679	10,492,126	-	-	10,136,679	10,492,126
Data processing services	7,278,028	8,104,891	-	-	7,278,028	8,104,891
Community services	554,258	599,177	-	-	554,258	599,177
Interest on long-term debt	32,152,544	33,405,902	-	-	32,152,544	33,405,902
Debt issuance costs and fees	149,466	177,199	-	-	149,466	177,199
Facilities acquisition and construction	140,312	1,046,045	-	-	140,312	1,046,045
Payments to fiscal agent/member districts of SSA	134,135	158,692	-	-	134,135	158,692
Other intergovernmental charges	1,355,614	1,449,754	-	-	1,355,614	1,449,754
Enterprise Activities	-	-	7,835	209	7,835	209
Oasis Program	-	-	-	9,852	-	9,852
Total Expenses	494,853,524	522,542,166	7,835	10,061	494,861,359	522,552,227
Increase (decrease) in net position	(14,867,496)	(44,488,337)	3,176	8,273	(14,864,320)	(44,480,064)
Net Position - Beginning	(87,493,648)	(43,005,311)	50,644	42,371	(87,443,004)	(42,962,940)
Net Position - Ending	$ (102,361,144)	$ (87,493,648)	$ 53,820	$ 50,644	$ (102,307,324)	$ (87,443,004)

The Net Position of the District decreased by $14.9 million for the year ended June 30, 2026, the reasons for this overall decrease are discussed in the following sections for governmental activities and business-type activities.

Governmental Activities. The District's governmental activities decreased net position by $14.9 million during fiscal year 2026, compared with a decrease of $44.5 million in the prior year. The lower decrease in net position resulted primarily from increase in state aid – formula grants, partially offset by a decrease in property tax and grants and contributions. Lower expenses for instruction and facilities maintenance and operation expenses also contributed to the improvement in net position.

Revenues for the District's governmental activities in fiscal year 2026 from taxpayers, user service fees, grants and other sources for the District were $480.0 million, a $1.9 million increase from fiscal year 2025 due to a $7.2 million increase in state aid, partially offset by a $1.7 million decrease in property taxes and a $4.5 million decrease in operating grants and contributions.

Approximately 20% of the District's revenues came from property taxes, with an additional 78% derived from state funding formulas and federal grants. Last fiscal year, 20% of the District's revenues came from property taxes and 78% came from state funding formulas and federal grants.

	Total Revenues	% of Total Revenues
Property taxes	$ 94,103,242	19.61%
State Aid - Formula Grants	290,631,050	60.55%
Operating grants and contributions	84,561,853	17.62%
Charges for services	3,448,008	0.72%
Investment earnings	5,062,075	1.05%
Other revenue	2,179,800	0.45%
Total Revenues	$ 479,986,028	100.00%

Expenses for the District's governmental activities in fiscal year 2026 decreased by $27.7 million compared to the fiscal year 2025. Approximately 53 percent of the District's expenses were expended for instructional and instruction related activities. When combined with student and other support services such as transportation, counseling and nursing, 76 percent of the District's expenses were spent on direct student services.

	Total Expenses	% of Total Expenses
Instruction and Instruction Related Services	$ 264,162,155	53.38%
Instructional and School Leadership	33,365,787	6.74%
Student Support Services	82,537,892	16.68%
Administrative Support Services	10,163,371	2.05%
Support Services	70,137,990	14.17%
Debt Service	32,302,010	6.53%
Other Expenses	2,184,319	0.44%
Total Expenses	$ 494,853,524	100.00%

Business-type Activities. Business-type activities increased net position by $3.2 thousand during fiscal year 2026, compared with an increase of $8.3 thousand in the prior year. The increase in net position resulted primarily from operations of the Oasis Program activity. Charges for services decreased from approximately $18.3 thousand in the prior year to $11.1 thousand in the current year as spending by customers decreased from overall rising costs of living and having less disposable income. Correspondingly, expenses decreased from approximately $10.1 thousand to $7.8 thousand as less inventory was purchased for resale in the Oasis Program. As a result, business-type activities generated a small increase in net position of approximately $3.2 thousand during fiscal year 2026, compared with an increase of $8.2 thousand in the prior year.

Detailed Analysis of Governmental Funds

Governmental Funds. As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of $123,109,145, a decrease of $8,972,643 in comparison with the prior year. The decrease in ending governmental fund balances is primarily due to the decreases in the General Fund of $14.1 million partially offset by an increase in the Capital Projects Fund of $1.6 million, and increase in the Debt Service Fund of $2.3 million.

General Fund. *The general fund* is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was $19,916,578, while total fund balance reached $28,012,254. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 5% of total general fund expenditures, while total fund balance represents 7% of that same amount. The fund balance of the District's General fund decreased by a net of $14,125,816 as a result of an ongoing structural deficit of which the District is addressing in its Fiscal Stabilization Plan.

Capital Projects Fund. The *capital projects fund,* a major governmental fund, has a total ending fund balance of $1,866,261, all of which is restricted for capital projects. The net increase in this capital projects fund balance during the current year was attributable to allowable safety related expenditures that were originally charged to the Capital Projects fund and were subsequently reimbursed by the State during fiscal year 2026.

Debt Service Fund. The *debt service fund*, a major governmental fund, has a total ending fund balance of $86,578,297 all of which is restricted for debt service. The increase in debt service fund balance during the current year was attributable to debt service revenues and other financing sources exceeding expenditures and other financing uses during fiscal year 2026 by $2.3 million.

Significant Capital Assets and Long-term Financing Activity

Capital Assets. The District's investment in capital assets for its governmental activities as of June 30, 2026 includes land, buildings and improvements, furniture and equipment, right-to-use leased equipment, SBITA assets and construction in progress. The investment in capital assets for the current year was $977,490,814. The total decrease in the District's investment in capital assets was $43,878,210; this is primarily due to retirement of assets and an increase in depreciation expense. The following table summarizes the investment in capital assets as of June 30, 2026 and 2025:

	2026	2025
Land	$ 14,379,671	$ 15,747,778
Buildings and improvements	1,310,797,670	1,318,746,150
Land Improvements	74,553,671	76,052,027
Furniture and equipment	121,453,741	128,764,278
Right-to-use leased equipment	356,300	343,551
SBITA assets	394,676	959,443
Construction in progress	1,431,535	-
Total	1,523,367,264	1,540,613,227
Accumulated depreciation and amortization	(545,876,450)	(519,244,203)
Net Capital Assets	$ 977,490,814	$ 1,021,369,024

Construction commitments. The District has active construction projects as of June 30, 2026. The projects include the installation of new turfs at the high schools. At year end, the District's remaining commitments with contractors totaled $1,652,200 for ongoing projects.

Long-Term Financing Activity. At the end of the current fiscal year, the District had $818,987,966 in outstanding bonded debt, a decrease of $13,690,066 over the previous year. The District's bonds are sold with an "AAA" rating and are guaranteed through the Texas Permanent School Fund Guarantee Program or by a municipal bond insurance policy. The underlying rating of the bonds from Standard and Poor's is "A" and from Moody's Investors Service is "Baa1" for general obligation debt see Note 21 for more information.

Changes in general obligation bonds, for the year ended June 30, 2026 are as follows:

Outstanding 07/01/25	Issued	Retired	Outstanding 06/30/26
$ 832,678,032	$ -	$ (13,690,066)	$ 818,987,966

In addition, at the end of the current fiscal year, the District had $29,570,000 in outstanding Maintenance Tax Notes.

Balance 07/01/25	Additions	Retirements	Balance 06/30/26
$ 29,570,000	$ -	$ -	$ 29,570,000

Additional information on the District's long-term liabilities can be found in the notes to the financial statements.

Currently Known Facts, Decisions or Conditions

The District's elected and appointed officials considered many factors when developing the fiscal year 2026 budget. Those factors included economic and market conditions, programmatic needs and continued decrease in enrollment due partially to declining birth rates within District boundaries.

The District continues to face significant financial challenges resulting from declining enrollment, rising operation costs, and inflationary pressures, and loss of revenue as a result of the Texas Comptroller's change in methodology for calculating property tax free loss, all of which have contributed to a structural budget deficit.

In fiscal year 2020, the state legislature began a progressive compression of the M & O portion of the tax rate for all districts across the state. This compression resulted in a continual decrease in the district's M & O rate from $1.17 in fiscal year 2019, to $0.6254 in fiscal year 2027. The state increased the foundation revenue calculation to offset the loss of property tax revenue. In an effort to generate additional revenue, the Board of Trustees ordered a Voter Approved Tax Rate Election in the summer of 2026. The election was held on November 3, 2026; however, the measure was not approved by voters. On the debt service side, in November 2019, voters approved the issuance of new Unlimited Tax School Building Bonds of $425 million. In January 2020, the district issued $250 million of the approved bonds, and issued the remaining $146 million in June of 2022. Management is proposing an M&O rate of $.7637 and I&S of $.4000 for a total rate of $1.1637 which is expected to be approved by the Board of Trustees November 17, 2026

Funding from the State is based on Average Daily Attendance (ADA). Since the start of the pandemic, the district has experienced an average decline in annual ADA and enrollment between 4% and 5%. The District's ADA decreased from 30,975 in FY 2025 to 29,759 in FY 2026 and enrollment decreased from 34,062 to 32,287. The District based it budget on an enrollment loss of 1,250 students with ADA rate of 94%.

Subsequent to year end, the District experienced a credit rating downgrade related to its general obligation debt. Moody's downgraded the District's General Obligation Unlimited Tax (GOULT) rating and General Obligation Limited Tax (GOLT) rating to Baa1, from A2. This rating is still considered investment grade and not speculative.

In response to the known structural deficit, the District developed and implemented a Fiscal Stabilization Plan aimed at addressing the structural deficit, aligning expenditures with available revenues, and restoring long-term financial

sustainability. Key components of the plan included evaluating staffing levels and organizational structures to right-size the District, reducing positions primarily through attrition, implementing a near spending freeze and enhanced expenditure controls, and limiting purchases to those considered mission-critical. The District also implemented additional cost-saving measures, including deferring non-essential maintenance, reducing discretionary spending and eliminating utility costs at vacant properties. These efforts, combined with continued monitoring of expenditures throughout the fiscal year, generated more than $20 million in expenditures savings during fiscal year 2026. As a result, the District reduced its projected budget deficit from $22.2 million to $14.2 million in fiscal year 2026.

Property values for the upcoming school year increased by 6% from the 2024 values. A constitutional amendment was approved by voters on November 5, 2025 to increase the state homestead exemption to $140,000 from the current $100,000 exemption. This exemption increase, coupled with the district's optional homestead exemption of 20% of the taxable value of the primary home, provides our constituents with the lowest tax burden of the three major districts in the city.

Total General Fund appropriations for 2026-27 were originally budgeted at $391.4 million, a decrease of $27.5 million from the original 2025-2026 budget. The decrease is directly attributed to the continued execution of the Fiscal Stabilization Plan. The District continues to reduce positions through attrition. The District has offered a retirement/separation incentive to employees who are willing to retire or separate from the District on December 31, 2026. In addition, the District continues to strictly monitor expenditures.

In addition, as part of the Fiscal Stabilization Plan, the Board of Trustees authorized in August 2026, the issuance of Maintenance Tax Notes in the amount of $65,000,000 as well as the refunding of certain outstanding bonds in the amount not to exceed $159,725,000.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chief Financial Officer, Ysleta Independent School District, 9600 Sims Drive.

BASIC FINANCIAL STATEMENTS


THE DISTRICT
YSLETA INDEPENDENT SCHOOL DISTRICT

YSLETA INDEPENDENT SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET POSITION

June 30, 2026

Data Control Codes		Governmental Activities	Business-type Activities	Total
	Assets			
1110	Cash and cash equivalents	$ 122,693,328	$ -	$ 122,693,328
1220	Property taxes receivables - delinquent	11,561,130	-	11,561,130
1240	Due from other governments	32,543,414	-	32,543,414
1260	Internal balances	(53,820)	53,820	-
1290	Other receivables, net	218,943	-	218,943
1300	Inventories	1,738,788	-	1,738,788
	Capital assets not subject to depreciation and amortization:			
1510	Land	14,379,671	-	14,379,671
1580	Construction in progress	1,431,535	-	1,431,535
	Capital assets net of depreciation and amortization:			
1520	Buildings and improvements, net	951,527,367	-	951,527,367
1530	Furniture and equipment, net	9,767,434	-	9,767,434
1550	Right-to-use lease equipment, net	205,115	-	205,115
1553	SBITA assets, net	179,692	-	179,692
1910	Long-term investments	21,710,077	-	21,710,077
1000	**Total Assets**	1,167,902,674	53,820	1,167,956,494
	Deferred Outflows of Resources			
	Deferred charge on refunding	14,943,797	-	14,943,797
	Deferred outflows - pensions	34,534,807	-	34,534,807
	Deferred outflows - OPEB	33,091,434	-	33,091,434
1700	**Total Deferred Outflows of Resources**	82,570,038	-	82,570,038
	Liabilities			
2110	Accounts payable	3,745,157	-	3,745,157
2120	Short term debt payable	31,099,706	-	31,099,706
2140	Interest payable	15,166,374	-	15,166,374
2150	Payroll deductions and withholdings	4,922,672	-	4,922,672
2160	Accrued wages payable	2,395,660	-	2,395,660
2180	Due to other governments	877,352	-	877,352
2200	Accrued expenses	8,119,577	-	8,119,577
2300	Unearned revenue	1,312,196	-	1,312,196
	Long-term liabilities			
2501	Due within one year	36,433,675	-	36,433,675
2502	Due in more than one year	921,528,074	-	921,528,074
2540	Net pension liability	122,632,676	-	122,632,676
2545	Net other post-employment benefit (OPEB) liability	70,529,995	-	70,529,995
2000	**Total Liabilities**	1,218,763,114	-	1,218,763,114
	Deferred Inflows of Resources			
	Deferred inflows - pensions	31,064,236	-	31,064,236
	Deferred inflows - OPEB	103,006,506	-	103,006,506
2600	**Total Deferred Inflows of Resources**	134,070,742	-	134,070,742
	Net Position			
3200	Net investment in capital assets	127,632,392	-	127,632,392
	Restricted for:			
3820	Federal and state programs	4,831,910	-	4,831,910
3850	Debt service	74,274,443	-	74,274,443
3900	Unrestricted	(309,099,889)	53,820	(309,046,069)
3000	**Total Net Position**	$ (102,361,144)	$ 53,820	$ (102,307,324)

Data Control Codes	Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions
	Governmental Activities:			
11	Instruction	$ 247,977,320	$ 508,880	$ 29,127,125
12	Instructional resources and media services	4,636,918	3,580	12,856
13	Curriculum and staff development	11,547,917	48,134	3,913,123
21	Instructional leadership	7,435,664	-	936,112
23	School leadership	25,930,123	571,431	239,498
31	Guidance, counseling, and evaluation services	16,869,770	76	623,237
32	Social work services	2,609,458	-	1,120,461
33	Health services	5,742,700	1,547	1,722,722
34	Student transportation	12,045,909	274	-
35	Food service	23,413,248	356,873	23,185,306
36	Extracurricular activities	21,856,807	1,522,703	97,557
41	General administration	10,163,371	335,395	1,710,855
51	Plant maintenance and operations	52,723,283	40,730	3,866,759
52	Security and monitoring services	10,136,679	32,933	2,161,051
53	Data processing services	7,278,028	-	9,500
61	Community services	554,258	25,452	452,079
72	Interest on long-term debt	32,152,544	-	15,249,477
73	Bond insurance costs and fees	149,466	-	-
81	Facilities acquisition and construction	140,312	-	-
93	Payments to fiscal agent/member districts of SSA	134,135	-	134,135
99	Other intergovernmental charges	1,355,614	-	-
TG	**Total Governmental Activities**	494,853,524	3,448,008	84,561,853
	Business-Type activities			
04	Oasis Program	7,316	10,492	-
05	Other Business-type Activities	519	519	-
TB	**Total Business-Type activities**	7,835	11,011	-
TP	**Total Primary Government**	$ 494,861,359	$ 3,459,019	$ 84,561,853

