HTSContinuingDisclosureServices
A Division of Hilltop Securities.
(See "Continuing Disclosure Information" herein)

PRELIMINARY OFFICIAL STATEMENT

Dated August 12, 2026

Ratings:
S&P: "AA+"
(See "OTHER INFORMATION – Ratings" herein)

NEW ISSUE - Book-Entry-Only

Interest on the Bonds is not excludable from gross income for federal tax purposes under existing law (see "TAX MATTERS" herein).

$12,235,000*
HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
(Tarrant County, Texas)
UNLIMITED TAX REFUNDING BONDS, TAXABLE SERIES 2026

Dated: August 15, 2026 **Due: As shown on Page 2**
(Interest accrues from Delivery Date, defined below)

PAYMENT TERMS . . . Interest on the $12,235,000* Hurst-Euless-Bedford Independent School District Unlimited Tax Refunding Bonds, Taxable Series 2026 (the "Bonds") will accrue from the Delivery Date (defined below) to the initial purchaser thereof named below (the "Underwriter"), will be payable initially on February 15, 2027 and each August 15 and February 15 thereafter, until stated maturity and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds will be issued as fully registered obligations in the denominations of $5,000 of principal amount or any integral multiple thereof for any one stated maturity. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in authorized denominations thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. The principal and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is Zions Bancorporation, National Association dba Amegy Bank, Houston, Texas. (see "THE BONDS - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including Chapter 1207, Texas Government Code, as amended, and an order (the "Bond Order") that will be passed by the Board of Trustees (the "Board") of the Hurst-Euless-Bedford Independent School District (the District") on August 10, 2026, in which the Board will delegate to an officer of the District (the "Pricing Officer") authority to complete the sale of the Bonds through the execution of a "Pricing Certificate" (the Bond Order and Pricing Certificate are jointly referred to as the "Order"). The Bonds are direct obligations of the District, payable from an annual ad valorem tax levied, without legal limitation as to rate or amount, on all taxable property located within the District, as provided in the Order authorizing the issuance of the Bonds. **The Bonds will not be guaranteed by the State of Texas Permanent School Fund Guarantee Program**. (see "THE BONDS - Authority for Issuance").

MATURITY SCHEDULE

See page 2

PURPOSE . . . Proceeds from the sale of the Bonds will be used (i) to refund a portion of the District's outstanding debt (the "Refunded Bonds") for debt service savings, (see Schedule I for a detailed listing of the Refunded Bonds and their call date) and (ii) to pay the costs associated with the issuance of the Bonds.

LEGALITY . . . The Bonds are offered for delivery when, as and if issued and received by the Underwriter and subject to the approving opinion of the Attorney General of Texas and the opinion of McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel (see Appendix C, "Form of Bond Counsel's Opinion"). Certain legal matters will be passed upon for the Underwriter by its counsel, Norton Rose Fulbright US LLP, Dallas, Texas.

DELIVERY . . . It is expected that the Bonds will be available for delivery through the facilities of DTC on or about September 16, 2026 (the "Delivery Date").

JEFFERIES

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* Preliminary, subject to change.

$12,235,000*
HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
(Tarrant County, Texas)
UNLIMITED TAX REFUNDING BONDS, TAXABLE SERIES 2026

CUSIP [(1)] Prefix: 447819

MATURITY SCHEDULE*

Principal Amount	Maturity 8/15	Interest Rate	Initial Yield	CUSIP [(1)]
$ 12,235,000	2027			

(Interest to accrue from Delivery Date)

NO OPTIONAL REDEMPTION . . . The Bonds shall not be subject to redemption prior to their respective maturities at the option of the District as provided herein. (see "THE BONDS – No Optional Redemption").

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* Preliminary, subject to change.

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USE OF INFORMATION IN THE OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended (the "Rule"), this document constitutes an "Official Statement" of the District with respect to the Bonds that has been deemed "final" by the District as of its date except for the omission of no more than the information permitted by the Rule.

This document, when further supplemented by adding information specifying the interest rates and certain other information relating to the Bonds, shall constitute a "final official statement" of the District with respect to the Bonds, as such term is defined in the Rule.

No dealer, broker, salesman or other person has been authorized by the District or the Underwriter to give any information, or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the District or the Underwriter. This Official Statement does not constitute an offer to sell Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction.

Certain information set forth herein has been obtained from the District and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Financial Advisor or the Underwriter. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or other matters described herein since the date hereof. See "CONTINUING DISCLOSURE INFORMATION" for a description of the undertakings of the District to provide certain information on a continuing basis.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement pursuant to its respective responsibilities to investors under federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

The cover page contains certain information for general reference only and is not intended as a summary of this offering. Investors should read the entire Official Statement, including the schedule and appendices attached hereto, to obtain information essential to making an informed investment decision.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

NONE OF THE DISTRICT, ITS FINANCIAL ADVISOR, OR THE UNDERWRITER MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY ONLY SYSTEM, AS SUCH INFORMATION HAS BEEN PROVIDED BY THE DEPOSITORY TRUST COMPANY.

THE BONDS ARE EXEMPT FROM REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THE BONDS HAVE BEEN REGISTERED, QUALIFIED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

THIS OFFICIAL STATEMENT CONTAINS "FORWARD LOOKING" STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM THE FUTURE RESULTS, PERFORMANCE AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD LOOKING STATEMENTS. SEE "FORWARD-LOOKING STATEMENTS" HEREIN.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this offering document.

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APPENDICES

The cover page hereof, maturity schedule, this page, Schedule I and the appendices included herein and any addenda, supplement or amendment hereto, are part of the Official Statement.

OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

THE DISTRICT............................. The Hurst-Euless-Bedford Independent School District (the "District") is a political subdivision located in Tarrant County, Texas. The District is approximately 46.44 square miles in area.