Data Control Codes	Functions/Programs	Net (Expense) Revenue and Changes in Net Position — Primary Government: Governmental Activities	Business-type Activities	Total
	Governmental Activities:			
11	Instruction	$ (218,341,315)	$ -	$ (218,341,315)
12	Instructional resources and media services	(4,620,482)	-	(4,620,482)
13	Curriculum and staff development	(7,586,660)	-	(7,586,660)
21	Instructional leadership	(6,499,552)	-	(6,499,552)
23	School leadership	(25,119,194)	-	(25,119,194)
31	Guidance, counseling, and evaluation services	(16,246,457)	-	(16,246,457)
32	Social work services	(1,488,997)	-	(1,488,997)
33	Health services	(4,018,431)	-	(4,018,431)
34	Student transportation	(12,045,635)	-	(12,045,635)
35	Food service	128,931	-	128,931
36	Extracurricular activities	(20,236,547)	-	(20,236,547)
41	General administration	(8,117,121)	-	(8,117,121)
51	Plant maintenance and operations	(48,815,794)	-	(48,815,794)
52	Security and monitoring services	(7,942,695)	-	(7,942,695)
53	Data processing services	(7,268,528)	-	(7,268,528)
61	Community services	(76,727)	-	(76,727)
72	Interest on long-term debt	(16,903,067)	-	(16,903,067)
73	Bond insurance costs and fees	(149,466)	-	(149,466)
81	Facilities acquisition and construction	(140,312)	-	(140,312)
93	Payments to fiscal agent/member districts of SSA	-	-	-
99	Other intergovernmental charges	(1,355,614)	-	(1,355,614)
TG	**Total Governmental Activities**	(406,843,663)	-	(406,843,663)
	Business-Type activities			
04	Oasis Program	-	3,176	3,176
05	Other Business-type Activities	-	-	-
TB	**Total Business-Type activities**	-	3,176	3,176
TP	**Total Primary Government**	(406,843,663)	3,176	(406,840,487)
	General Revenues			
	Taxes:			
MT	Property taxes, levied for general purposes	60,813,905	-	60,813,905
DT	Property taxes, levied for debt service	33,289,337	-	33,289,337
SF	State-aid formula grants	290,631,050	-	290,631,050
IE	Investment earnings	5,062,075	-	5,062,075
MI	Miscellaneous	2,179,800	-	2,179,800
TR	**Total General Revenues**	391,976,167	-	391,976,167
CN	Change in net position	(14,867,496)	3,176	(14,864,320)
NB	**Net Position - Beginning**	(87,493,648)	50,644	(87,443,004)
NE	**Net Position - Ending**	$ (102,361,144)	$ 53,820	$ (102,307,324)

YSLETA INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2026

Data Control Codes		General Fund	Debt Service Fund	Capital Projects Fund
	Assets			
1110	Cash and temporary investments	$ 51,182,267	$ 65,833,100	$ 254,211
	Receivables:			
1220	Property taxes - delinquent	9,708,416	3,711,366	-
1230	Allowance for uncollectible taxes (credit)	(1,047,996)	(810,656)	-
1240	Receivables from other governments	24,029,405	1,324,697	-
1260	Due from other funds	-	-	3,043,585
1290	Other receivables	170,121	-	-
1300	Inventories	1,738,788	-	-
1990	Long-term investments	-	21,710,077	-
1000	**Total Assets**	85,781,001	91,768,584	3,297,796
	Liabilities, Deferred Inflows of Resources, and Fund Balances			
	Liabilities:			
2110	Accounts payable	$ 1,687,061	$ 64,219	$ 1,359,958
2120	Note payable	31,099,706	-	-
2150	Payroll deduction and withholdings	4,922,672	-	-
2160	Accrued wages payable	2,395,660	-	-
2170	Due to other funds	8,847,398	1,542,026	-
2180	Payable to other governments	155,830	721,522	-
2200	Accrued expenditures	-	-	71,577
2300	Unearned revenue	-	-	-
2000	**Total Liabilities**	49,108,327	2,327,767	1,431,535
	Deferred Inflows of Resources			
2600	Unavailable revenues - property taxes	8,660,420	2,862,520	-
2600	**Total Deferred Inflows of Resources**	8,660,420	2,862,520	-
	Fund Balances			
	Non-Spendable:			
3410	Inventories	1,738,788	-	-
	Restricted:			
3450	Federal/State funds grant restrictions	-	-	-
3470	Capital acquisitions and contractual obligations	-	-	1,866,261
3480	Debt service	-	86,578,297	-
	Committed:			
3520	Claims and judgements	1,000,000	-	-
3545	Other purposes	-	-	-
	Assigned:			
3565	Retirement of loans or notes payable	2,193,048	-	-
3590	Other	3,163,840	-	-
3600	Unassigned	19,916,578	-	-
3000	**Total Fund Balances**	28,012,254	86,578,297	1,866,261
4000	**Total Liabilities, Deferred Inflows of Resources, and Fund Balances**	$ 85,781,001	$ 91,768,584	$ 3,297,796

Data Control Codes		Nonmajor Governmental Funds	Total Governmental Funds
	Assets		
1110	Cash and temporary investments	$ 4,965,636	$ 122,235,214
	Receivables:		
1220	Property taxes - delinquent	-	13,419,782
1230	Allowance for uncollectible taxes (credit)	-	(1,858,652)
1240	Receivables from other governments	7,189,312	32,543,414
1260	Due from other funds	3,262,387	6,305,972
1290	Other receivables	48,822	218,943
1300	Inventories	-	1,738,788
1990	Long-term investments	-	21,710,077
1000	**Total Assets**	15,466,157	196,313,538
	Liabilities, Deferred Inflows of Resources, and Fund Balances		
	Liabilities:		
2110	Accounts payable	$ 470,883	$ 3,582,121
2120	Note payable	-	31,099,706
2150	Payroll deduction and withholdings	-	4,922,672
2160	Accrued wages payable	-	2,395,660
2170	Due to other funds	7,030,745	17,420,169
2180	Payable to other governments	-	877,352
2200	Accrued expenditures	-	71,577
2300	Unearned revenue	1,312,196	1,312,196
2000	**Total Liabilities**	8,813,824	61,681,453
	Deferred Inflows of Resources		
2600	Unavailable revenues - property taxes	-	11,522,940
2600	**Total Deferred Inflows of Resources**	-	11,522,940
	Fund Balances		
	Non-Spendable:		
3410	Inventories	-	1,738,788
	Restricted:		
3450	Federal/State funds grant restrictions	4,831,910	4,831,910
3470	Capital acquisitions and contractual obligations	-	1,866,261
3480	Debt service	-	86,578,297
	Committed:		
3520	Claims and judgements	-	1,000,000
3545	Other purposes	1,820,423	1,820,423
	Assigned:		
3565	Retirement of loans or notes payable	-	2,193,048
3590	Other	-	3,163,840
3600	Unassigned	-	19,916,578
3000	**Total Fund Balances**	6,652,333	123,109,145
4000	**Total Liabilities, Deferred Inflows of Resources, and Fund Balances**	$ 15,466,157	$ 196,313,538


THEDISTRICT
YSLETA INDEPENDENT SCHOOL DISTRICT

YSLETA INDEPENDENT SCHOOL DISTRICT *Exhibit C-2*

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

June 30, 2026

Data Control Codes		
	Total Fund Balance, Governmental Funds	$ 123,109,145
	Amounts reported for governmental activities in the statement of net position are different because:	
1	Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets at historical cost, net of accumulated depreciation and amortization, where applicable. (excludes $14,940 in the internal service fund)	977,475,874
2	Property taxes receivable have been levied and are due this year, but are not available soon enough to pay for the current period's expenditures, these property taxes and related penalty and interest amounts (net of allowance for uncollectible accounts)	11,522,940
3	Deferred charge on refunding	14,943,797
4	Deferred outflows relating to pension activities	34,534,807
5	Deferred outflows relating to other-post employment benefit	33,091,434
	Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:	
6	General obligation bonds	(818,987,966)
7	Maintenance Tax Notes Payable	(29,570,000)
8	Premium/Discount on issuance	(47,285,722)
9	Accumulated accretion on capital appreciation bonds	(47,151,245)
10	Leases payable	(193,241)
11	SBITA payable	(186,611)
12	Arbitrage liability	(99,000)
13	Accrued compensated absences	(14,586,964)
14	Accrued interest payable	(15,166,374)
15	Net pension liability	(122,632,676)
16	Net other-post employment benefit liability	(70,529,995)
17	Deferred inflows relating to pension activities	(31,064,236)
18	Deferred inflows relating to other-post employment benefit	(103,006,506)
19	Addition of Internal Service fund net position	3,421,395
29	**Total Net Position - Governmental Activities**	$ (102,361,144)

Data Control Codes		General Fund	Debt Service Fund	Capital Projects Fund
	Revenues			
5700	Local, intermediate, and out-of-state	$ 62,329,032	$ 35,692,760	$ 17,006
5800	State program revenues	314,858,658	15,249,477	3,352,641
5900	Federal program revenues	3,404,685	-	-
5020	**Total Revenues**	380,592,375	50,942,237	3,369,647
	Expenditures			
	Current:			
0011	Instruction	228,923,556	-	-
0012	Instruction resources and media services	4,226,417	-	-
0013	Curriculum and instructional staff development	9,117,701	-	-
0021	Instructional leadership	7,315,657	-	-
0023	School leadership	25,993,653	-	-
0031	Guidance, counseling and evaluation services	17,589,429	-	-
0032	Social work services	1,695,381	-	-
0033	Health services	5,575,452	-	-
0034	Student transportation	12,015,282	-	-
0035	Food services	676,909	-	-
0036	Extracurricular activities	11,615,309	-	-
0041	General administration	10,232,065	-	-
0051	Facilities maintenance and operations	45,267,404	-	-
0052	Security and monitoring services	6,876,982	-	-
0053	Data processing services	7,638,268	-	-
0061	Community services	128,406	-	-
	Debt service:			
0071	Principal on long-term debt	325,456	13,690,066	-
0072	Interest on long-term debt	2,115,807	36,202,855	-
0073	Debt issuance costs and fees	140,091	4,875	-
	Capital outlay:			
0081	Facilities acquisition and construction	12,521	-	1,689,546
	Intergovernmental:			
0093	Payments to Fiscal Agent/Member Districts of SSA	-	-	-
0099	Other intergovernmental charges	1,355,614	-	-
6030	**Total Expenditures**	398,837,360	49,897,796	1,689,546
1100	Excess (deficiency) of revenues over expenditures	(18,244,985)	1,044,441	1,680,101
	Other Financing Sources (Uses)			
7912	Sale of real or personal property	5,250,000	-	-
7913	Proceeds from right to use leased assets and SBITAs	102,997	-	-
7915	Transfers in	-	1,238,328	-
7949	Other resources	4,500	-	-
8911	Transfers out	(1,238,328)	-	-
7080	**Total Other Financing Sources (Uses)**	4,119,169	1,238,328	-
1200	Net change in fund balances	(14,125,816)	2,282,769	1,680,101
0100	**Fund Balance - Beginning**	42,138,070	84,295,528	186,160
3000	**Fund Balance - June 30 (Ending)**	$ 28,012,254	$ 86,578,297	$ 1,866,261

Data Control Codes		Nonmajor Governmental Funds	Total Governmental Funds
	Revenues		
5700	Local, intermediate, and out-of-state	$ 3,312,966	$ 101,351,764
5800	State program revenues	4,105,705	337,566,481
5900	Federal program revenues	57,915,067	61,319,752
5020	**Total Revenues**	65,333,738	500,237,997
	Expenditures		
	Current:		
0011	Instruction	28,957,810	257,881,366
0012	Instruction resources and media services	14,859	4,241,276
0013	Curriculum and instructional staff development	3,941,231	13,058,932
0021	Instructional leadership	936,112	8,251,769
0023	School leadership	750,545	26,744,198
0031	Guidance, counseling and evaluation services	623,305	18,212,734
0032	Social work services	1,120,461	2,815,842
0033	Health services	482,905	6,058,357
0034	Student transportation	245	12,015,527
0035	Food services	22,682,905	23,359,814
0036	Extracurricular activities	1,134,736	12,750,045
0041	General administration	134,193	10,366,258
0051	Facilities maintenance and operations	1,650,805	46,918,209
0052	Security and monitoring services	1,094,837	7,971,819
0053	Data processing services	9,500	7,647,768
0061	Community services	474,851	603,257
	Debt service:		
0071	Principal on long-term debt	-	14,015,522
0072	Interest on long-term debt	-	38,318,662
0073	Debt issuance costs and fees	-	144,966
	Capital outlay:		
0081	Facilities acquisition and construction	-	1,702,067
	Intergovernmental:		
0093	Payments to Fiscal Agent/Member Districts of SSA	134,135	134,135
0099	Other intergovernmental charges	-	1,355,614
6030	**Total Expenditures**	64,143,435	514,568,137
1100	Excess (deficiency) of revenues over expenditures	1,190,303	(14,330,140)
	Other Financing Sources (Uses)		
7912	Sale of real or personal property	-	5,250,000
7913	Proceeds from right to use leased assets and SBITAs	-	102,997
7915	Transfers in	-	1,238,328
7949	Other resources	-	4,500
8911	Transfers out	-	(1,238,328)
7080	**Total Other Financing Sources (Uses)**	-	5,357,497
1200	Net change in fund balances	1,190,303	(8,972,643)
0100	**Fund Balance - Beginning**	5,462,030	132,081,788
3000	**Fund Balance - June 30 (Ending)**	$ 6,652,333	$ 123,109,145

YSLETA INDEPENDENT SCHOOL DISTRICT

Exhibit C-4

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

For the Year Ended June 30, 2026

Data Control Codes		
	Net Change in Fund Balances - Total Governmental Funds (see C-3)	$ (8,972,643)
	Amounts reported for *governmental activities* in the statement of activities (B-1) are different because:	
	Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation and amortization expense	
1	Governmental funds capital outlays	2,649,095
2	Governmental funds depreciation and amortization expense	(43,452,605)
3	Net effect of other retirements and adjustments to capital assets	(3,074,700)
4	Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	1,795,838
5	Repayment of long-term debt, leases principal and SBITA principal is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of net position	14,015,522
6	Issuance of leases and SBITAs	(102,997)
	Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:	
7	Decrease in interest payable not recognized in fund statements	153,626
8	Decrease in accrued compensated absences	221,890
9	Amortization of premium/discount	4,682,525
10	Accreted interest on capital appreciation bonds	2,544,239
11	Amortization of deferred charge on refunding	(1,214,272)
12	Changes in net pension liabilities and related deferred outflows and inflows of resources	2,503,658
13	Changes in net OPEB liabilities and related deferred outflows and inflows of resources	13,200,801
14	Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities (see D-2)	182,527
	Change in Net Position of Governmental Activities (see B-1)	$ (14,867,496)

YSLETA INDEPENDENT SCHOOL DISTRICT *Exhibit D-1*

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2026

	Business-type Activities - Enterprise Funds	Governmental Activities - Internal Service Funds
Assets		
Current Assets:		
Cash and cash equivalents	$ -	$ 458,114
Due from other funds	53,820	11,273,547
Total Current Assets	53,820	11,731,661
Noncurrent Assets:		
Furniture and equipment	-	271,962
Accumulated depreciation - Furniture and Equipment	-	(257,022)
Total Noncurrent assets	-	14,940
Total Assets	53,820	11,746,601
Liabilities		
Current Liabilities:		
Accounts payable	-	64,036
Due to other funds	-	213,170
Accrued expenses	-	8,048,000
Total Current Liabilities	-	8,325,206
Total Liabilities	-	8,325,206
Net Position		
Net investment in capital assets	-	14,940
Unrestricted net position	53,820	3,406,455
Total Net Position	$ 53,820	$ 3,421,395