THE BONDS................................. The $12,235,000* Unlimited Tax Refunding Bonds, Taxable Series 2026 (the "Bonds") mature on August 15, 2027, inclusive, unless the underwriter of the Bonds identified on the cover page hereof (the "Underwriter") designate two or more consecutive maturities as one or more "Term Bonds" (see "THE BONDS – Description of the Bonds").

PAYMENT OF INTEREST .... Interest on the Bonds accrues from the Delivery Date and is payable initially on February 15, 2027 and each August 15 and February 15 thereafter until maturity (see "THE BONDS – Description of the Bonds" and "THE BONDS – No Optional Redemption").

AUTHORITY FOR ISSUANCE .... The Bonds are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including Chapter 1207, Texas Government Code, as amended, and an order (the "Bond Order") that will be passed by the Board on August 10, 2026, in which the Board will delegate to an officer of the District (the "Pricing Officer") authority to complete the sale of the Bonds through the execution of a "Pricing Certificate" (the Bond Order and Pricing Certificate are jointly referred to as the "Order") (see "THE BONDS - Authority for Issuance").

SECURITY FOR THE BONDS .... The Bonds constitute direct obligations of the District, payable from a continuing direct annual ad valorem tax levied by the District, without legal limit as to rate or amount, on all taxable property within the District. **The Bonds will not be guaranteed by the State of Texas Permanent School Fund Guarantee Program.**

FEDERAL INCOME TAX CONSIDERATIONS .... Interest on the Bonds is not excludable from gross income for federal tax purposes under existing law (see "TAX MATTERS" herein).

REDEMPTION PROVISIONS……… The Bonds shall not be subject to redemption prior to their respective maturities at the option of the District. (see "THE BONDS – No Optional Redemption").

USE OF PROCEEDS .... Proceeds from the sale of the Bonds will be used (i) to refund a portion of the District's outstanding debt (the "Refunded Bonds") for debt service savings (see "PLAN OF FINANCING"; also see Schedule I for a detailed listing of the Refunded Bonds and their call date) and (ii) to pay the costs associated with the issuance of the Bonds.

RATINGS .... The Bonds and the presently outstanding tax supported debt of the District are rated "AA+" by S&P Global Ratings ("S&P"). **The Bonds are not guaranteed by the Permanent School Fund of the State of Texas**. (See "OTHER INFORMATION - Ratings" herein.)

BOOK-ENTRY-ONLY SYSTEM .... The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 (principal amount) or integral multiples thereof within a maturity. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE BONDS - Book-Entry-Only System").

PAYMENT RECORD .... The District has never defaulted in payment of its tax supported debt.

* Preliminary, subject to change.

DISTRICT OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

Board of Trustees	Total Length of Service	Term Expires	Occupation
Julie Cole President	13 Years	May, 2027	Interactions Analytics, Senior Analyst, Fidelity Investment
Chris Brown Vice President	5 Years	May, 2029	Attorney, Law Firm Duane Morris, LLP
Becky Ewart Secretary	2 Years	May, 2029	Retired Educator and Administrator
Matt Romero Board Member	13 Years	May, 2029	Owner, Air Worth Heating & Cooling
John Biggan Board Member	1 Year	May, 2029	Data Scientist
Andy Cargile Board Member	18 Years	May, 2027	Retired School Administrator
Fred Campos Board Member	11 Years	May, 2027	Software Website Design

SELECTED ADMINISTRATIVE STAFF

Name	Position	Length of Service to the District	Length of Service in Education
Joe Harrington, Ed.D.	Superintendent	12 Years	40 Years
Dobie Williams	Deputy Superintendent of Business Operation	5 Years	24 Years

CONSULTANTS AND ADVISORS

Independent Auditors.. Weaver and Tidwell, L.L.P.
Tyler, Texas

Bond Counsel .... McCall, Parkhurst & Horton L.L.P.
Dallas, Texas

Financial Advisor...Hilltop Securities Inc.
Dallas, Texas

For additional information regarding the District, please contact:

Dobie Williams		George Williford
Deputy Superintendent of Business Operations		Managing Director
Hurst-Euless-Bedford ISD	or	Hilltop Securities Inc.
1849 Central Drive		717 North Harwood Street, Suite 3400
Bedford, Texas 76022-6096		Dallas, Texas 75201
(817) 399-2030		(214) 953-8705

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PRELIMINARY OFFICIAL STATEMENT
RELATING TO

$12,235,000*
HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
UNLIMITED TAX REFUNDING BONDS, TAXABLE SERIES 2026

INTRODUCTION

This Official Statement, which includes the Appendices and Schedule I hereto, provides certain information regarding the issuance of $12,235,000* Hurst-Euless-Bedford Independent School District Unlimited Tax Refunding Bonds, Taxable Series 2026 (the "Bonds").

There follows in this Official Statement descriptions of the Bonds and certain information regarding the Hurst-Euless-Bedford Independent School District (the "District") and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the District's Financial Advisor, Hilltop Securities Inc. ("HilltopSecurities"), Dallas, Texas.

This Official Statement speaks only as of its date and the information contained herein is subject to change. A copy of the final Official Statement will be submitted to the Municipal Securities Rulemaking Board and will be available through its Electronic Municipal Market Access ("EMMA") system. See "CONTINUING DISCLOSURE INFORMATION" for information regarding the EMMA system and for a description of the District's undertaking to provide certain information on a continuing basis.

DESCRIPTION OF THE DISTRICT . . . The District is a political subdivision located in Tarrant County, Texas. The District is governed by a seven-member Board of Trustees (the "Board"), the members of which serve staggered three-year terms with elections being held in May each year. Policy-making and supervisory functions are the responsibility of, and are vested in, the Board. The Board delegates administrative responsibilities to the Superintendent of Schools who is the chief administrative officer of the District. Support services are supplied by consultants and advisors. The District covers approximately 46.44 square miles within Tarrant County, Texas and includes the cities of Hurst, Euless and Bedford. For additional information regarding the District, see "Appendix A – General Information Regarding the District."

PLAN OF FINANCING

PURPOSE . . . Proceeds from the sale of the Bonds will be used (i) to refund a portion of the District's outstanding debt (the "Refunded Bonds") for debt service savings (see Schedule I for a detailed listing of the Refunded Bonds and their call date) and (ii) to pay the costs associated with the issuance of the Bonds.

REFUNDED BONDS . . . The principal and interest due on the Refunded Bonds are to be paid on their interest payment dates and the redemption date of such Refunded Bonds from funds to be deposited pursuant to a certain escrow agreement (the "Escrow Agreement") between the District and Zions Bancorporation, National Association dba Amegy Bank, Houston, Texas (the "Escrow Agent"). The Order provides that from the proceeds of the sale of the Bonds received from the underwriter of the Bonds listed on the cover page hereof (the "Underwriter"), and other available District Funds, if any, the District will deposit with the Escrow Agent the amount which, together with the Escrowed Securities (defined below) purchased with a portion of the Bond proceeds and the interest to be earned on such Escrowed Securities, will be sufficient to make all interest payments on the Refunded Bonds prior to their redemption date and to accomplish the discharge and final payment of the Refunded Bonds on their redemption date. Such funds will be held by the Escrow Agent in a special escrow account (the "Escrow Fund") and used to purchase some or all of the following types of obligations: (a) direct noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States, and/or (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of their acquisition or purchase by the District, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent (the "Escrowed Securities"). Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of the principal of and interest on the Refunded Bonds.

Public Finance Partners LLC (the "Verification Agent"), will verify at the time of delivery of the Bonds to the Underwriter the mathematical accuracy of the schedules that demonstrate the Escrowed Securities will mature and pay interest in such amounts which, together with uninvested funds, if any, in the Escrow Fund, will be sufficient to pay the principal of and interest on the Refunded Bonds on their interest payment dates and redemption date. Such maturing principal of and interest on the Escrowed Securities will not be available to pay the Bonds (see "OTHER INFORMATION – Verification of Arithmetical and Mathematical Computations").

By the deposit of the Escrowed Securities and cash with the Escrow Agent pursuant to the Escrow Agreement, the District will have effected the defeasance of all of the Refunded Bonds in accordance with State law. It is the opinion of Bond Counsel that as a result

* Preliminary, subject to change.

of such defeasance and in reliance upon the verification report of the Verification Agent, the Refunded Bonds will be outstanding only for the purpose of receiving payments from the Escrowed Securities and any cash held for such purpose by the Escrow Agent in the Escrow Fund and such Refunded Bonds will not be deemed as being outstanding obligations of the District payable from taxes nor for the purpose of applying any limitation on the issuance of debt. The District will have no further responsibility with respect to amounts available in the Escrow Fund for the payment of the Refunded Bonds from time to time, including any insufficiency therein caused by the failure of the Escrow Agent to receive payment when due on the Escrowed Securities.

THE BONDS

DESCRIPTION OF THE BONDS . . . The Bonds will be dated August 15, 2026. The Bonds will accrue interest from the Delivery Date, and such interest is payable initially on February 15, 2027, and on each August 15 and February 15 thereafter, until stated maturity. The Bonds will mature on the dates, in the principal amounts, and will bear interest at the rates set forth on page 2 of this Official Statement, and such interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Interest on the Bonds is payable to the registered owner appearing on the bond registration books of the Paying Agent/Registrar on the Record Date (as defined below) and such interest shall be paid by the Paying Agent/Registrar (i) by check sent by United States Mail, first class postage prepaid, to the address of the registered owner recorded in the bond register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. The principal of the Bonds is payable at maturity upon their presentation and surrender to the Paying Agent/Registrar; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Bonds, all payments will be made as described under "THE BONDS - Book-Entry-Only System" herein.

The Bonds will be issued only in fully registered form and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the Book-Entry-Only System described herein. The Bonds will be issued in denominations of $5,000 of principal amount or any integral thereof within a stated maturity. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** The principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS - Book-Entry-Only System" herein.

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including Chapter 1207 Texas Government Code, as amended, and an order (the "Bond Order") that will be passed by the Board on August 10, 2026, in which the Board will delegate to an officer of the District (the "Pricing Officer") authority to complete the sale of the Bonds through the execution of a "Pricing Certificate" (the Bond Order and Pricing Certificate are jointly referred to as the "Order").

SECURITY AND SOURCE OF PAYMENT . . . All taxable property within the District is subject to a continuing direct annual ad valorem tax levied by the District, without legal limit as to rate or amount, sufficient to provide for the payment of principal of and interest on the Bonds. See "STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS" and "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" herein. **The Bonds will not be guaranteed by the State of Texas Permanent School Fund Guarantee Program.**

NO OPTIONAL REDEMPTION . . . The Bonds shall not be subject to redemption prior to their respective maturities at the option of the District.

MANDATORY SINKING FUND REDEMPTION . . . If two or more serial bonds of consecutive maturities are combined into one or more "Term Bonds" by the Underwriter, such Term Bonds will be subject to mandatory sinking fund redemption in accordance with the provisions of the Order and as further set forth in the final Official Statement.

DTC NOTICES . . . The Paying Agent/Registrar and the District, so long as a Book-Entry-Only System is used for the Bonds, will send any notice of proposed amendment to the Order or other notices with respect to the Bonds only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the beneficial owner, shall not affect the validity of any action premised or any such notice. Neither the District nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Bonds or the providing of notice. See "THE BONDS - BOOK-ENTRY-ONLY SYSTEM " herein.