YSLETA INDEPENDENT SCHOOL DISTRICT *Exhibit D-2*

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

	Business-type Activities - Enterprise Funds	Governmental Activities - Internal Service Funds
Operating Revenues		
Miscellaneous revenue from local sources	$ 10,492	$ 12,112,273
Interfund services provided	-	52,685,180
Total Operating Revenues	10,492	64,797,453
Operating Expenses		
Payroll costs	-	964,675
Purchased and contracted services	-	1,760,942
Supplies and materials	7,316	87,893
Claims expense and other operating expenses	-	61,801,416
Total Operating Expenses	7,316	64,614,926
Change in net position	3,176	182,527
Net Position - July 1 (Beginning)	50,644	3,238,868
Net Position - June 30 (Ending)	$ 53,820	$ 3,421,395

YSLETA INDEPENDENT SCHOOL DISTRICT *Exhibit D-3*

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

	Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Funds
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Operating Activities:		
Cash received from user charges	$ 10,492	$ 63,512,362
Cash receipts from interfund services provided	-	1,420,581
Cash payments to employees	-	(964,675)
Cash payments to suppliers for goods and services	(10,692)	(1,847,738)
Cash payments for insurance claims	-	(60,151,842)
Cash payments for other operating expenses	-	(1,510,574)
Net Cash Provided (Used in) by Operating Activities	(200)	458,114
Net change in Cash and Cash Equivalents	(200)	458,114
Cash and Cash Equivalents at Beginning of Year	200	-
Cash and Cash Equivalents at End of Year	$ -	$ 458,114
Reconciliation to Statement of Net Position		
Cash and Cash Equivalents Per Cash Flow	$ -	$ 458,114
Cash and Cash Equivalents per Statement of Net Position	$ -	$ 458,114
Reconciliation of Operating Income to Net Cash Used for by Operating Activities:		
Operating Income	$ 3,176	$ 182,527
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:		
Change in Assets and Liabilities:		
Decrease (increase) in Receivables	-	1,420,581
Decrease (increase) in interfund receivables	(3,176)	(1,446,791)
Decrease in accounts payable	-	1,097
Increase in Interfund Payables	(200)	161,700
Decrease in claims payable	-	139,000
Net Cash Provided (Used in) by Operating Activities	$ (200)	$ 458,114

YSLETA INDEPENDENT SCHOOL DISTRICT *Exhibit E-1*

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2026

	Custodial Fund
Assets	
Current Assets:	
Cash and cash equivalents	$ 2,245,784
Total Assets	$ 2,245,784
Liabilities	
Current Liabilities:	
Accounts payable	$ 5,899
Due to others	21,810
Total Liabilities	$ 27,709
Net Position	
Restricted for student scholarships and other activities	$ 2,218,075
Total Net Position	$ 2,218,075

YSLETA INDEPENDENT SCHOOL DISTRICT *Exhibit E-2*

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Year Ended June 30, 2026

	Custodial Fund
Additions	
Gifts and contributions	$ 4,139,995
Total Contributions	4,139,995
Deductions	
Payments for student activities	4,135,622
Total Deductions	4,135,622
Change in net position	4,373
Net Position - Beginning	2,213,702
Net Position - Ending	$ 2,218,075


THE DISTRICT
YSLETA INDEPENDENT SCHOOL DISTRICT

Note 1 - Summary of Significant Accounting Policies

The Ysleta Independent School District (the "District") is an independent public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven-member Board of Trustees (the "Board") elected by the registered voters of the District and has fiscal accountability over all activities within the jurisdiction 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 identified in the Statement of Auditing Standards of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

The following is a summary of the most significant accounting policies.

A. Reporting Entity

The District's Board is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is considered an independent entity for financial reporting purposes, and is considered a primary government as defined by GASB. As the District is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations or functions in the District's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the District is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the District's financial reporting entity status is that of a primary government are: that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include: considerations pertaining to organizations for which the primary government is financially accountable and considerations pertaining to other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The above standards were applied to the Ysleta Education Foundation, and the District determined that Ysleta Education Foundation does not meet the criteria of a component unit and will not be included in these financial statements.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* include programs supported primarily by taxes, charges to school districts for services, state funds, grants, and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support.

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

Note 1 - Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

Interfund activities between governmental funds and between governmental and proprietary funds appear as due to or due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position. All interfund transactions between governmental funds and between governmental and internal service funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to or due from on the government-wide Statement of Net Position.

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and *the accrual basis of accounting*, as are the proprietary fund financial statements. 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.

The fiduciary fund financial statements reflect the District's custodial fund, reporting assets, liabilities, and net position. They utilize the accrual basis of accounting.

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

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

Revenues from local sources consist primarily of property taxes and are recorded as revenue when received. The District considers property tax revenue available if they expect the revenue to be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. The District considers School Health and Related Services (SHARS) and State Aid revenues available if they are collectible within 90 days after the end of the fiscal year.

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

Note 1 - Summary of Significant Accounting Policies (continued)

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

The District reports the following major governmental funds:

- *The General Fund* - The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
- *Debt Service Fund* - The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund. This is a budgeted fund and separate bank accounts are maintained.
- *Capital Projects Fund* - The proceeds from long-term debt financing and revenues and expenditures related to the acquisition, construction, or renovations as well as furnishing and equipping capital facilities are accounted for in this fund.

The District reports the following nonmajor governmental funds:

- *Special Revenue Funds* - These funds account for resources restricted to or committed for specific purposes by a grantor, or for resources that are committed for specific purposes by the Board. Most federal and some state financial assistance is accounted for in a special revenue fund and sometimes unused balances must be returned to the grantor at the close of specified project periods.

The District reports the following proprietary fund types:

- *Enterprise Funds* - The District's activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities are accounted for in an enterprise fund. The District's non-major Enterprise Funds are: Teachers Network Technology, Regional Wrestling Meet, Employee Daycare Collaborative, Oasis Program and District Events.
- *Internal Service Funds* - These funds are used to account for financing of goods or services provided by one department to other departments of the District on a cost-reimbursement basis. The District operates three Internal Service Funds. They are Health Insurance, Workers' Compensation, and Print Shop Services.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service fund are charges to the funds and/or employees for self-funded health services. Operating expenses for the internal service fund include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Additionally, the District reports the following fiduciary fund:

- *Custodial Funds* - The District accounts for resources held for others in a custodial capacity and consists of funds that are property of students or others. The District's Custodial Fund is the Student Activity Account.

Note 1 - Summary of Significant Accounting Policies (continued)

D. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit, investment pools, and short-term investments with original maturities of one year or less from the date of acquisition.

For purposes of the statement of cash flows for proprietary funds, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

Investments with an original maturity greater than one year from date of purchase are stated at fair value based on quoted market prices as of year-end, except for nonparticipating interest-earning investment contracts which are reported at cost. Investments with an original maturity of less than one year are reported at amortized cost.

The District categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

E. 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" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to the property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the fiscal year.

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.

F. Inventories and Prepaid Items

Inventories of supplies on the balance sheet are stated at weighted average cost and they include consumable maintenance, instructional, office, athletic, and transportation items. Supplies are recorded as expenditures when they are consumed. Inventories of food commodities which are received at no cost are recorded as revenue at market value supplied by the Texas Department of Agriculture when received, and as expenditure when consumed. At year end, the commodities inventory is recorded to inventory. A portion of fund balance is classified as nonspendable to reflect minimum inventory quantities considered necessary for the District's continuing operations.

If there is a constraint on how the eventual proceeds can be spent, the fund balance is classified to reflect that constraint (restricted, committed, or assigned), rather than included as part of nonspendable fund balance.

Note 1 - Summary of Significant Accounting Policies (continued)

G. Capital Assets

Capital assets, which include land, buildings, and furniture and equipment, and right-to-use assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. The District capitalizes building improvements of $100,000 or more. 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.

Buildings, furniture and equipment, and right-to-use assets of the District are depreciated/amortized using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	15 - 50
Land improvements	7 - 30
Vehicles	5 - 10
Other equipment	5 - 15
Right-to-use lease equipment	Lease term
Right-to-use SBITA asset	Subscription term

H. Compensated Absences

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

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

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

- State Personal Leave – employees earn five days per year and the leave accumulates from one year to the next without limit
- State Sick Leave (Pre-1995) - it is no longer earned but is retained if earned prior to 1995
- Local Sick Leave – employees earn five to seven days depending on the contract length and accumulates without limit.
- All leave is eligible for payout at retirement.

Liability Measurement

The District applied a Last-In, First-Out (LIFO) flow assumption in determining the liability for leave expected to be used as time off. Using data from the past three years, the District estimated how much leave is expected to be used (taken as time off) in future periods, as well as how much leave is expected to be earned in future periods. Under LIFO, the estimated leave to be earned in future periods offsets the estimated leave to be used as time off in future periods. Based on historical trends from the past three years, it is more likely than not that estimated leave earned in future periods will exceed the estimated time to be taken as time off in future periods. Therefore, the liability is calculated based solely on amounts due at retirement or separation, in accordance with policy limits. See note 7 for the compensated balances as of fiscal year 2026.

Note 1 - Summary of Significant Accounting Policies (continued)

I. 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 or proprietary fund type Statement of Net Position. Premiums and discounts are presented as a component of liabilities while deferred charges on refundings are presented as deferred outflows of resources. Both items are deferred and amortized over the life of the related debt using the straight-line method. Long-term debt is reported net of the applicable 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.

Leases

Lessee: The District is a lessee for a noncancellable lease of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of $15,000 or more.

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

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

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

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

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

Note 1 - Summary of Significant Accounting Policies (continued)

I. Long-term Obligations (continued)

Subscription-Based Information Technology Arrangements (SBITA)

The District is under a contract for SBITA for time and attendance processing. The agreement is noncancellable 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 an initial, individual value of $100,000 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 initial amount of the SBITA liability, adjusted for payments made at or before the SBITA commencement date, plus certain initial direct costs. Subsequently, the SBITA asset is amortized on a straight-line basis over its useful life. 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 noncancellable 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.

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 net position.

J. Deferred Outflows/Inflows of Resources

Deferred outflows and inflows of resources are reported in the statement of financial position as described below:

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

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

Note 1 - Summary of Significant Accounting Policies (continued)

J. Deferred Outflows/Inflows of Resources (continued)

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

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

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

- *Deferred inflows relating to pension activities* – Reported in the government-wide financial statement of net position, these deferred inflows result primarily from 1) differences between projected and actual earnings on pension plan investments; 2) changes in actuarial assumptions; 3) differences between expected and actual actuarial experiences and 4) changes in the District's proportional share of pension liabilities. The deferred inflows resulting from differences between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The remaining pension related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.

- *Deferred inflows of resources for post-employment benefits* – Reported in the government-wide financial statement of net position, these deferred inflows result primarily from 1) changes in actuarial assumptions and 2) differences between expected and actual actuarial experiences. These post-employment related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with post-employment benefits through the post-employment benefit plan.

K. Pensions

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

Note 1 - Summary of Significant Accounting Policies (continued)

L. Other Post-Employment Benefits (OPEB)

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

M. Net Position

Net Position on the Statement of Net Position includes the following:

- *Net investment in capital assets* - this component of net position consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt will be included in this component of net position.

- *Restricted for federal and state programs* - this component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets, which are restricted by federal and state granting agencies.

- *Restricted for Debt Service* - this component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. The assets arise from bond issuances which have constraints placed on them by the bond covenants for the purpose of future debt service payments.

- *Unrestricted net position* - this component of net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

N. Fund Balance

The fund balance in governmental funds has been classified as follows to describe the nature and relative strength of the spending constraints:

- *Nonspendable fund balance* - Represents amounts that are not in spendable form, such as inventory and prepaid items, or are required to be maintained intact.

- *Restricted fund balance* - Represents amounts constrained to specific purposes by their providers, such as grantors, bondholders, and higher levels of government, through constitutional provisions, or by enabling legislation.

- *Committed fund balance* - Represents amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority, i.e., Board of Trustees. To be reported as committed, amounts cannot be used for any other purpose unless the District's Board of Trustees approves the changes by Board Resolution. Fund balance committed in the nonmajor governmental funds during the current fiscal year is committed for campus activities; fund balance committed in the general fund during the current fiscal year is committed for claims and judgments.

Note 1 - Summary of Significant Accounting Policies (continued)

N. Fund Balance (continued)

- *Assigned fund balance* - Represents amounts the District intends to use for a specific purpose. Intent can be expressed by the District Fund Managers as named in the Board Resolution dated July 21, 2010.

- *Unassigned fund balance* - Represents amounts that are available for any purpose. Positive amounts are reported only in the general fund.

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

In the fund financial statements, certain governmental funds report restrictions of the entire fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Since the entire fund balance is restricted for these funds, all assets are in essence restricted for their specified purpose.

When the District incurs an expense for which it may use either restricted or unrestricted resources, it uses the restricted resources first unless unrestricted resources will have to be returned because they were not used.

Since Internal Service Funds support the operations of governmental funds, they are consolidated with the governmental funds in the government-wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid “grossing up” the revenues and expenses of the District as a whole.

The District sponsors self-insured plans to provide health care benefits to employees and their dependents, and workers’ compensation benefits to employees. Revenues of these Internal Service Funds are received from both the District’s governmental and proprietary funds and premiums charged to employees. Expenses are comprised of claims incurred during the fiscal year, professional and contracted services and other miscellaneous expenses.

The General Fund is contingently liable for liabilities of these funds.

O. Data Control Codes

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

In accordance with the Resource Guide, the District has adopted and installed an accounting system which meets at least the minimum requirements prescribed by the Texas State Board of Education and approved by the State Auditor. Specifically, the District’s accounting system uses codes and the code structure presented in the Resource Guide. Mandatory codes are recorded in the order provided in the Resource Guide.

P. Use of Estimates

The presentation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Note 1 - Summary of Significant Accounting Policies (continued)

Q. Implementation of New Accounting Standards

GASB issued Statement No. 103, *Financial Reporting Model Improvements,* in April 2024. The primary objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The requirements of this statement were implemented in 2026 and the impact is reflected in the financial statements. See Note 5 for more information.

GASB issued Statement No. 104, *Disclosure of Certain Capital Assets,* in September 2024. The primary objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The requirements of this statement were implemented in 2026 and the impact is reflected in the financial statements. See Note 5 for more information.

Note 2 - Deposits and Investments

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

At June 30, 2026, the carrying amount of the District's cash deposits (cash and interest-bearing accounts) was $15,170,857 and the bank balance was $15,729,801. The District's cash deposits at June 30, 2026 were entirely covered by FDIC Insurance or by pledged collateral held by the District's agent bank in the District's name.

Investments: The District's investment policy is in accordance with the **Public Funds Investment Act** (Government Code Chapter 2256). Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers' acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds.

Note 2 - Deposits and Investments (continued)

At June 30, 2026, the District's cash and investment balances, the weighted average maturity, and the credit ratings of these investments were as follows:

	Fair Value/ Amortized Cost	Weighted Average Maturity (Days)	Credit Rating
Governmental Activities			
Cash and deposits	$ 12,466,959	N/A	N/A
Investments			
Local Government Investment Pools			
Texas CLASS	37,508,522	37	AAAm
Texas Range	67,917,902	43	AAAm
TexPool Prime	4,341,831	42	AAAm
Investment Securities			
Repurchase Agreements	21,710,077	1,552	AA+
Total Investments	131,478,332	1,587	
Internal Service Funds			
Cash and deposits	458,114	N/A	N/A
Total Internal Service Funds	458,114		
Total Governmental Activities	144,403,405		
Fiduciary Funds			
Cash and Deposits	2,245,784	N/A	N/A
Total Fiduciary Funds	2,245,784		
Total	$ 146,649,189		

Due to the immediate availability of the funds, the District's temporary investments at June 30, 2026 are included in cash and cash equivalents. In addition, the District's investment securities are reported at fair value using Level 2 inputs.

In prior fiscal years, the District entered into Investment Repurchase Agreements with Bank of New York Mellon Trust Company, N.A. The repurchase agreements are presented as a long-term investment in the Debt Service Fund and are presented on a cost basis. The investment is considered a nonparticipating interest earning investment contract, therefore, a cost-based measure is used for reporting.

Note 2 - Deposits and Investments (continued)

As of June 30, 2026 , the repurchase agreements information is summarized as follows:

Repurchase Agreement	Carrying Value	Maturity Date	Interest Rate	Rating	Percentage of all investments	Fair Market Value of Pledged Security	Collateral Percentage
Bayern LB New York	$ 16,488,549	8/15/2026	3.82%	AA	12.54%	$ 16,488,549	100.00%
Bayern LB New York	5,210,108	8/15/2036	1.85%	AA	3.96%	5,210,108	100.00%
BOK Financial	11,420	8/15/2036	4.31%	AA	0.01%	11,420	
	$ 21,710,077					$ 21,710,077	

Additional policies and contractual provisions governing deposits and investments for the District are specified below:

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates may adversely affect the value of investments. To limit the risk that changes in interest rates will adversely affect the fair value of the investments, the District monitors interest rate risk utilizing weighted average maturity (WAM) analysis. The District requires its investment portfolio to have maturities of less than one year on a WAM basis. However, specific to the District's debt service funds, maturities longer than one year are authorized within legal limits and as long as sufficient investment liquidity to timely meet debt service payment obligations is maintained. The long-term investment the District currently holds, which has no call options, is due when the debt instrument is due and the District intends to hold the investment until maturity, thereby reducing its risk of loss due to changes in the fair value of the investment.

At June 30, 2026, the District's exposure to interest risk as measured by the segmented time distribution by investment type is summarized below:

	Fair Value/ Amortized Cost	Investment Maturity	
		Less than 1 Year	1-10 Years
Local Government Investment Pools:			
Texas CLASS	$ 37,508,522	$ 37,508,522	$ -
Texas Range	67,917,902	67,917,902	-
TexPool Prime	4,341,831	4,341,831	-
Investment Securities:			
Repurchase Agreements	21,710,077	16,488,549	5,221,528
	$ 131,478,332	$ 126,256,804	$ 5,221,528

Credit Risk: To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations, the District limits investments in commercial paper, corporate bonds, mutual bond funds, public funds investment pools to those that have received top ratings issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2026, the District's investments in TexPool Prime were rated AAA, Texas Range were rated AAAf, and Texas CLASS were rated AAAm by Standard & Poor's. In addition, for long-term investments, to limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations, the District requires full collateralization with direct or unconditionally guaranteed obligations of the United States Government or Agency on the long-term investment it currently holds.

Custodial Credit Risk: State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The District's policy regarding deposits is in accordance with this law.

Note 2 - Deposits and Investments (continued)

Concentration of Credit Risk: For temporary investments, to limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District's policy states that the portfolio must be diversified. Concentration of Credit Risk is not applicable to investment pools since the purpose of these pools is to diversify the District's investment portfolio. For long-term investments – to limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District's policy states that the portfolio must be diversified. The long-term investment the District currently holds is 4% of its total investments.

Note 3 - Receivables and Unearned Revenue

Receivables as of June 30, 2026, for the District's individual major and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
Property taxes	$ 9,708,416	$ 3,711,366	$ -	$ 13,419,782
Due from other governments	24,029,405	1,324,697	7,189,312	32,543,414
Other receivables	170,121	-	48,822	218,943
Gross Receivables	33,907,942	5,036,063	7,238,134	46,182,139
Less allowance for doubtful accounts	(1,047,996)	(810,656)	-	(1,858,652)
Net Total Receivables	$ 32,859,946	$ 4,225,407	$ 7,238,134	$ 44,323,487

Other receivables are reported at gross value. Management has determined that an allowance for doubtful accounts is not necessary for fair presentation.

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the fiscal year 2026, the various components of unearned revenues reported in the governmental funds were as follows:

Unearned federal revenue	$ 17,581
Unearned state and local revenue	1,294,615
	$ 1,312,196

Note 4 - Interfund Receivables, Payables, and Transfers

Interfund balances consist of short-term lending/borrowing arrangements that result from normal operations and are cleared out periodically. Additionally, some lending/borrowing may occur between two or more nonmajor governmental funds.

Note 4 - Interfund Receivables, Payables, and Transfers (continued)

The composition of interfund balances as of June 30, 2026, is as follows:

	Interfund Receivable	Interfund Payable	Net
Governmental Activities			
General Fund	$ -	$ 8,847,398	$ (8,847,398)
Debt Service Fund	-	1,542,026	(1,542,026)
Capital Projects Fund	3,043,585	-	3,043,585
Nonmajor Governmental Funds	-	3,768,358	(3,768,358)
Nonmajor Business-Type funds	53,820	-	53,820
Nonmajor Internal Service Funds	11,060,377	-	11,060,377
Total Governmental Activities	$ 14,157,782	$ 14,157,782	$ -

Interfund transfers are defined as "flows of assets without equivalent flow of assets in return and without a requirement for repayment." The following is a summary of the District's transfers for the fiscal year ended June 30, 2026:

Transfer Out	Transfer In	Amount
General Fund	Debt service fund	$ 1,238,328
Total		$ 1,238,328

Interfund transfers generally fall into two categories: (1) transfers to cover debt service payments to comply with debt covenants, and (2) transfers to cover operating expenditures/deficits in accordance with District policy or legal requirements.

Note 5 - Capital Assets

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

Governmental Activities:

	Balance July 01, 2025	Additions	(Retirements) and Transfers	Balance June 30, 2026
Governmental Capital Assets				
Capital Assets, Not Being Depreciated/Amortized:				
Land	$ 15,747,778	$ -	$ (1,368,107)	$ 14,379,671
Construction in progress	-	1,431,535	-	1,431,535
Total Capital Assets, Not Being Depreciated/Amortized	15,747,778	1,431,535	(1,368,107)	15,811,206
Capital Assets, Being Depreciated/Amortized:				
Buildings and improvements	1,394,798,177	100,720	(9,547,556)	1,385,351,341
Furniture and equipment	128,764,278	1,013,843	(8,324,380)	121,453,741
Lease assets - Equipment	343,551	102,997	(90,248)	356,300
SBITA assets	959,443	-	(564,767)	394,676
Total Capital Assets, Being Depreciated/Amortized	1,524,865,449	1,217,560	(18,526,951)	1,507,556,058
Less Accumulated Depreciation/Amortization for:				
Buildings and improvements	(409,334,533)	(32,621,086)	8,131,645	(433,823,974)
Furniture and Equipment	(109,250,317)	(10,469,688)	8,033,698	(111,686,307)
Lease assets - Equipment	(117,495)	(123,938)	90,248	(151,185)
SBITA assets	(541,858)	(237,893)	564,767	(214,984)
Total Accumulated Depreciation/Amortization	(519,244,203)	(43,452,605)	16,820,358	(545,876,450)
Governmental Capital Assets	$ 1,021,369,024	$ (40,803,510)	$ (3,074,700)	$ 977,490,814

Note 5 - Capital Assets (continued)

There were no capital assets held in the Business-type Activities.

Depreciation and amortization expense was charged to functions/programs of the District as follows:

Function	Depreciation and Amortization Expense
Governmental Activities:	
Instruction	$ 16,287,016
Instructional resources and media services	768,296
Curriculum and staff development	2,570
School leadership	1,223,830
Guidance, counseling and evaluation services	258,885
Social work services	2,246
Health services	229,322
Student transportation	782,827
Food Services	2,390,029
Extracurricular activities	9,945,612
General administration	530,529
Plant maintenance and operations	8,394,466
Security and monitoring services	2,615,955
Data processing services	21,022
Total Governmental Activities	$ 43,452,605

The District's net investment in capital assets calculation is shown below and is presented on the Statement of Net Position.

	Governmental Activities
Capital Assets, Net	$ 977,475,874
Less:	
Bonds payable	(818,987,966)
Deferred gain (loss) on refunding	14,943,797
Leases payable	(193,241)
SBITAs payable	(186,611)
Premium/discount on bonds	(47,285,722)
Capital-related payables	1,612,050
Plus:	
Unspent bond proceeds	254,211
Net Investment in Capital Assets	$ 127,632,392

Note 6 - Long-term Liabilities

The District's long-term liabilities consist of bond indebtedness and compensated absences. The current requirements for general obligation bonds principal and interest expenditures are accounted for in the debt service fund. The debt service expenditures for the lease revenue bonds are paid by the general fund. The current requirements for compensated absences are accounted for in the general fund.

Changes in Long-term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2026, was as follows:

	Balance July 1, 2025	Additions	Retirements	Balance June 30, 2026	Due Within One Year
General Obligation Bonds	$ 832,678,032	$ -	$ (13,690,066)	$ 818,987,966	$ 13,667,039
Maintenance Tax Notes	29,570,000	-	-	29,570,000	16,805,000
Accumulated Accretion on Capital Appreciation Bonds	49,695,484	1,085,695	(3,629,934)	47,151,245	3,757,961
Leases Payable	212,833	102,997	(122,589)	193,241	100,114
SBITA Payable	389,478	-	(202,867)	186,611	56,479
Unamortized Premium/Discount on Debt	51,968,247	-	(4,682,525)	47,285,722	-
Compensated Absences	14,808,854	-	(221,890)	14,586,964	2,047,082
Pension	135,746,285	-	(13,113,609)	122,632,676	-
OPEB	95,289,984	-	(24,759,989)	70,529,995	-
	$ 1,210,359,197	$ 1,188,692	$ (60,423,469)	$ 1,151,124,420	$ 36,433,675

General Obligation Bonds and Maintenance Tax Notes

General Obligation Bonds and Maintenance Tax Notes outstanding, at June 30, 2026, are comprised of the following:

Issue	Original Issuance Amount	Interest Rate (%)	Maturity Date	Debt Outstanding
General Obligation Bonds:				
Unlimited Tax Refunding Bonds, Series 2014	$ 89,415,000	2.00% to 5.00%	2031	$ 7,470,000
Unlimited Tax School Building Bonds, Series 2017	168,350,000	3.00% to 5.00%	2047	161,365,000
Unlimited Tax School Building Bonds, Series 2020	250,765,000	4.00%	2053	242,645,000
Unlimited Tax Refunding Bonds, Series 2020A	74,825,000	1.807-5.00%	2032	56,785,000
Unlimited Tax Refunding Bonds, Series 2020B	215,599,596	0.640-2.730%	2046	204,682,966
Unlimited Tax School Building Bonds, Series 2022	146,040,000	4.00% to 5.00%	2057	146,040,000
				818,987,966
Maintenance Tax Notes:				
Qualified School Construction MTN, Series 2009	16,805,000	2.00%	2027	16,805,000
Qualified School Construction MTN, Series 2017	12,765,000	4.51%	2036	12,765,000
				29,570,000
				$ 848,557,966

Note 6 - Long-term Liabilities (continued)

General Obligation Bonds and Maintenance Tax Notes (continued)

Debt service requirements to maturity for the General Obligation Bonds are as follows:

Year Ending June 30	Principal	Interest	Totals
2027	$ 13,667,039	$ 35,660,256	$ 49,327,295
2028	14,258,554	35,043,741	49,302,295
2029	14,925,715	34,371,955	49,297,670
2030	15,631,332	33,640,464	49,271,796
2031	16,398,354	32,872,167	49,270,521
2032-2036	78,071,972	171,295,476	249,367,448
2037-2041	128,265,000	120,849,105	249,114,105
2042-2046	151,810,000	97,650,118	249,460,118
2047-2051	170,970,000	66,084,950	237,054,950
2052-2056	177,915,000	28,790,775	206,705,775
2057	37,075,000	880,000	37,955,000
	$ 818,987,966	$ 657,139,007	$ 1,476,126,973

Debt service requirements to maturity for the Maintenance Tax Notes are as follows:

Year Ending June 30	Principal	Interest	Totals
2027	$ 16,805,000	$ 743,752	$ 17,548,752
2028	-	575,702	575,702
2029	-	575,702	575,702
2030	-	575,702	575,702
2031	-	575,702	575,702
2032- 2036	-	2,302,808	2,302,808
2037	12,765,000	863,546	13,628,546
	$ 29,570,000	$ 6,212,914	$ 35,782,914

There are a number of limitations and restrictions contained in the general obligation bond indentures. Management has indicated that the District is in compliance with all significant limitations and restrictions at June 30, 2026.

Deferred Charge on refunding

The balance of deferred charge on refunding at June 30, 2026 was $14,943,797 and is presented as a deferred outflow of resources in the Statement of Net Position:

	Balance July 01, 2025	Deferred Charge on New Issues	Recognized Amortization	Balance June 30, 2026
Deferred charge on refunding	$ 16,158,069	$ -	$ (1,214,272)	$ 14,943,797

Note 6 - Long-term Liabilities (continued)

Prior Years' Refunding of Long-Term Debt

A portion of the bonds sold in the Series 2020B refunding bond issues were capital appreciation bonds commonly referred to as "premium compound interest bonds." The District annually records the appreciation of the bond principal for the accreted value of the bonds through maturity of the issue. The interest of these bonds series will be paid upon maturity. The following table summarizes the significant features of the individual bonds, by issue:

Series	Original Bond Principal	Accreted Value	Current Year Accreted Interest
2020B Refunding	$ 215,599,596	$ 47,151,245	$ 1,085,695

Tax and Revenue Anticipation Notes

On May 29, 2026, the District had a private placement of Tax and Revenue Anticipation Note in the amount of $31,200,000. The notes are due March 01, 2027 and carry an interest rate of 4.05 percent. The liability is considered a short term liability payable with current resources and is recorded in the General Fund.

Note 7 - Compensated absences

The balance of accumulated unpaid vacation and sick leave at June 30, 2026 was $14,586,964 and is presented as other long-term liabilities in these financial statements.

Balance July 01, 2025	Additions and Deductions, Net	Balance June 30, 2026
$ 14,808,854	$ (221,890)	$ 14,586,964

Note 8 - Leases

In fiscal year 2022, the District reported several leases in accordance with GASB Statement No. 87 *Leases.* The District is the lessee for copiers. The District's incremental borrowing rate used to calculate the present value of the lease liability was 4.00%. There are no variable payments. The ending lease liability as of June 30, 2026 was $193,241. The District is required to make monthly payments of approximately $16,600. The copiers have a three to five-year useful life.