DEFEASANCE . . . The Order provides for the defeasance of the Bonds when the payment of such principal on the Bonds, plus interest on the Bonds to the due date thereof is provided by irrevocably depositing with the Paying Agent/Registrar or authorized escrow agent, in trust (1) money sufficient to make such payment and/or (2) Defeasance Securities to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Bonds, and thereafter the District will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such defeased Bonds, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the Defeasance Securities. The Order provides that the term "Defeasance Securities" means any securities and Bonds now or hereafter authorized by State law that are eligible to discharge obligations such as the Bonds. The Pricing Officer may restrict such eligible securities and obligations as deemed appropriate. In the event the Pricing Officer restricts such eligible securities and obligations, the final Official Statement will reflect the new authorized Defeasance Securities. Current State law permits defeasance with the following types of securities: (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. The District has the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities for the Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the District moneys in excess of the amount required for such defeasance.

There is no assurance that current Texas law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Order does not contractually limit such investments, registered owners will be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under Texas law. There is no assurance that the ratings for U.S. Treasury securities used as Defeasance Securities or that for any other Defeasance Security will be maintained at any particular rating category.

Upon such deposit as described above, such Bonds shall no longer be regarded to be outstanding or unpaid and will cease to be outstanding obligations secured by the Order or treated as debt of the District for purposes of applying any limitation on the District's ability to issue debt or for any other purpose. After firm banking and financial arrangements for the discharge and final payment of the Bonds have been made as described above, all rights of the District to take any action amending the terms of the Bonds are extinguished.

Amendments . . . In the Order, the District has reserved the right to amend the Order without the consent of any holder for the purpose of amending or supplementing the Order to (i) cure any ambiguity, defect or omission therein that does not materially adversely affect the interests of the holders, (ii) grant additional rights or security for the benefit of the holders, (iii) add events of default as shall not be inconsistent with the provisions of the Order that do not materially adversely affect the interests of the holders, (iv) qualify the Order under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect or (v) make such other provisions in regard to matters or questions arising under the Order that are not inconsistent with the provisions thereof and which, in the opinion of Bond Counsel for the District, do not materially adversely affect the interests of the holders.

The Order further provides that the holders of the Bonds aggregating in original principal amount a majority of outstanding Bonds that are the subject of a proposed amendment shall have the right from time to time to approve any amendment not described above to the Order if it is deemed necessary or desirable by the District; provided, however, that without the consent of 100% of the holders in original principal amount of the then outstanding Bonds, no amendment may be made for the purpose of: (i) making any change in the maturity of any of the outstanding Bonds; (ii) reducing the rate of interest borne by any of the outstanding Bonds; (iii) reducing the amount of the principal of, or redemption premium, if any, payable on any outstanding Bonds; (iv) modifying the terms of payment of principal or of interest or redemption premium on outstanding Bonds, or imposing any condition with respect to such payment; or (v) changing the minimum percentage of the principal amount of the Bonds necessary for consent to such amendment. Reference is made to the Order for further provisions relating to the amendment thereof.

BOOK-ENTRY-ONLY SYSTEM . . . *This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest payments on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York ("DTC"), while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District and the Underwriter believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.*

The District and the Underwriter cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds or any notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds) or any notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each stated maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. All payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

Effect of Termination of Book-Entry-Only System. In the event that the Book-Entry-Only System is discontinued, printed certificates will be issued to the holders and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Order and summarized under "THE BONDS - Transfer, Exchange and Registration" below.

Use of Certain Terms in Other Sections of this Official Statement. In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Order will be given only to DTC.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar is Zions Bancorporation, National Association dba Amegy Bank, Houston, Texas (the "Paying Agent/Registrar"). In the Order, the District retains the right to replace the Paying Agent/Registrar. The District covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are duly paid, and any successor Paying Agent/Registrar shall be a bank or trust company or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the District agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

In the event the Book-Entry-Only System should be discontinued, interest on the Bonds will be payable to the registered owner appearing on the bond registration books of the Paying Agent/Registrar on the Record Date (as defined below) and such interest shall be paid by the Paying Agent/Registrar (i) by check sent United States Mail, first class postage prepaid, to the address of the registered owner recorded in the bond register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. The principal of the Bonds is payable at maturity upon their presentation and surrender to the Paying Agent/Registrar. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the designated corporate office of the Paying Agent/Registrar is located is authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due. So long as Cede & Co. is the registered owner of the Bonds, payments of the principal and interest on the Bonds will be made as described in "THE BONDS – Book-Entry-Only System."

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, printed Bond certificates will be delivered to registered owners and thereafter the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender of such printed certificates to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Bonds may be assigned by the execution of an assignment form on the respective Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one maturity and for a like aggregate principal amount as the Bonds surrendered for exchange or transfer. See "THE BONDS - Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds. The Paying Agent/Registrar shall not be required to make any transfer or exchange of any Bonds during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date.

RECORD DATE FOR INTEREST PAYMENT . . . The record date ("Record Date") for the interest payable on the Bonds on any interest payment date means the close of business on the last business day of the preceding month.

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the District. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each registered owner of a Bond appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

BONDHOLDERS' REMEDIES . . . The Order specifies events of default as the failure of the District to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable or default in the performance or observance of any other covenant, agreement or obligation of the District, which failure materially, adversely affects the rights of the registered owners, including, but not limited to, their prospect or ability to be repaid in accordance with the Order, and the continuation thereof for a period of 60 days after notice of such default is given by any registered owner to the District. Upon an event of default, the registered owners may seek a writ of mandamus to compel District officials to carry out their legally imposed duties with respect to the Bonds, if there is no other available remedy at law to compel performance of the Bonds or the Order covenants and the District's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles and rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Order does not provide for the appointment of a trustee to represent the interest of the Bondholders upon any failure of the District to perform in accordance with the terms of the Order, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. The Texas Supreme Court has ruled in *Tooke v. City of Mexia*, 197 S.W. 3d 325 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. As a result, Bondholders may not be able to bring such a suit against the District for breach of the Bonds or Order covenants. Even if a judgment against the District could be obtained, it could not be enforced by direct levy and execution against the District's property. Further, the registered owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. Furthermore, the District is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Bondholders of an entity which has sought protection under Chapter 9. Therefore, should the District avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Bonds are qualified with respect to the customary rights of debtors relative to their creditors, by general principles of equity which permit the exercise of judicial discretion and by governmental immunity.

SOURCES AND USES OF PROCEEDS . . . The proceeds from the sale of the Bonds, together with funds to be contributed by the District, if any, will be applied approximately as follows:

	Bonds
Sources of Funds	
Par Amount of the Bonds	$ -
Debt Service Fund Contribution to Refunding	-
Total Sources of Funds	$ -
Uses of Funds	
Deposit to Escrow Fund	$ -
Costs of Issuance and Underwriter's Discount	-
Deposit to Debt Service Fund	-
Total Uses of Funds	$ -

STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS

LITIGATION RELATING TO THE TEXAS PUBLIC SCHOOL FINANCE SYSTEM . . . On seven occasions in the last thirty years, the Texas Supreme Court (the "Court") has issued decisions assessing the constitutionality of the Texas public school finance system (the "Finance System"). The litigation has primarily focused on whether the Finance System, as amended by the Texas Legislature (the "Legislature") from time to time (i) met the requirements of article VII, section 1 of the Texas Constitution, which requires the Legislature to "establish and make suitable provision for the support and maintenance of an efficient system of public free schools," or (ii) imposed a statewide ad valorem tax in violation of article VIII, section 1-e of the Texas Constitution because the statutory limit on property taxes levied by school districts for maintenance and operation purposes had allegedly denied school districts meaningful discretion in setting their tax rates. In response to the Court’s previous decisions, the Legislature enacted multiple laws that made substantive changes in the way the Finance System is funded in efforts to address the prior decisions declaring the Finance System unconstitutional.

On May 13, 2016, the Court issued its opinion in the most recent school finance litigation, *Morath v. The Texas Taxpayer & Student Fairness Coal.*, 490 S.W.3d 826 (Tex. 2016) ("Morath I"). The plaintiffs and intervenors in the case had alleged that the Finance System, as modified by the Legislature in part in response to prior decisions of the Court, violated article VII, section 1 and article VIII, section 1-e of the Texas Constitution. In its opinion, the Court held that "[d]espite the imperfections of the current school funding regime, it meets minimum constitutional requirements." The Court also noted that:

> Lawmakers decide if laws pass, and judges decide if those laws pass muster. But our lenient standard of review in this policy-laden area counsels modesty. The judicial role is not to second-guess whether our system is optimal, but whether it is constitutional. Our Byzantine school funding "system" is undeniably imperfect, with immense room for improvement. But it satisfies minimum constitutional requirements.

CURRENT LITIGATION RELATING TO THE TEXAS PUBLIC SCHOOL FINANCE SYSTEM . . . On July 22, 2026, Midland Independent School District filed a suit in the 126th Judicial District Court of Travis County, Texas, styled *Midland Independent School District, et al. v. Mike Morath, Commissioner of Education.* (Cause No. D-1-GN-26-006002), against Mike Morath, in his official capacity as Commissioner of Education, and the State of Texas ("*Morath II*"). The suit is an original action for declaratory judgment and challenges the constitutionality of the Finance System.

The District is not a party to this litigation. The District can make no representations or predictions concerning the outcome of this litigation, how the State Legislature may respond to such litigation, or the effect, if any, that this litigation or future legislation may have on the Finance System, or on the District's financial condition, revenues, or operations. See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" and "TAX RATE LIMITATIONS" herein.

POSSIBLE EFFECTS OF CHANGES IN LAW ON DISTRICT BONDS . . . The Court’s decision in Morath I upheld the constitutionality of the Finance System but noted that the Finance System was "undeniably imperfect". While not compelled by the *Morath I* decision to reform the Finance System, the Legislature could enact future changes to the Finance System. Any such changes could benefit or be a detriment to the District. If the Legislature enacts future changes to, or fails adequately to fund the Finance System, or if changes in circumstances otherwise provide grounds for a challenge, the Finance System could be challenged again in the future. In its 1995 opinion in *Edgewood Independent School District v. Meno*, 917 S.W.2d 717 (Tex. 1995), the Court stated that any future determination of unconstitutionality "would not, however, affect the district’s authority to levy the taxes necessary to retire previously issued bonds, but would instead require the Legislature to cure the system’s unconstitutionality in a way that is consistent with the Contract Clauses of the U.S. and Texas Constitutions" (collectively, the "Contract Clauses"), which prohibit the enactment of laws that impair prior obligations of contracts.

Although, as a matter of law, the Bonds, upon issuance and delivery, will be entitled to the protections afforded previously existing contractual obligations under the Contract Clauses, the District can make no representations or predictions concerning the effect of Morath II or any future legislation, or any litigation that may be associated with such legislation, on the District’s financial condition, revenues or operations. While the enactment of future legislation to address school funding in Texas could adversely affect the financial condition, revenues or operations of the District, the District does not anticipate that the security for payment of the Bonds, specifically, the District’s obligation to levy an unlimited debt service tax would be adversely affected by any such legislation (see "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" herein).

CURRENT PUBLIC SCHOOL FINANCE SYSTEM

OVERVIEW

The following language constitutes only a summary of the Finance System as it is currently structured. The information contained under the captions “CURRENT PUBLIC SCHOOL FINANCE SYSTEM” and “TAX RATE LIMITATIONS” is subject to change and only reflects the District’s understanding based on information available to the District as of the date of this Official Statement. Voter approval of constitutional amendments submitted to the voters at an election held on November 4, 2025 are noted below. See “– 2025 Legislative Session,” below. For a more complete description of school finance and fiscal management in the State, reference is made to Chapters 43 through 49 of the Texas Education Code, as amended. Additionally, prospective investors are encouraged to review the Property Tax Code (as defined herein) for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the defined tax rates.