The lease terms are as follows:

Description	Lease Term (in months)
Sharp copier - Loma Terrance Elementary	36
Visual Edge copier - Riverside Elementary	36
Sharp copier - Parkland High	36
Sharp Copiers - Presa Elementary	36
DSI Copiers - North Star Elementary	60
Sharp copier - Human Capital Management Office	36
Sharp copier - Ysleta Pre-K Centre	36
Complete Office copiers - Special Education	36
Complete Office copiers - Bel Air High	36
Sharp copiers - Mission Valley	36
Sharp copiers - Lancaster	36
Canon copiers - Desertaire	36
Sharp copiers - Vista Hills Elementary	36

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

Year Ending June 30	Principal	Interest	Totals
2027	$ 100,114	$ 8,517	$ 108,631
2028	74,521	3,283	77,804
2029	18,606	306	18,912
	$ 193,241	$ 12,106	$ 205,347

Note 9 - Subscription-Based Information Technology Arrangements

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

				SBITA Liability		Subscription Assets		
Description	Start Date	End Date	Interest Rate	Original Amount	Outstanding Balance	Asset Value	Accumulated Amortization	Net
Software	4/1/2025	3/31/2030	5.960%	$ 221,864	$ 172,420	$ 221,864	$ (55,466)	$ 166,398
Software	9/1/2023	9/30/2026	5.960%	172,812	14,191	172,812	(159,518)	13,294
				$ 394,676	$ 186,611	$ 394,676	$ (214,984)	$ 179,692

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

Year Ending June 30	Principal	Interest	Totals
2027	$ 56,479	$ 9,251	$ 65,730
2028	44,879	6,541	51,420
2029	47,628	3,792	51,420
2030	37,625	940	38,565
	$ 186,611	$ 20,524	$ 207,135

Note 10 - Revenues from Local, Intermediate, and Out-of-State Sources

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

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Property taxes	$ 58,188,437	$ 32,266,564	$ -	$ -	$ 90,455,001
Penalties, interest and other tax related revenue	1,278,085	574,318	-	-	1,852,403
Investment Income	2,163,808	2,851,878	17,006	29,383	5,062,075
Co-curricular student activities	363,307	-	-	2,352,770	2,716,077
Food sales	-	-	-	348,381	348,381
Other	335,395	-	-	582,432	917,827
	$ 62,329,032	$ 35,692,760	$ 17,006	$ 3,312,966	$ 101,351,764

Note 11 - Property Taxes

Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The District levies its taxes on October 1 on the assessed (appraised) value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. The assessed value of the property tax roll upon which the levy for the 2025-26 fiscal year was based was $7,893,093,246. Taxes are delinquent if not paid by February 1. Delinquent taxes are subject to both penalty and interest charges plus 15% delinquent collection fees for attorney costs.

The tax rates assessed for the year ended June 30, 2026, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were $0.77050 and $0.43000 per $100 valuation, respectively, for a total of $1.20050 per $100 valuation.

Current tax collections for the year ended June 30, 2026, were 96.7 % of the year-end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. As of June 30, 2026, property taxes receivable, net of estimated uncollectible taxes, totaled $8,660,420 and $2,900,710 for the General and Debt Service Funds, respectively.

Property taxes are recorded as receivables and unavailable revenue at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected.

Note 12 - Federal Source Revenues in the General Fund

For the year ended June 30, 2026, the General Fund reports the following federal revenues:

Program or Source	ALN	Amount
SHARS	N/A	$ 989,789
Army JROTC	12.000	586,962
Medicaid Administrative Claiming Program	N/A	251,412
Indirect Costs - Department of Education	Various	1,575,508
Indirect Costs - Safety and Security Grant	16.738	1,014
		$ 3,404,685

Note 13 - Defined Benefit Pension Plan

A. Plan Description

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

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

B. Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the internet at https://www.trs.texas.gov/learning-resources/publications, or by writing to TRS at attention Finance Division, P.O. BOX 149676, Austin, TX, 78714-0185, or by calling 1-800-223-8778.

C. Benefits Provided

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

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.

In May 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for gradual contribution increases from the state, participating employers, and active employees to make the pension fund actuarially sound. This action causing the pension fund to be actuarially sound, allowed the legislature to approve funding for a 13th check in September 2019. All eligible members retired as of December 31, 2018 received an extra annuity check in either the matching amount of their monthly annuity or $2,000, whichever was less.

Note 13 - Defined Benefit Pension Plan (continued)

D. Contributions

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

	Contribution Rates Plan Fiscal Year		
	September 1, 2025 to June 30, 2026	July 1, 2025 to August 31, 2025	Contribution Amounts
Active Employee	8.25%	8.25%	$ 24,892,159
Non-Employer Contributing Entity (State)	8.25%	8.25%	18,286,657
District	8.25%	8.25%	11,514,390

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

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

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

In addition to the employer contributions listed above, the employer is subject to an additional surcharge in the following instances:

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

Note 13 - Defined Benefit Pension Plan (continued)

E. Actuarial Assumptions

The total pension liability in the August 31, 2025 actuarial valuation was determined using the following actuarial assumptions:

Component	Result
Valuation Date	August 31, 2024, rolled forward to August 31, 2025
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term Expected Rate	7.00%
Municipal Bond Rate as of August 30, 2025	5.23% - The source for the rate is the Bond Buyers 20 Index which represents the estimated yield of a portfolio of 20 general obligation bonds maturing in 20 years based on a survey of municipal bond traders.
Last year ending August 31 in Projection Period (100 years)	2124
Inflation	2.30%
Salary Increases	3.20% to 9.20% including inflation
Ad hoc post-employment benefit changes	None

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

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

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

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

Note 13 - Defined Benefit Pension Plan (continued)

F. Discount Rate (continued)

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

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

[1] Absolute Return includes Credit Sensitive Investments.

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

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

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

Note 13 - Defined Benefit Pension Plan (continued)

G. Discount Rate

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

	Discount Rate		
	1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)
District's proportional share of the net pension liability	$ 190,076,601	$ 122,632,676	$ 60,111,931

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

At June 30, 2026, the District reported a liability of $122,632,676 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District are as follows:

District's proportionate share of the net pension liability	$ 122,632,676
State's proportionate share of the net pension liability associated with the District	198,177,747
Total	$ 320,810,423

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

At August 31, 2025, the District's proportion of the collective net pension liability was 0.1948% which was a decrease of 0.0274% from its proportion measured as of August 31, 2024.

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.

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

Note 13 - Defined Benefit Pension Plan (continued)

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

Changes Since the Prior Actuarial Valuation (continued)

For the year ended June 30, 2026, the District recognized pension expense of $9,021,406. The District also recognized on-behalf pension expense and revenue of $18,398,152 for support provided by the State.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experience	$ 7,357,624	$ (429,692)
Changes of assumption	11,760,743	-
Net difference between projected and actual earnings on pension plan investments	-	(5,573,094)
Changes in proportion and differences between District contributions and proportionate share of contributions	5,693,960	(25,061,450)
District contributions subsequent to the measurement date	9,722,480	-
Total	$ 34,534,807	$ (31,064,236)

The District recognized $9,722,480 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 2026. The other amounts of the District's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	Pension Expense	Balance of Deferred Outflows (Inflows)
2027	$ 9,223,633	$ (15,475,542)
2028	(3,023,258)	(12,452,284)
2029	(7,987,921)	(4,464,363)
2030	(4,197,871)	(266,492)
2031	(266,492)	-
	$ (6,251,909)	

Note 14 - Defined Other Post-Employment Benefit Plans

A. 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.

B. OPEB Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the internet at https://www.trs.texas.gov/learning-resources/publications, or by writing to TRS at attention Finance Division, P.O. BOX 149676, Austin, TX, 78714-0185, or by calling 1-800-223-8778.

C. Benefits Provided

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

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

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

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

Note 14 - Defined Other Post-Employment Benefit Plans (continued)

C. Benefits Provided (continued)

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

TRS-Care Monthly Premium Rates

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

D. Contributions

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

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

	Contribution Rates Measurement Year		
	September 1, 2025 to June 30, 2026	July 1, 2025 to August 31, 2025	Contribution Amounts
Active Employee	0.65%	0.65%	$ 1,959,014
Non-Employer Contributing Entity (State)	1.25%	1.25%	5,883,673
District:			
District, Excluding Federal/Private Funding	0.75%	0.75%	2,261,671
Federal/Private Funding	1.25%	1.25%	317,997
Total District			2,579,668
Total			$ 10,422,355

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

Note 14 - Defined Other Post-Employment Benefit Plans (continued)

E. Actuarial Assumptions

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

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

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2021. The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2024 TRS pension actuarial valuation that was rolled forward to August 31, 2025: (a) Rates of Mortality, (b) Rates of Retirement, (c) Rates of Termination, (d) Rates of Disability, (e) General Inflation, and (f) Wage Inflation.

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

F. Discount Rate

A single discount rate of 5.23% was used to measure the total OPEB liability. This was an increase of 1.36% in the discount rate since the previous year. Because the investments are held in cash and there is no intentional objective to advance fund the benefits, the Single Discount Rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate is the Bond Buyer's "20-Bond GO Index" as of August 31, 2025 using the Fixed Income Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

Note 14 - Defined Other Post-Employment Benefit Plans (continued)

G. Discount Rate Sensitivity Analysis

Discount Rate – The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (5.23%) in measuring the net OPEB Liability.

Sensitivity of the Net OPEB Liability to the Single Discount Rate Assumptions

	Discount Rate		
	1% Decrease 4.23%	Current Rate 5.23%	1% Increase 6.23%
District's proportional share of the net OPEB liability	$ 82,830,093	$ 70,529,995	$ 60,393,850

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

At June 30, 2026, the District reported a liability of $70,529,995 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 are as follows:

District's proportionate share of the net OPEB Liability	$ 70,529,995
State's proportionate share of the net OPEB liability associated with the District	93,573,635
Total	$ 164,103,630

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

At August 31, 2025, the District's proportion of the collective Net OPEB Liability was 0.2829% which was a decrease of 0.0311% from its proportion measured as of August 31, 2024.

Healthcare Trend Rate Sensitivity Analysis

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

	Healthcare Cost Trend Rate		
	1% Decrease	Current Rate	1% Increase
District's proportional share of the net OPEB liability	$ 58,318,394	$ 70,529,995	$ 86,035,126

Changes Since the Prior Actuarial Valuation

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

- The single discount rate changed from 3.87% as of August 31, 2024 to 5.23% as of August 31, 2025.
- The salary increase rates were revised to match those used in the pension valuation, and the health care trend rates were reset to reflect the plan's anticipated experience.

Note 14 - Defined Other Post-Employment Benefit Plans (continued)

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

Changes of Benefit Terms Since the Prior Measurement Date

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

For the year ended June 30, 2026, the District recognized negative OPEB expense of $10,620,435. The District also recognized negative on-behalf OPEB expense and revenue of $10,811,673 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 13,798,430	$ (42,004,640)
Changes of assumption	8,721,631	(28,968,550)
Net difference between projected and actual earnings on OPEB plan investments	-	(433,771)
Changes in proportion and differences between District contributions and proportionate share of contributions	8,401,439	(31,599,545)
District contributions subsequent to the measurement date of the net OPEB liability	2,169,934	-
Total	$ 33,091,434	$ (103,006,506)

Changes Since the Prior Actuarial Valuation

The District recognized $2,169,934 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 2026. The other amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year	OPEB Expense Amount	Balance of Deferred Outflows (Inflows)
2027	$ (13,729,241)	$ (58,355,765)
2028	(15,186,504)	(43,169,261)
2029	(12,947,921)	(30,221,340)
2030	(8,930,467)	(21,290,873)
2031	(8,409,222)	(12,881,651)
Thereafter	(12,881,651)	-
	$ (72,085,006)	

Note 14 - Defined Other Post-Employment Benefit Plans (continued)

I. Medicare Part D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended June 30, 2026, 2025, and 2024, the subsidy payments received by TRS-Care on-behalf of the District were $2,433,502, $2,178,434, and $1,698,954, respectively. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements of the District.

Note 15 - Health Care

During the year ended June 30, 2026, employees of Ysleta Independent School District were covered by a self-insured health insurance plan. The District contributed $592.83 per month per employee to the Plan during the months of July 2025 to December 2025 and $642.77 per month per employee for the months of January 2026 to June 2026 to the Plan.

Note 16 - Risk Management

Property/Liability

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's risk management program encompasses various means of protecting the District against loss by obtaining property, casualty, and liability coverage through commercial insurance carriers, and self-insurance.

Self-Insurance

The District provides health benefits to its employees and dependents through a self-insured employee health benefit plan, which is accounted for in the Internal Service Fund and is principally supported by contributions from the District and employees. The District makes contributions to cover a portion of the employees' premiums, and the employees at their option, authorize payroll withholdings to pay contributions to cover their dependents or increased coverage. The District obtains stop loss coverage through a third-party insurance company for claims in excess of $450,000 per year and an unlimited lifetime maximum for aggregate loss, which is based on a factor determined monthly by the third-party insurance company. The Internal Service Fund charges the General Fund and other funds for the District's portion of premiums for employees whose salaries are charged to those funds. Claims are paid by a third-party administrator acting on behalf of the District. The Plan was authorized by Section 22.005 Texas Education Code and is documented by contractual agreement.

The District also provides workers' compensation to its employees through a self-insured plan which is accounted for in the Internal Service Fund. The Internal Service Fund charges the General Fund and other funds for premiums for the District's contribution. The District does not purchase coverage for unanticipated catastrophic claims and aggregate loss. However, the District has an excess workers' compensation insurance policy that takes over after the District reaches its $500,000 self-insured retention level and covers the District up to the statutory required limit. The District established the self-insurance plan for workers' compensation benefits as authorized by Section 504.011 of the Labor Code.

Settled claims have not exceeded insurance coverage in any of the previous three years. There has not been any significant reduction in insurance coverage from that of the previous year.

Note 16 - Risk Management (continued)

Self-Insurance (continued)

The costs associated with these self-insurance plans are reported as interfund transactions to the extent of amounts determined by the third-party administrators. Accordingly, they are treated as operating revenues of the Internal Service Funds and operating expenditures of the governmental and proprietary funds.

Estimates of claims payable and of claims incurred but not reported at June 30, 2026, are reflected as accrued expenses of the Fund. The liabilities include an amount for claims that have been incurred but were not reported until after June 30, 2026. Liability for claims is reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards, the process used in computing the liabilities is an estimate. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors.

Changes in the balances of claims liabilities are as follows:

Fiscal Year	Beginning of Year Accrual	Current Year Estimates	Claims Payments	End of Year Accrual
Health Insurance	$ 6,066,000	$ 864,708	$ 550,708	$ 6,380,000
Workers' Compensation	1,843,000	784,866	959,866	1,668,000

Note 17 - Shared Service Arrangements

The District is a member district of a SSA, which provides services to deaf and hard of hearing students within the boundaries of ESC Region 19. Member districts pay El Paso Independent School District Regional Day School Program for the Deaf ("EPISD RDSPD") on a per student basis, for any student residing within the boundary of the District who are enrolled in EPISD RDSPD. The total amount paid during the fiscal year ended June 30, 2026 is $134,135.

Note 18 - Contingent Liabilities

In 2008, the District entered into an Interlocal Agreement with the City of El Paso in which the District would lease 7.8662 acres from the City for 99 years for $1 per year. The District agreed to construct a school and related facilities and would grant the City use of certain facilities within that school and related areas. Upon the termination of the lease, the land and any improvements shall be surrendered to and become the property of the City. Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial. The District is a defendant in various lawsuits arising in the normal course of operations. Although the outcome of these lawsuits is not presently determinable, in the opinion of management and the District's counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the District. However, administration has established a provision for losses in the amount of $1,000,000.

Note 19 - Arbitrage

In accordance with the provisions of Section 148(f) of the Internal Revenue Code of 1986, as amended, bonds must satisfy certain arbitrage rebate requirements. Positive arbitrage is the excess of (1) the amount earned on investments purchased with bond proceeds over (2) the amount that such investments would have earned had such investments been invested at a rate equal to the yield on the bond issue. In order to comply with the arbitrage rebate requirements, positive arbitrage must be paid to the U.S. Treasury at the end of each five-year anniversary date of the bond issue. As of June 30, 2026, the District has estimated an arbitrage liability of $99,000.

Note 20 - Encumbrances

The District utilizes encumbrance accounting in its governmental funds. Encumbrances represent commitments related to contracts not yet performed (executory contracts) and are used to control expenditures for the year and to enhance cash management. A school district often issues purchase orders or signs contracts for the purchase of goods and services to be received in the future. At the time these commitments are made, which in its simplest form means that when a purchase order is prepared, the appropriate account is checked for available funds. If an adequate balance exists, the amount of the order is immediately charged to the account to reduce the available balance for control purposes. The encumbrance account does not represent an expenditure for the period, only a commitment to expend resources.