Local funding for school districts is derived from collections of ad valorem taxes levied on property located within each school district's boundaries. School districts are authorized to levy two types of property taxes: (i) a maintenance and operations ("M&O") tax to pay current expenses and (ii) an interest and sinking fund ("I&S") tax to pay debt service on bonds. School districts are prohibited from levying an M&O tax at a rate intended to create a surplus in M&O tax revenues to pay the school district's debt service. Current law also requires school districts to demonstrate their ability to pay debt service on outstanding bonded indebtedness through the levy of an I&S tax at a rate not to exceed $0.50 per $100 of taxable value at the time bonds are issued. Once bonds are issued, however, school districts generally may levy an I&S tax sufficient to pay debt service on such bonds unlimited as to rate or amount (see "TAX RATE LIMITATIONS – I&S Tax Rate Limitations" herein). Because property values vary widely among school districts, the amount of local funding generated by school districts with the same I&S tax rate and M&O tax rate is also subject to wide variation; however, the public school finance funding formulas are designed to generally equalize local funding generated by a school district's M&O tax rate.

2025 LEGISLATIVE SESSION

The regular session of the 89th Texas Legislature commenced on January 14, 2025 and adjourned on June 2, 2025 (the "89th Regular Session"). The Legislature meets in regular session in odd numbered years for 140 days. When the Legislature is not in session, the Governor of Texas (the "Governor") may call one or more special sessions, at the Governor's discretion, each lasting no more than 30 days, and for which the Governor sets the agenda (any such special sessions, together with the 89th Regular Session, are collectively referred to herein as the "2025 Legislative Session"). The Governor has called and the Legislature has concluded two special sessions since the conclusion of the 89th Regular Session.

During the 89th Regular Session, the Legislature adopted a general appropriations act and legislation affecting the Finance System and ad valorem taxation procedures and exemptions, and investments, among other legislation affecting school districts and the administrative agencies that oversee school districts. Legislation passed by both houses of the Legislature, signed by the Governor and approved by voters at a statewide election held on November 4, 2025 increased: (1) the State mandated general homestead exemption of the appraised value for all homesteads from $100,000 to $140,000, (2) the additional exemption on the residence homesteads of those at least sixty-five (65) years of age or older and the disabled from $10,000 to $60,000, and (3) the exemption for tangible personal property used in the "production of income" from $2,500 to $125,000. Additionally, both houses of the Legislature passed and the Governor signed legislation that authorized roughly $8.5 billion in funding for public schools and provides districts with a $55 per-student increase to their base funding beginning September 1, 2025, as well as provide districts with additional funding for teacher and staff salaries, educator preparation, special education, safety requirements and early childhood learning. Finally, legislation passed by the Legislature and signed into law by the Governor creates an education savings account program (commonly referred to as vouchers) for students that attend private schools or home school. The legislation became effective September 1, 2025, when the State fiscal biennium began, though families will not receive ESA funds until the 2026-2027 school year. The amount spent for purposes of the program for the 2025-2027 biennium may not exceed $1 billion. Beginning on September 1, 2027, the legislation requires the Legislature to reappropriate funds for the program for each subsequent State fiscal biennium. Such program could impact attendance in the District by incentivizing students to homeschool or attend private schools, which could negatively affect the District's attendance based funding. The District is still in the process of reviewing legislation passed during the 89th Regular Session and cannot make any representations as to the full impact of such legislation.

LOCAL FUNDING FOR SCHOOL DISTRICTS

A school district's M&O tax rate is composed of two distinct parts: the "Tier One Tax Rate," which is the local M&O tax rate required for a school district to receive any part of the basic level of State funding (referred to herein as "Tier One") under the Foundation School Program, as further described below, and the "Enrichment Tax Rate," which is any local M&O tax effort in excess of its Tier One Tax Rate. The Formulas for the State Compression Percentage and Maximum Compressed Tax Rate (each as described below) are designed to compress M&O tax rates in response to year-over-year increases in property values across the State and within a school district, respectively. The discussion in this subcaption "- Local Funding for School Districts" is generally intended to describe funding provisions applicable to all school districts; however, there are distinctions in the funding formulas for school districts that generate local M&O tax revenues in excess of the school districts' funding entitlements. Such distinctions are discussed under the subcaption "– Local Revenue Level in Excess of Entitlement" herein.

State Compression Percentage. The "State Compression Percentage" or "SCP" is a statutorily-defined percentage of the rate of $1.00 per $100 that is used to determine a school district's Maximum Compressed Tax Rate (described below). The SCP is the lesser of three alternative calculations: (i) 93% or a lower percentage set by appropriation for a school year; (ii) a percentage determined by formula if the estimated total taxable property value of the State (as submitted annually to the Legislature by the State Comptroller) has increased by at least 2.5% over the prior year; and (iii) the prior year SCP. For any year, the maximum SCP is 93%. For the State fiscal year ending in 2026, the SCP is set at 63.22%.

Maximum Compressed Tax Rate. The "Maximum Compressed Tax Rate" or the "MCR" is the tax rate per $100 of valuation of taxable property at which a school district must levy its Tier One Tax Rate (described below) to receive the full amount of the Tier One funding to which the school district is entitled. The MCR is equal to the lesser of two alternative calculations: (1) the "State Compression Percentage" (as discussed above) multiplied by $1.00; or (2) a percentage determined by formula if the school district experienced a year-over-year increase in property value of at least 2.5% (if the increase in property value is less than 2.5%, then MCR is equal to the prior year MCR). However, each year the TEA shall evaluate the MCR for each school district in the State, and for any given year, if a school district's MCR is calculated to be less than 90% of any other school district's MCR for the current year, then the school district's MCR is instead equal to the school district's prior year MCR, until TEA determines that the difference between the school district's MCR and any other school district's MCR is not more than 10%. These compression formulas are intended to more closely equalize local generation of Tier One funding among districts with disparate tax bases and generally reduce the Tier One Tax Rates of school districts as property values increase. During the 2025 Legislative Sessions, the Legislature took action to reduce the maximum MCR for the 2025-2026 school year, establishing $0.6322 as the maximum rate and $0.5628 as the floor.

In calculating and making available school districts' MCRs for the 2025 2026 school year, the TEA calculated and made available the rates as if the increase in the residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, as proposed by the 89th Legislature, Regular Session, 2025, took effect. Such calculation for the 2025-2026 school year expires September 1, 2026. Pursuant to voter approval at a Statewide election held on November 4, 2025, (1) the residential homestead exemption under Section 1-b(c), Article VIII, Texas Constitution was increased from $100,000 to $140,000, and (2) the additional exemption on the residence homesteads of those at least sixty-five (65) years of age and the disabled under Section 1-b(c), Article VIII, Texas Constitution was increased from $10,000 to $60,000. Both constitutional amendments took effect for the tax year beginning January 1, 2025.

Tier One Tax Rate. A school district's Tier One Tax Rate is defined as a school district's M&O tax rate levied that does not exceed the school district's MCR.

Enrichment Tax Rate. The Enrichment Tax Rate is the number of cents a school district levies for M&O in excess of the Tier One Tax Rate, up to an additional $0.17. The Enrichment Tax Rate is divided into two components: (i) "Golden Pennies" which are the first $0.08 of tax effort in excess of a school district's Tier One Tax Rate; and (ii) "Copper Pennies" which are the next $0.09 in excess of a school district's Tier One Tax Rate plus Golden Pennies. School districts may levy an Enrichment Tax Rate at a level of their choice, subject to the limitations described under "TAX RATE LIMITATIONS - Public Hearing and Voter Approval Tax Rate." However, to levy any of the Enrichment Tax Rate in a given year, a school district must levy a Tier One Tax Rate equal to the school district's MCR for such year. Additionally, a school district's levy of Copper Pennies is subject to compression if the guaranteed yield (i.e., the guaranteed level of local tax revenue and State aid generated for each cent of tax effort) of Copper Pennies is increased from one year to the next (see "CURRENT PUBLIC SCHOOL FINANCE SYSTEM – State Funding for School Districts – Tier Two").

STATE FUNDING FOR SCHOOL DISTRICTS

State funding for school districts is provided through the two-tiered Foundation School Program, which guarantees certain levels of funding for school districts in the State. School districts are entitled to a legislatively appropriated guaranteed yield on their Tier One Tax Rate and Enrichment Tax Rate. When a school district's Tier One Tax Rate and Enrichment Tax Rate generate tax revenues at a level below the respective entitlement, the State will provide "Tier One" funding or "Tier Two" funding, respectively, to fund the difference between the school district's entitlements and the actual M&O revenues generated by the school district's respective M&O tax rates.

The first level of funding, Tier One, is the basic level of funding guaranteed to all school districts based on a school district's Tier One Tax Rate. Tier One funding may then be "enriched" with Tier Two funding. Tier Two provides a guaranteed entitlement for each cent of a school district's Enrichment Tax Rate, allowing a school district to increase or decrease its Enrichment Tax Rate to supplement Tier One funding at a level of the school district's own choice. While Tier One funding may be used for the payment of debt service (except for school districts subject to the recapture provisions of Chapter 49 of the Texas Education Code, as amended (see "– Local Revenue Level In Excess of Entitlement"), and in some instances is required to be used for that purpose (see "TAX RATE LIMITATIONS – I&S Tax Rate Limitations" herein), Tier Two funding may not be used for the payment of debt service or capital outlay.

The Finance System also provides an Existing Debt Allotment ("EDA") to subsidize debt service on eligible outstanding school district bonds, an Instructional Facilities Allotment ("IFA") to subsidize debt service on newly issued bonds, and a New Instructional Facilities Allotment ("NIFA") to subsidize operational expenses associated with the opening of a new instructional facility. IFA primarily addresses the debt service needs of property-poor school districts.

Tier One and Tier Two allotments represent the State's share of the cost of M&O expenses of school districts, with local M&O taxes representing the school district's local share. EDA and IFA allotments supplement a school district's local I&S taxes levied for debt service on eligible bonds issued to construct, acquire and improve facilities, provided that a school district qualifies for such funding and that the Legislature makes sufficient appropriations to fund the allotments for a State fiscal biennium. Tier One and Tier Two allotments and existing EDA and IFA allotments are generally required to be funded each year by the State Legislature.

Tier One. Tier One funding is the basic level of funding guaranteed to a school district, consisting of a State-appropriated baseline level of funding (the "Basic Allotment") for each student in "Average Daily Attendance" (being generally calculated as the sum of student attendance, other than students in average daily attendance who do not reside in the district and are enrolled in a full-time virtual program, for each State-mandated day of instruction divided by the number of State-mandated days of instruction, defined herein as "ADA"). The Basic Allotment is revised downward if a school district's Tier One Tax Rate is less than the State-determined threshold. The Basic Allotment is supplemented by additional State funds, allotted based upon unique school district characteristics and demographics of students in ADA, to make up most of a school district's Tier One entitlement under the Foundation School Program.