At June 30, 2026, certain amounts which are restricted, committed, or assigned for specific purposes have been encumbered in the governmental funds. Significant encumbrances included in governmental fund balances are as follows:

	Encumbrances included in:			
	Restricted Fund Balance	Committed Fund Balance	Assigned Fund Balance	Total Encumbrances
General Fund	$ -	$ -	$ 3,163,839	$ 3,163,839
Capital Projects Fund	1,866,261	-	-	1,866,261
Nonmajor Governmental Funds	530,883	13,919	-	544,802
Totals	$ 2,397,144	$ 13,919	$ 3,163,839	$ 5,574,902

Note 21 - Subsequent Event

On October 21, 2026, the Board of Trustees authorized the issuance of Ysleta Independent School District Unlimited Tax Refunding Bonds, Series 2026 A in an aggregate principal amount not to exceed $149,525,000 to refund certain outstanding bonds of the District for debt service savings; levying a continuing direct annual ad valorem tax for the payment of such bonds.

On August 12, 2026, the Board of Trustees authorized the issuance of Ysleta Independent School District Unlimited Tax Refunding Bonds, Series 2026 in an amount not to exceed $159,725,000 to refund certain outstanding bonds of the District for debt service savings; levying a continuing direct annual ad valorem tax for the payment of such bonds.

On August 12, 2026, the Board of Trustees authorized the issuance of Ysleta Independent School District Maintenance Tax Notes, Series 2026, in a maximum aggregate principal amount not to exceed $65,000,000.

On July 29, 2026, the District issued a Tax and Revenue Anticipation Notes in the amount of $32,000,000. The notes are due March 01, 2027 and carry an interest rate of 5 percent. The liability is considered a short-term liability payable with current resources and will be recorded in the General Fund.

On July 15, 2026, Moody's downgraded the Ysleta Independent School District’s issuer rating, General Obligation Unlimited Tax (GOULT) rating, and General Obligation Limited Tax (GOLT) rating to Baa1, from A2.

These ratings are still considered investment grade and not speculative. Management is actively monitoring financial conditions and continues to implement measures to stabilize fund balance levels and address long-term structural challenges impacting the District’s credit profile.

REQUIRED SUPPLEMENTARY INFORMATION


THE DISTRICT
YSLETA INDEPENDENT SCHOOL DISTRICT

YSLETA INDEPENDENT SCHOOL DISTRICT

Exhibit G-1

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

For the Year Ended June 30, 2026

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Variance with Original Budget - Over (Under) Final Budget	Actual Amounts, GAAP Basis	Variance with Final Budget - Over (Under) Actual Amounts
	Revenues					
5700	Local, intermediate, and out-of-state	$ 47,181,355	$ 47,181,355	$ -	$ 62,329,032	$ 15,147,677
5800	State program revenues	338,022,131	338,022,131	-	314,858,658	(23,163,473)
5900	Federal program revenues	5,079,952	5,079,952	-	3,404,685	(1,675,267)
5020	**Total Revenues**	390,283,438	390,283,438	-	380,592,375	(9,691,063)
	Expenditures					
	Current:					
0011	Instruction	229,293,500	230,241,462	(947,962)	228,923,556	1,317,906
0012	Instruction resources and media services	4,010,885	4,270,610	(259,725)	4,226,417	44,193
0013	Curriculum and instructional staff development	10,567,272	10,472,822	94,450	9,117,701	1,355,121
0021	Instructional leadership	6,952,478	7,833,075	(880,597)	7,315,657	517,418
0023	School leadership	27,155,922	26,925,265	230,657	25,993,653	931,612
0031	Guidance, counseling and evaluation services	18,926,805	18,421,622	505,183	17,589,429	832,193
0032	Social work services	1,498,343	1,848,343	(350,000)	1,695,381	152,962
0033	Health services	5,397,273	5,672,082	(274,809)	5,575,452	96,630
0034	Student transportation	15,461,827	15,231,027	230,800	12,015,282	3,215,745
0035	Food services	10,858	785,858	(775,000)	676,909	108,949
0036	Extracurricular activities	12,455,737	12,645,767	(190,030)	11,615,309	1,030,458
0041	General administration	11,923,186	10,607,853	1,315,333	10,232,065	375,788
0051	Facilities maintenance and operations	54,762,287	51,993,437	2,768,850	45,267,404	6,726,033
0052	Security and monitoring services	9,308,262	8,804,900	503,362	6,876,982	1,927,918
0053	Data processing services	7,945,423	8,045,424	(100,001)	7,638,268	407,156
0061	Community services	88,362	304,373	(216,011)	128,406	175,967
	Debt service:					
0071	Principal on long-term debt	-	633,276	(633,276)	325,456	307,820
0072	Interest on long-term debt	911,802	1,928,526	(1,016,724)	2,115,807	(187,281)
0073	Debt issuance costs and fees	11,500	11,500	-	140,091	(128,591)
	Capital outlay:					
0081	Facilities acquisition and construction	500,000	504,500	(4,500)	12,521	491,979
	Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts of SSA	150,000	150,000	-	-	150,000
0099	Other intergovernmental charges	1,659,494	1,659,494	-	1,355,614	303,880
6030	**Total Expenditures**	418,991,216	418,991,216	-	398,837,360	20,153,856
1100	Excess (deficiency) of revenues over expenditures	(28,707,778)	(28,707,778)	-	(18,244,985)	10,462,793
	Other Financing Sources (Uses)					
7912	Sale of real or personal property	7,750,000	7,750,000	-	5,250,000	(2,500,000)
7913	Right to use leased assets and SBITAs issued	-	-	-	102,997	102,997
7949	Other resources	-	-	-	4,500	4,500
8911	Transfers out	(1,238,328)	(1,238,328)	-	(1,238,328)	-
7080	**Total Other Financing Sources (Uses)**	6,511,672	6,511,672	-	4,119,169	(2,392,503)
1200	Net change in fund balances	(22,196,106)	(22,196,106)	-	(14,125,816)	8,070,290
0100	**Fund Balance - Beginning**	42,138,070	42,138,070	-	42,138,070	-
3000	**Fund Balance - June 30 (Ending)**	$ 19,941,964	$ 19,941,964	$ -	$ 28,012,254	$ 8,070,290

A. Budgets and Budgetary Accounting

The District adopts annual appropriations type budgets for the General Fund, Child Nutrition Program Special Revenue Fund, and the Debt Service Fund using the same method of accounting as for financial reporting, as required by law. The remaining Special Revenue Funds (primarily federal grant programs) utilize a managerial type budget approved at the fund level by the Board of Trustees upon acceptance of the grants. These grants are subject to Federal, State and locally imposed project length budgets and monitoring through submission of reimbursement reports. The General Fund Budget report is presented on Exhibit G-1, the Child Nutrition Program Special Revenue fund budget report and the Debt Service Fund budget report appear on Exhibit J-2 and J-3, respectively.

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

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

The official school budget was prepared for adoption for budgeted governmental fund types by June 30, 2025. The budget was formally adopted by the Board of Trustees at a duly advertised public meeting prior to the expenditure of funds. The final amended budget is filed with the Texas Education Agency (TEA) through inclusion in the annual financial and compliance report. Encumbrance accounting is utilized in all government fund types. Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at year-end and encumbrances outstanding at that time are appropriately provided for in the subsequent year's budget.

B. General Fund Budgetary Highlights

Significant Changes from Original to Final Budget. The final budget did not change the overall budgeted decrease in fund balance from the original budget; however, appropriations were revised among several functions during the year. Budgeted expenditures for facilities maintenance and operations decreased by $2.8 million (5.1%), while intergovernmental charges increased by $1.7 million from an original budget of zero. Budgeted general administration expenditures decreased by $1.3 million (11.0%), and budgeted interest on long-term debt increased by $1.0 million (111.5%). These revisions resulted from reclassifications and reallocations among functions to address actual expenditure needs throughout the fiscal year. While certain functions required additional appropriations due to higher-than anticipated expenditures, funds were reallocated from areas with available budget capacity, keeping the District's overall approved budget unchanged.

B. General Fund Budgetary Highlights (continued)

Final Budget Compared to Actual Results. Actual results produced a decrease in fund balance of $14.1 million, compared with the final-budget decrease of $22.2 million. Actual state program revenues were $23.2 million (6.9%) less than the final budget due to an unexpected reduction in state funding resulting from a change in the Texas Comptroller's methodology for calculating the property tax freeze related revenue loss, which impacted school districts statewide. The budget was developed based on the District's best estimates of anticipated local and state revenue. Subsequent changes in the State's homestead exemption and related state funding calculations resulted in a shift in the revenue sources, with local revenues exceeding initial estimates and state revenues falling below projections. As a result, Local, intermediate, and out-of-state revenues were $15.1 million (32.1%) more than the final budget. In total, revenue was under budget by $9.7 million, which is approximately the total loss of revenue from the freeze-loss calculation methodology change. Actual expenditures were approximately $20.1 million (4.8%) less than the final budget, including facilities maintenance and operations expenditures that were $6.7 million (12.9%) less than budgeted, primarily due to the implementation of the District's Financial Stabilization Plan to address our deficit which resulted in reduced payroll costs and enhanced controls over discretionary spending. These measures included strict monitoring and near-freezing of non-essential expenditures, eliminating utility costs at vacant properties, and deferring non-critical maintenance expenses. Proceeds from the sale of real and personal property were $2.5 million (32.3%) less than budgeted due to the sale of one of the District properties not closing by fiscal year end as originally planned. The sale was finalized in fiscal year 2027.

YSLETA INDEPENDENT SCHOOL DISTRICT *Exhibit G-2*

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Teacher Retirement System of Texas
For the Last Ten Measurement Years Ended June 30

	2026	2025	2024	2023	2022
District's proportion of the net pension liability	0.1948%	0.2222%	0.2765%	0.2419%	0.2477%
District's proportionate share of the net pension liability	$ 122,632,676	$ 135,746,285	$ 176,151,572	$ 143,591,568	$ 63,091,756
State's proportionate share of the net pension liability associated with the District	198,177,747	192,572,098	218,776,871	202,352,334	99,971,149
Total	$ 320,810,423	$ 328,318,383	$ 394,928,443	$ 345,943,902	$ 163,062,905
District's covered payroll (for Measurement Year)	$ 307,106,883	$ 314,487,698	$ 313,846,837	$ 300,996,791	$ 312,071,645
District's proportionate share of the net pension liability as a percentage of its covered payroll	39.9%	43.2%	56.1%	47.7%	20.2%
Plan's fiduciary net position as a percentage of the total pension liability *	78.24%	77.51%	73.15%	75.65%	88.79%
Plan's net pension liability as a percentage of covered payroll *	101.96%	102.39%	51.08%	110.36%	51.08%

	2021	2020	2019	2018	2017
District's proportion of the net pension liability	0.2213%	0.2392%	0.2465%	0.2553%	0.2575%
District's proportionate share of the net pension liability	$ 118,540,699	$ 124,356,659	$ 135,697,729	$ 81,634,756	$ 97,290,151
State's proportionate share of the net pension liability associated with the District	215,534,201	206,360,184	226,648,067	136,826,004	166,026,955
Total	$ 334,074,900	$ 330,716,843	$ 362,345,796	$ 218,460,760	$ 263,317,106
District's covered payroll (for Measurement Year)	$ 294,629,672	$ 281,809,867	$ 278,469,194	$ 275,977,992	$ 271,988,317
District's proportionate share of the net pension liability as a percentage of its covered payroll	40.2%	44.1%	48.7%	29.6%	35.8%
Plan's fiduciary net position as a percentage of the total pension liability *	75.54%	75.24%	73.74%	82.17%	78.00%
Plan's net pension liability as a percentage of covered payroll *	110.36%	114.93%	126.11%	75.93%	92.75%

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

* Per Teacher Retirement System of Texas' Annual Comprehensive Financial Report.

YSLETA INDEPENDENT SCHOOL DISTRICT *Exhibit G-3*

SCHEDULE OF DISTRICT'S PENSION CONTRIBUTIONS

Teacher Retirement System of Texas

For the Last Ten Years Ended June 30

	2026	2025	2024	2023	2022
Contractually required contributions	$ 11,514,390	$ 11,473,036	$ 12,824,414	$ 13,035,703	$ 10,815,982
Contributions in relation to the contractually required contributions	11,514,390	11,473,036	12,824,414	13,035,703	10,815,982
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered employee payroll	$ 301,453,469	$ 308,359,421	$ 315,774,641	$ 317,714,200	$ 298,888,179
Contributions as a percentage of covered employee payroll	3.82%	3.72%	4.06%	4.10%	3.62%

	2021	2020	2019	2018	2017
Contractually required contributions	$ 10,409,816	$ 8,983,963	$ 8,368,063	$ 8,272,927	$ 8,277,745
Contributions in relation to the contractually required contributions	10,409,816	8,983,963	8,368,063	8,272,927	8,277,745
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered employee payroll	$ 310,580,567	$ 293,433,317	$ 280,580,254	$ 276,898,100	$ 275,643,403
Contributions as a percentage of covered employee payroll	3.35%	3.06%	2.98%	2.99%	3.00%

Changes of Assumptions

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

Changes in Benefit Terms

There were no changes of benefit terms that affected measurement of the total pension liability during the 2024 or 2023 measurement periods.

Other Information

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

YSLETA INDEPENDENT SCHOOL DISTRICT *Exhibit G-4*

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
Teacher Retirement System of Texas
For the Last Nine Measurement Years Ended June 30

	2026	2025	2024	2023	2022
District's proportion of the net OPEB liability	0.2829%	0.3140%	0.3529%	0.3363%	0.3374%
District's proportionate share of the net OPEB liability	$ 70,529,995	$ 95,289,984	$ 78,131,071	$ 80,520,915	$ 130,166,241
State's proportionate share of the net OPEB liability associated with the District	93,573,635	119,397,057	94,277,146	98,222,865	174,393,755
Total	$ 164,103,630	$ 214,687,041	$ 172,408,217	$ 178,743,780	$ 304,559,996
District's covered payroll (for Measurement Year)	$ 307,106,883	$ 314,487,698	$ 313,846,837	$ 300,966,791	$ 312,071,645
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	23.0%	30.3%	24.9%	26.8%	41.7%
Plan's fiduciary net position as a percentage of the total OPEB liability *	18.26%	13.70%	14.94%	11.52%	6.18%
Plan's net OPEB liability as a percentage of covered payroll*	54.93%	67.98%	51.86%	59.10%	100.13%

	2021	2020	2019	2018
District's proportion of the net OPEB liability	0.3306%	0.3400%	0.3476%	0.3438%
District's proportionate share of the net OPEB liability	$ 125,682,642	$ 160,768,518	$ 173,554,349	$ 149,493,006
State's proportionate share of the net OPEB liability associated with the District	168,887,344	213,625,401	208,436,444	208,436,444
Total	$ 294,569,986	$ 374,393,919	$ 381,990,793	$ 357,929,450
District's covered payroll (for Measurement Year)	$ 281,809,867	$ 281,809,867	$ 278,469,194	$ 275,977,992
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	42.7%	57.0%	62.3%	54.2%
Plan's fiduciary net position as a percentage of the total OPEB liability *	4.99%	2.66%	1.57%	0.91%
Plan's net OPEB liability as a percentage of covered payroll*	101.46%	135.21%	146.64%	132.55%

Note: Ten years of data should be presented in this schedule but data is unavailable prior to 2018
Net OPEB liability and related ratios will be presented prospectively as data becomes available.

* Per Teacher Retirement System of Texas' Annual Comprehensive Financial Report.

YSLETA INDEPENDENT SCHOOL DISTRICT *Exhibit G-5*

SCHEDULE OF DISTRICT'S OPEB CONTRIBUTIONS

Teacher Retirement System of Texas

For the Last Ten Fiscal Years Ended June 30

	2026	2025	2024	2023	2022
Contractually required contributions	$ 2,579,668	$ 2,638,089	$ 2,924,130	$ 3,047,424	$ 2,698,518
Contributions in relation to the contractually required contributions	2,579,668	2,638,089	2,924,130	3,047,424	2,698,518
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered employee payroll	$ 301,453,469	$ 308,359,421	$ 315,774,641	$ 317,714,200	$ 298,888,179
Contributions as a percentage of covered employee payroll	0.86%	0.86%	0.93%	0.96%	0.90%

	2021	2020	2019	2018	2017
Contractually required contributions	$ 2,609,238	$ 2,214,028	$ 2,401,318	$ 2,230,167	$ 1,771,371
Contributions in relation to the contractually required contributions	2,609,238	2,214,028	2,401,318	2,230,167	1,771,371
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered employee payroll	$ 310,580,567	$ 310,580,567	$ 293,433,317	$ 276,898,100	$ 275,643,403
Contributions as a percentage of covered employee payroll	0.84%	0.71%	0.82%	0.81%	0.64%

Changes of Assumptions

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

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

Changes in Benefit Terms

There were no significant benefit revisions since the prior valuation for the 2024 measurement year. There were no changes in benefit terms in the 2023 measurement year.

The 85th Legislature, Regular Session, passed the following statutory changes in House Bill 3976 which became effective on September 1, 2017:

- Created a high-deductible health plan that provides a zero cost for generic prescriptions for certain preventive drugs and provides a zero premium for disability retirees who retired as a disability retiree on or before January 1, 2017 and are not eligible to enroll in Medicare.
- Created a single Medicare Advantage plan and Medicare prescription drug plan for all Medicare-eligible participants.
- Allowed the System to provide other, appropriate health benefit plans to address the needs of enrollees eligible for Medicare.
- Allowed eligible retirees and their eligible dependents to enroll in TRS-Care when the retiree reaches 65 years of age, rather than waiting for the next enrollment period.
- Eliminated free coverage under TRS-Care, except for certain disability retirees enrolled during Plan Years 2018 through 2021, requiring members to contribute $200 per month toward their health insurance premiums.


THE DISTRICT
YSLETA INDEPENDENT SCHOOL DISTRICT

OTHER SUPPLEMENTARY INFORMATION

YSLETA INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2026

Exhibit H-1
Page 1 of 6

Data Control Codes		206 ESEA, Title III-B, Education for Homeless Children and Youth	211 ESEA Title I, A - Improving Basic Ed.	212 ESEA Title I, Part C - Education of Migratory Children	220 Adult Basic Education (ABE)
	Assets				
1110	Cash and temporary investments	$ -	$ -	$ -	$ -
1240	Receivables from other governments	15,237	3,943,896	35,954	171,949
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1000	**Total Assets**	$ 15,237	$ 3,943,896	$ 35,954	$ 171,949
	Liabilities and Fund Balances				
	Liabilities:				
2110	Accounts payable	$ 3,307	$ 164,053	$ -	$ 28,635
2170	Due to other funds	11,930	3,779,843	35,954	143,314
2300	Unearned revenue	-	-	-	-
2000	**Total Liabilities**	15,237	3,943,896	35,954	171,949
	Fund Balance				
	Restricted:				
3450	Federal/State funds grant restrictions	-	-	-	-
	Committed:				
3545	Other purposes	-	-	-	-
3000	**Total Fund Balances**	-	-	-	-
4000	**Total Liabilities and Fund Balance**	$ 15,237	$ 3,943,896	$ 35,954	$ 171,949

Data Control Codes		223 Temporary Assistance for Needy Families (TANF)	224 IDEA B - Formula	225 IDEA B - Preschool	240 Child Nutrition
	Assets				
1110	Cash and temporary investments	$ -	$ -	$ -	$ 2,900,502
1240	Receivables from other governments	21,948	2,196,666	10,969	1,888
1260	Due from other funds	-	-	-	1,984,784
1290	Other receivables	-	-	-	-
1000	**Total Assets**	$ 21,948	$ 2,196,666	$ 10,969	$ 4,887,174
	Liabilities and Fund Balances				
	Liabilities:				
2110	Accounts payable	$ -	$ 765	$ -	$ 104,991
2170	Due to other funds	21,948	2,195,901	10,969	-
2300	Unearned revenue	-	-	-	-
2000	**Total Liabilities**	21,948	2,196,666	10,969	104,991
	Fund Balance				
	Restricted:				
3450	Federal/State funds grant restrictions	-	-	-	4,782,183
	Committed:				
3545	Other purposes	-	-	-	-
3000	**Total Fund Balances**	-	-	-	4,782,183
4000	**Total Liabilities and Fund Balance**	$ 21,948	$ 2,196,666	$ 10,969	$ 4,887,174

Data Control Codes		242 Summer Feeding Program	244 Career and Technical Education - Basic	255 ESEA Title II, A - Training and Recruiting	263 English Language Acquisition and Language Enhancement
	Assets				
1110	Cash and temporary investments	$ -	$ -	$ -	$ -
1240	Receivables from other governments	73,522	142,772	148,047	32,710
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1000	**Total Assets**	$ 73,522	$ 142,772	$ 148,047	$ 32,710
	Liabilities and Fund Balances				
	Liabilities:				
2110	Accounts payable	$ 7,720	$ 29,739	$ 4,384	$ 1,372
2170	Due to other funds	65,802	113,033	143,663	31,338
2300	Unearned revenue	-	-	-	-
2000	**Total Liabilities**	73,522	142,772	148,047	32,710
	Fund Balance				
	Restricted:				
3450	Federal/State funds grant restrictions	-	-	-	-
	Committed:				
3545	Other purposes	-	-	-	-
3000	**Total Fund Balances**	-	-	-	-
4000	**Total Liabilities and Fund Balance**	$ 73,522	$ 142,772	$ 148,047	$ 32,710

Data Control Codes		265 Title IV, Part B - 21st Century Community Learning Centers	289 Federally Funded Special Revenue	381 Adult Basic Education (ABE)	397 Advanced Placement Incentive
	Assets				
1110	Cash and temporary investments	$ -	$ -	$ -	$ -
1240	Receivables from other governments	155,264	113,827	9,124	-
1260	Due from other funds	-	-	-	159,073
1290	Other receivables	-	-	-	-
1000	**Total Assets**	$ 155,264	$ 113,827	$ 9,124	$ 159,073
	Liabilities and Fund Balances				
	Liabilities:				
2110	Accounts payable	$ 6,753	$ 36,271	$ 65	$ 1,750
2170	Due to other funds	148,511	59,975	9,059	-
2300	Unearned revenue	-	17,581	-	157,323
2000	**Total Liabilities**	155,264	113,827	9,124	159,073
	Fund Balance				
	Restricted:				
3450	Federal/State funds grant restrictions	-	-	-	-
	Committed:				
3545	Other purposes	-	-	-	-
3000	**Total Fund Balances**	-	-	-	-
4000	**Total Liabilities and Fund Balance**	$ 155,264	$ 113,827	$ 9,124	$ 159,073

Data Control Codes		410 Instructional Materials Allotment	429 State Funded Special Revenue Fund	461 Campus Activity Fund	483 Comprehensive Care Center
	Assets				
1110	Cash and temporary investments	$ -	$ -	$ 2,065,134	$ -
1240	Receivables from other governments	-	115,539	-	-
1260	Due from other funds	744,023	-	-	349
1290	Other receivables	-	-	-	-
1000	**Total Assets**	$ 744,023	$ 115,539	$ 2,065,134	$ 349
	Liabilities and Fund Balances				
	Liabilities:				
2110	Accounts payable	$ 3,482	$ 21,107	$ 56,140	$ 349
2170	Due to other funds	-	70,934	188,571	-
2300	Unearned revenue	740,541	23,498	-	-
2000	**Total Liabilities**	744,023	115,539	244,711	349
	Fund Balance				
	Restricted:				
3450	Federal/State funds grant restrictions	-	-	-	-
	Committed:				
3545	Other purposes	-	-	1,820,423	-
3000	**Total Fund Balances**	-	-	1,820,423	-
4000	**Total Liabilities and Fund Balance**	$ 744,023	$ 115,539	$ 2,065,134	$ 349

499

Data Control Codes		Locally Defined Special Revenue Fund	Total Nonmajor Governmental Funds
	Assets		
1110	Cash and temporary investments	$ -	$ 4,965,636
1240	Receivables from other governments	-	7,189,312
1260	Due from other funds	374,158	3,262,387
1290	Other receivables	48,822	48,822
1000	**Total Assets**	$ 422,980	$ 15,466,157
	Liabilities and Fund Balances		
	Liabilities:		
2110	Accounts payable	$ -	$ 470,883
2170	Due to other funds	-	7,030,745
2300	Unearned revenue	373,253	1,312,196
2000	**Total Liabilities**	373,253	8,813,824
	Fund Balance		
	Restricted:		
3450	Federal/State funds grant restrictions	49,727	4,831,910
	Committed:		
3545	Other purposes	-	1,820,423
3000	**Total Fund Balances**	49,727	6,652,333
4000	**Total Liabilities and Fund Balance**	$ 422,980	$ 15,466,157

Data Control Codes		206 ESEA, Title III-B, Education for Homeless Children and Youth	211 ESEA Title I, A - Improving Basic Ed.	212 ESEA Title I, Part C - Education of Migratory Children	220 Adult Basic Education (ABE)
	Revenues				
5700	Local, intermediate, and out-of-state	$ -	$ -	$ -	$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	65,009	19,388,263	71,685	728,753
5020	**Total Revenues**	65,009	19,388,263	71,685	728,753
	Expenditures				
	Current:				
0011	Instruction	23,954	16,308,831	39,242	424,531
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	1,831,026	-	74,600
0021	Instructional leadership	5,382	112,327	31,359	-
0023	School leadership	-	-	-	143,824
0031	Guidance, counseling and evaluation services	-	33,066	-	85,070
0032	Social work services	35,673	777,545	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	6
0052	Security and monitoring services	-	-	-	722
0053	Data processing services	-	-	-	-
0061	Community services	-	325,468	1,084	-
	Intergovernmental:				
0093	Payments related to shared services arrangement	-	-	-	-
6030	**Total Expenditures**	65,009	19,388,263	71,685	728,753
1200	Net change in fund balances	-	-	-	-
0100	**Fund Balance - July 1 (Beginning)**	-	-	-	-
3000	**Fund Balance - June 30 (Ending)**	$ -	$ -	$ -	$ -

Data Control Codes		223 Temporary Assistance for Needy Families (TANF)	224 IDEA B - Formula	225 IDEA B - Preschool	240 Child Nutrition
	Revenues				
5700	Local, intermediate, and out-of-state	$ -	$ -	$ -	$ 385,801
5800	State program revenues	-	-	-	102,515
5900	Federal program revenues	75,600	7,957,318	115,055	22,821,963
5020	**Total Revenues**	75,600	7,957,318	115,055	23,310,279
	Expenditures				
	Current:				
0011	Instruction	41,567	7,515,940	4,595	-
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	-	-	-
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	12,418	-	110,460	-
0032	Social work services	-	307,243	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food service	-	-	-	22,442,267
0036	Extracurricular activities	21,615	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	-	-
	Intergovernmental:				
0093	Payments related to shared services arrangement	-	134,135	-	-
6030	**Total Expenditures**	75,600	7,957,318	115,055	22,442,267
1200	Net change in fund balances	-	-	-	868,012
0100	**Fund Balance - July 1 (Beginning)**	-	-	-	3,914,171
3000	**Fund Balance - June 30 (Ending)**	$ -	$ -	$ -	$ 4,782,183

Data Control Codes		242 Summer Feeding Program	244 Career and Technical Education - Basic	255 ESEA Title II, A - Training and Recruiting	263 English Language Acquisition and Language Enhancement
	Revenues				
5700	Local, intermediate, and out-of-state	$ -	$ -	$ -	$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	76,810	660,451	2,110,276	796,006
5020	**Total Revenues**	76,810	660,451	2,110,276	796,006
	Expenditures				
	Current:				
0011	Instruction	-	373,065	236,186	580,063
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	28,493	1,675,171	134,385
0021	Instructional leadership	-	152,139	14,776	27,162
0023	School leadership	-	-	34,244	53,818
0031	Guidance, counseling and evaluation services	-	106,754	-	-
0032	Social work services	-	-	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food service	56,620	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	132,834	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	17,065	578
	Intergovernmental:				
0093	Payments related to shared services arrangement	-	-	-	-
6030	**Total Expenditures**	56,620	660,451	2,110,276	796,006
1200	Net change in fund balances	20,190	-	-	-
0100	**Fund Balance - July 1 (Beginning)**	(20,190)	-	-	-
3000	**Fund Balance - June 30 (Ending)**	$ -	$ -	$ -	$ -

Data Control Codes		265 Title IV, Part B - 21st Century Community Learning Centers	289 Federally Funded Special Revenue	381 Adult Basic Education (ABE)	397 Advanced Placement Incentive
	Revenues				
5700	Local, intermediate, and out-of-state	$ -	$ -	$ -	$ -
5800	State program revenues	-	-	111,410	14,623
5900	Federal program revenues	1,274,337	1,773,541	-	-
5020	**Total Revenues**	1,274,337	1,773,541	111,410	14,623
	Expenditures				
	Current:				
0011	Instruction	447,437	555,450	96,551	48
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	102,890	4,816	14,575
0021	Instructional leadership	584,001	8,966	-	-
0023	School leadership	-	-	5,326	-
0031	Guidance, counseling and evaluation services	-	272,726	2,743	-
0032	Social work services	-	-	-	-
0033	Health services	-	481,521	-	-
0034	Student transportation	-	-	-	-
0035	Food service	-	184,018	-	-
0036	Extracurricular activities	71,886	2,610	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	4,562	-	1,974	-
0052	Security and monitoring services	83,909	130,518	-	-
0053	Data processing services	-	9,500	-	-
0061	Community services	82,542	25,342	-	-
	Intergovernmental:				
0093	Payments related to shared services arrangement	-	-	-	-
6030	**Total Expenditures**	1,274,337	1,773,541	111,410	14,623
1200	Net change in fund balances	-	-	-	-
0100	**Fund Balance - July 1 (Beginning)**	-	-	-	-
3000	**Fund Balance - June 30 (Ending)**	$ -	$ -	$ -	$ -

Data Control Codes		410 Instructional Materials Allotment	429 State Funded Special Revenue Fund	461 Campus Activity Fund	483 Comprehensive Care Center
	Revenues				
5700	Local, intermediate, and out-of-state	$ 1,484	$ -	$ 2,392,887	$ -
5800	State program revenues	1,490,846	2,386,311	-	-
5900	Federal program revenues	-	-	-	-
5020	**Total Revenues**	1,492,330	2,386,311	2,392,887	-
	Expenditures				
	Current:				
0011	Instruction	1,489,330	-	455,295	-
0012	Instruction resources and media services	-	-	3,203	-
0013	Curriculum and instructional staff development	3,000	9,179	43,066	-
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	511,260	-
0031	Guidance, counseling and evaluation services	-	-	68	-
0032	Social work services	-	-	-	-
0033	Health services	-	-	1,384	-
0034	Student transportation	-	-	245	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	1,037,314	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	1,602,822	36,441	-
0052	Security and monitoring services	-	774,310	29,465	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	22,772	-
	Intergovernmental:				
0093	Payments related to shared services arrangement	-	-	-	-
6030	**Total Expenditures**	1,492,330	2,386,311	2,140,513	-
1200	Net change in fund balances	-	-	252,374	-
0100	**Fund Balance - July 1 (Beginning)**	-	-	1,568,049	-
3000	**Fund Balance - June 30 (Ending)**	$ -	$ -	$ 1,820,423	$ -

Data Control Codes		499 Locally Defined Special Revenue Fund	Total Nonmajor Governmental Funds
	Revenues		
5700	Local, intermediate, and out-of-state	$ 532,794	$ 3,312,966
5800	State program revenues	-	4,105,705
5900	Federal program revenues	-	57,915,067
5020	**Total Revenues**	532,794	65,333,738
	Expenditures		
	Current:		
0011	Instruction	365,725	28,957,810
0012	Instruction resources and media services	11,656	14,859
0013	Curriculum and instructional staff development	20,030	3,941,231
0021	Instructional leadership	-	936,112
0023	School leadership	2,073	750,545
0031	Guidance, counseling and evaluation services	-	623,305
0032	Social work services	-	1,120,461
0033	Health services	-	482,905
0034	Student transportation	-	245
0035	Food service	-	22,682,905
0036	Extracurricular activities	1,311	1,134,736
0041	General administration	1,359	134,193
0051	Facilities maintenance and operations	5,000	1,650,805
0052	Security and monitoring services	75,913	1,094,837
0053	Data processing services	-	9,500
0061	Community services	-	474,851
	Intergovernmental:		
0093	Payments related to shared services arrangement	-	134,135
6030	**Total Expenditures**	483,067	64,143,435
1200	Net change in fund balances	49,727	1,190,303
0100	**Fund Balance - July 1 (Beginning)**	-	5,462,030
3000	**Fund Balance - June 30 (Ending)**	$ 49,727	$ 6,652,333

YSLETA INDEPENDENT SCHOOL DISTRICT *Exhibit H-3*

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2026

	753 Health Insurance	770 Workers' Compensation	777 Print Shop Services	Total Internal Service Funds
Assets				
Current Assets:				
Cash and cash equivalents	$ 458,114	$ -	$ -	$ 458,114
Due from other funds	8,331,565	2,941,982	-	11,273,547
Other receivables	-	-	-	-
Total Current Assets	8,789,679	2,941,982	-	11,731,661
Noncurrent Assets:				
Capital Assets:				
Furniture and equipment	-	-	271,962	271,962
Accumulated depreciation - Furniture and Equipment	-	-	(257,022)	(257,022)
Total Noncurrent Assets	-	-	14,940	14,940
Total Assets	$ 8,789,679	$ 2,941,982	$ 14,940	$ 11,746,601
Liabilities				
Current Liabilities:				
Accounts payable	$ 22,141	$ -	$ 41,895	$ 64,036
Due to other funds	-	-	213,170	213,170
Accrued expenses	6,380,000	1,668,000	-	8,048,000
Total Liabilities	6,402,141	1,668,000	255,065	8,325,206
Net Position				
Net investment in capital assets	-	-	14,940	14,940
Unrestricted net position	2,387,538	1,273,982	(255,065)	3,406,455
Total Net Position	$ 2,387,538	$ 1,273,982	$ (240,125)	$ 3,421,395

YSLETA INDEPENDENT SCHOOL DISTRICT *Exhibit H-4*

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2026

	753	770	777	
	Health Insurance	**Workers' Compensation**	**Print Shop Services**	**Total Internal Service Funds**
Operating Revenues				
Miscellaneous revenue from local sources	$ 12,112,273	$ -	$ -	$ 12,112,273
Interfund service provided	49,627,166	2,606,773	451,241	52,685,180
Total Operating Revenues	61,739,439	2,606,773	451,241	64,797,453
Operating Expenses				
Payroll costs	407,318	202,527	354,830	964,675
Purchased and contracted services	1,333,839	214,990	212,113	1,760,942
Supplies and materials	-	-	87,893	87,893
Claims expense and other operating expenses	59,579,275	2,222,141	-	61,801,416
Total Operating Expenses	61,320,432	2,639,658	654,836	64,614,926
Change in net position	419,007	(32,885)	(203,595)	182,527
Net Position - Beginning	1,968,531	1,306,867	(36,530)	3,238,868
Net Position - Ending	$ 2,387,538	$ 1,273,982	$ (240,125)	$ 3,421,395


THEDISTRICT
YSLETA INDEPENDENT SCHOOL DISTRICT

YSLETA INDEPENDENT SCHOOL DISTRICT *Exhibit H-5*

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2026

	753 Health Insurance	770 Workers' Compensation	777 Print Shop Services	Total Internal Service Funds
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities:				
Cash received from user charges	$ 60,070,158	$ 2,829,263	$ 612,941	$ 63,512,362
Cash receipts from interfund services provided	1,420,581	-	-	1,420,581
Cash payments to employees	(407,318)	(202,527)	(354,830)	(964,675)
Cash payments to suppliers for goods and services	(1,360,032)	(229,595)	(258,111)	(1,847,738)
Cash payments for insurance claims	(58,714,567)	(1,437,275)	-	(60,151,842)
Cash payments for other operating expenses	(550,708)	(959,866)	-	(1,510,574)
Net Cash Provided by (Used for) Operating Activities	458,114	-	-	458,114
Net Increase in Cash and Cash Equivalents	458,114	-	-	458,114
Cash and Cash Equivalents at Beginning of Year	-	-	-	-
Cash and Cash Equivalents at End of Year	$ 458,114	$ -	$ -	$ 458,114
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating income (loss)	$ 419,007	$ (32,885)	$ (203,595)	$ 182,527
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Change in Assets and Liabilities:				
Decrease (increase) in Receivables	1,420,581	-	-	1,420,581
Decrease (increase) in interfund receivables	(1,669,281)	222,490	-	(1,446,791)
Increase (decrease) in accounts payable	(26,193)	(14,605)	41,895	1,097
Increase (decrease) in Interfund Payables	-	-	161,700	161,700
Increase (decrease) in claims payable	314,000	(175,000)	-	139,000
Net Cash Provided by (Used for) Operating Activities	$ 458,114	$ -	$ -	$ 458,114

	712 Teachers Network Technology	717 Regional Wrestling Meet	721 Employee Daycare Collaborative	722 Oasis Program
Assets				
Current Assets:				
Cash and cash equivalents	$ -	$ -	$ -	$ -
Due from other funds	8,520	2,144	-	35,685
Total Assets	8,520	2,144	-	35,685
Liabilities				
Current Liabilities:				
Due to other funds	-	-	-	-
Total Liabilities	-	-	-	-
Net Position				
Unrestricted	8,520	2,144	-	35,685
Total Net Position	$ 8,520	$ 2,144	$ -	$ 35,685

726

	District Events	Total
Assets		
Current Assets:		
Cash and cash equivalents	$ -	$ -
Due from other funds	7,471	53,820
Total Assets	7,471	53,820
Liabilities		
Current Liabilities:		
Due to other funds	-	-
Total Liabilities	-	-
Net Position		
Unrestricted	7,471	53,820
Total Net Position	$ 7,471	$ 53,820

	712 Teachers Network Technology	717 Regional Wrestling Meet	721 Employee Daycare Collaborative	722 Oasis Program
Operating Revenues				
Miscellaneous revenue from local sources	$ -	$ -	$ -	$ 10,492
Total Operating Revenues	-	-	-	10,492
Operating Expenses				
Payroll costs	-	-	-	-
Supplies and materials	-	-	-	7,316
Total Operating Expenses	-	-	-	7,316
Operating Income (loss)	-	-	-	3,176
Change in Net Position	-	-	-	3,176
Net Position - Beginning	8,520	2,144	-	32,509
Net Position - Ending	$ 8,520	$ 2,144	$ -	$ 35,685

726

	District Events	Total
Operating Revenues		
Miscellaneous revenue from local sources	$ -	$ 10,492
Total Operating Revenues	-	10,492
Operating Expenses		
Payroll costs	-	-
Supplies and materials	-	7,316
Total Operating Expenses	-	7,316
Operating Income (loss)	-	3,176
Change in Net Position	-	3,176
Net Position - Beginning	7,471	50,644
Net Position - Ending	$ 7,471	$ 53,820

	712 Teachers Network Technology	717 Regional Wrestling Meet	721 Employee Daycare Collaborative	722 Oasis Program
Cash Flows from Operating Activities:				
Cash received from user charges	$ -	$ -	$ -	$ 10,492
Cash payments to employees	-	-	-	-
Cash payments to suppliers for goods and services	-	-	(200)	(10,492)
Net Cash Received (Used) for Operating Activities	-	-	(200)	-
Net Increase (Decrease) in Cash and Cash Equivalents	-	-	(200)	-
Cash and Cash Equivalents at Beginning of Year	-	-	200	-
Cash and Cash Equivalents at End of Year	$ -	$ -	$ -	$ -
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	$ -	$ -	$ -	$ 3,176
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Change in Assets and Liabilities:				
Decrease (increase) in Interfund Receivables	-	-	-	(3,176)
Increase (decrease) in Accounts Payable	-	-	-	-
Increase (decrease) in Interfund Payable	-	-	(200)	-
Net Cash Provided by Operating Activities	$ -	$ -	$ (200)	$ -

	726 District Events	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities:		
Cash received from user charges	$ -	$ 10,492
Cash payments to employees	-	-
Cash payments to suppliers for goods and services	-	(10,692)
Net Cash Received (Used) for Operating Activities	-	(200)
Net Increase (Decrease) in Cash and Cash Equivalents	-	(200)
Cash and Cash Equivalents at Beginning of Year	-	200
Cash and Cash Equivalents at End of Year	$ -	$ -
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	$ -	$ 3,176
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Change in Assets and Liabilities:		
Decrease (increase) in Interfund Receivables	-	(3,176)
Increase (decrease) in Accounts Payable	-	-
Increase (decrease) in Interfund Payable	-	(200)
Net Cash Provided by Operating Activities	$ -	$ (200)


THEDISTRICT
YSLETA INDEPENDENT SCHOOL DISTRICT

REQUIRED TEA SCHEDULES

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

	1	2	3	10	20
Last Ten Fiscal Years	**Tax Rates**		**Net Assessed/Appraised Value For School Tax Purposes**	**Beginning Balance 7/1/2025**	**Current Year's Total Levy**
	Maintenance	**Debt Service**			
2017 and prior	Various	Various	Various	$ 3,516,500	$ -
2018	$ 1.170000	$ 0.285000	$ 6,485,677,251	496,587	-
2019	1.170000	0.285000	6,804,056,014	538,031	-
2020	1.068300	0.285000	7,064,650,115	668,750	-
2021	1.054100	0.392500	7,255,042,142	828,544	-
2022	1.032000	0.495000	7,457,804,111	1,001,406	-
2023	0.983900	0.475000	8,066,604,154	1,297,788	-
2024	0.826300	0.455000	7,498,968,001	1,347,503	-
2025	0.776500	0.455000	7,942,374,416	3,165,394	-
2026	0.770500	0.430000	7,893,093,246	-	94,756,584
1000 Totals				$12,860,503	$ 94,756,584

8000 Taxes refunded under Section 26.155(c), Tax Code, for tax refunds issued for immediate homestead exemptions pursuant to Senate Bill (SB) 8, 87-2

	31	32	40	50	99
Last Ten Fiscal Years	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustments	Ending Balance 6/30/2026	Total Taxes Refunded Under Section 26.1115(c)
2017 and prior	$ 102,542	$ (35,238)	$ (100,668)	$ 3,348,528	
2018	10,756	2,620	(339)	482,872	
2019	10,988	2,675	(125)	524,243	
2020	18,462	4,925	(163)	645,200	
2021	38,571	14,362	15,578	791,189	
2022	96,101	46,095	43,011	902,221	
2023	143,489	69,272	67,385	1,152,412	
2024	(139,468)	(76,798)	(496,454)	1,067,315	
2025	(567,036)	(332,262)	(2,556,642)	1,508,050	
2026	58,916,789	32,880,233	-	2,959,562	
1000 Totals	$ 58,631,194	$ 32,575,884	$ (3,028,417)	13,381,592	
					$ 225,947
	$ 225,947				
Penalty and interest receivable on taxes				38,190	
Total Taxes Receivable Per Exhibit C-1				$ 13,419,782	

YSLETA INDEPENDENT SCHOOL DISTRICT *Exhibit J-2*

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

	Budgeted Amounts			
	Original	Final	Actual Amounts, GAAP Basis	Variance with Final Budget
Revenues				
Local revenues	$ 400,000	$ 400,000	$ 385,801	$ (14,199)
State program revenues	50,000	50,000	102,515	52,515
Federal program revenues	24,000,000	24,000,000	22,821,963	(1,178,037)
Total Revenues	24,450,000	24,450,000	23,310,279	(1,139,721)
Expenditures				
Current:				
Food services	24,988,798	24,988,798	22,442,267	2,546,531
Total Expenditures	24,988,798	24,988,798	22,442,267	2,546,531
Excess (deficiency) of revenues over expenditures	(538,798)	(538,798)	868,012	1,406,810
Net change in fund balances	(538,798)	(538,798)	868,012	1,406,810
Fund Balances - Beginning	3,914,171	3,914,171	3,914,171	-
Fund Balances - Ending	$ 3,375,373	$ 3,375,373	$ 4,782,183	$ 1,406,810

YSLETA INDEPENDENT SCHOOL DISTRICT *Exhibit J-3*

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

	Budgeted Amounts			
	Original	Final	Actual Amounts, GAAP Basis	Variance with Final Budget
Revenues				
Local and intermediate sources	$33,920,421	$33,920,421	$ 35,692,760	$ 1,772,339
State program revenues	16,000,000	16,000,000	15,249,477	(750,523)
Federal program revenues	-	-	-	-
Total Revenues	49,920,421	49,920,421	50,942,237	1,021,816
Expenditures				
Debt Service:				
Principal on long-term debt	13,690,066	13,690,066	13,690,066	-
Interest on long-term debt	36,202,855	36,202,855	36,202,855	-
Bond issuance costs and fees	27,500	27,500	4,875	22,625
Total Expenditures	49,920,421	49,920,421	49,897,796	22,625
Excess (deficiency) of revenues over expenditures	-	-	1,044,441	1,044,441
Other Financing Sources (Uses)				
Transfers in	-	-	1,238,328	1,238,328
Total Other Financing Sources (Uses)	-	-	1,238,328	1,238,328
Net change in fund balances	-	-	2,282,769	2,282,769
Fund Balances - Beginning	84,295,528	84,295,528	84,295,528	-
Fund Balances - Ending	$84,295,528	$84,295,528	$ 86,578,297	$ 2,282,769

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

BILINGUAL EDUCATION PROGRAM COMPLIANCE RESPONSES

For the Year Ended June 30, 2026

Data Codes	Bilingual Education Programs	Responses
AP1	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP3	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	$ 6,042,948
AP4	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PIC 25)	$ 3,663,951

YSLETA INDEPENDENT SCHOOL DISTRICT ***Schedule L-1***

REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS

For the Year Ended June 30, 2026

SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered **to not have made** timely payments.) Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued. Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	Yes
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds and/or substantial doubt about the school district's ability to continue as a going concern?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?	Yes
SF8	Did the school district's administration and school board members discuss any changes and/or impact to local, state, and federal funding at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion of interest and premiums on CABs included in government-wide financial statements at fiscal year-end.	$ 47,151,245

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


THEDISTRICT
YSLETA INDEPENDENT SCHOOL DISTRICT

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

To the Board of Trustees
Ysleta Independent School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ysleta Independent School District (the "District"), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 10, 2026.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

To the Board of Trustees
Ysleta Independent School District

Purpose of this Report

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

Whitley Penn LLP

Houston, Texas
November 10, 2026

YSLETA INDEPENDENT SCHOOL DISTRICT ***Exhibit K-2***

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended June 30, 2026

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

Exhibit K-3

Data Control Codes	II. Financial Statement Findings
	There are no financial statement findings during the current fiscal year


THEDISTRICT
YSLETA INDEPENDENT SCHOOL DISTRICT