The Basic Allotment for a school district with a Tier One Tax rate equal to the school district's MCR, is $6,160 plus the guaranteed yield increment adjustment (the "GYIA") for each student in ADA and is revised downward for a school district with a Tier One Tax Rate lower than the school district's MCR. The GYIA is established by October 1 of each even-numbered year for the subsequent biennium. For the 2026-27 biennium, the GYIA is set at $55. The Basic Allotment is then supplemented for all school districts by various weights to account for differences among school districts and their student populations. Such additional allotments include, but are not limited to, increased funds for students in ADA who: (i) attend a qualified special education program, (ii) are diagnosed with dyslexia or a related disorder, (iii) are economically disadvantaged, or (iv) have limited English language proficiency. Additional allotments to mitigate differences among school districts include, but are not limited to: (i) a transportation allotment for mileage associated with transporting students who reside two miles or more from their home campus, (ii) a fast growth allotment (for school districts in the top 25% of enrollment growth relative to other school districts), (iii) a college, career and military readiness allotment to further the State's goal of increasing the number of students who attain a post-secondary education or workforce credential, and (iv) a teacher compensation incentive allotment to increase teacher retention in disadvantaged or rural school districts. A school district's total Tier One funding, divided by the school district's Basic Allotment, is a school district's measure of students in "Weighted Average Daily Attendance" ("WADA"), which serves to calculate Tier Two funding.

The fast growth allotment weights are 0.48 for districts in the top 40% of school districts for growth, 0.33 for districts in the middle 30% of school districts for growth and 0.18 for districts in the bottom 30% of school districts for growth. The fast growth allotment is limited to $320 million for each year of the 2026-2027 state fiscal biennium.

Beginning with the 2026-2027 fiscal biennium, school districts will also receive an annual allotment of $106 per enrolled student. The funds under this allotment may only be used for specific operational costs related to transportation, hiring retired teachers, providing health insurance and employee benefits and paying for payroll taxes, contributions and other costs related to member contributions under the Teacher Retirement System of Texas, utilities, and property and casualty insurance.

Tier Two. Tier Two supplements Tier One funding and provides two levels of enrichment with different guaranteed yields (i.e., Golden Pennies and Copper Pennies) depending on the school district's Enrichment Tax Rate. Golden Pennies generate a guaranteed yield equal to the Basic Allotment multiplied by 0.02084. For the 2026-2027 State fiscal biennium, school districts are guaranteed a yield on each Golden Penny levied of $129.52 per student in WADA. Copper Pennies generate a guaranteed yield per student in WADA equal to the school district's Basic Allotment multiplied by 0.008. For the 2026-2027 State fiscal biennium, school districts are guaranteed a yield on each Copper Penny levied of $49.72 per student in WADA.

Existing Debt Allotment, Instruction Facilities Allotment, and New Instructional Facilities Allotment. The Foundation School Program also includes facilities funding components consisting of the IFA and the EDA, subject to legislative appropriation each State fiscal biennium. To the extent funded for a biennium, these programs assist school districts in funding facilities by, generally, equalizing a school district's I&S tax effort. The IFA guarantees each awarded school district a specified amount per student (the "IFA Yield") in State and local funds for each cent of I&S tax levied to pay the principal of and interest on eligible bonds issued to construct, acquire, renovate or improve instructional facilities. The IFA Yield has been $35 since the program first began in 1997. New awards of IFA are only available if appropriated funds are allocated for such purpose by the Legislature. To receive an IFA award, in years where new IFA awards are available, a school district must apply to the Education Commissioner in accordance with rules adopted by the TEA before issuing the bonds to be paid with IFA State assistance. The total amount of debt service assistance over a biennium for which a school district may be awarded is limited to the lesser of (1) the actual debt service payments made by the school district in the biennium in which the bonds are issued; or (2) the greater of (a) $100,000 or (b) $250 multiplied by the number of students in ADA. The IFA is also available for lease- purchase agreements and refunding bonds meeting certain prescribed conditions. Once a school district receives an IFA award for bonds, it is entitled to continue receiving State assistance for such bonds without reapplying to the Education Commissioner. A school district may use additional state aid received from an IFA award only to pay the principal of and interest on the bonds for which the district received the aid. The guaranteed level of State and local funds per student per cent of local tax effort applicable to the bonds may not be reduced below the level provided for the year in which the bonds were issued. For the 2026-2027 State fiscal biennium, the Legislature did not appropriate any funds for new IFA awards; however, awards previously granted in years the Legislature did appropriate funds for new IFA awards will continue to be funded.

State financial assistance is provided for certain existing eligible debt issued by school districts through the EDA program. The EDA guaranteed yield (the "EDA Yield") is the lesser of (i) $40 per student in ADA or a greater amount for any year provided by appropriation; or (ii) the amount that would result in a total additional EDA of $60 million more than the EDA to which school districts would have been entitled to if the EDA Yield were $35. The portion of a school district's local debt service rate that qualifies for EDA assistance is limited to the first $0.29 of its I&S tax rate (or a greater amount for any year provided by appropriation by the Legislature). In general, a school district's bonds are eligible for EDA assistance if (i) the school district made payments on the bonds during the final fiscal year of the preceding State fiscal biennium, or (ii) the school district levied taxes to pay the principal of and interest on the bonds for that fiscal year. Each biennium, access to EDA funding is determined by the debt service taxes collected in the final year of the preceding biennium. A school district may not receive EDA funding for the principal and interest on a series of otherwise eligible bonds for which the school district receives IFA funding.

Since future-year IFA awards were not funded by the Legislature for the 2026-2027 State fiscal biennium and debt service assistance on school district bonds that are not yet eligible for EDA is not available, debt service payments during the 2026-2027 State fiscal biennium on new bonds issued by school districts in the 2026-2027 State fiscal biennium to construct, acquire and improve facilities must be funded solely from local I&S taxes, except to the extent the bonds of a school district are eligible for hold-harmless funding from the State for local tax revenue lost as a result of an increase in the mandatory homestead exemption. See "State Funding for School Districts - Tax Rate and Funding Equity" below."

A school district may also qualify for a NIFA allotment, which provides assistance to school districts for operational expenses associated with opening new instructional facilities, or a renovated portion of an instructional facility to be used for the first time to provide high-cost and undersubscribed career and technology education programs, as determined by the Commissioner. In the 89th Regular Session, the Legislature appropriated funds in the amount of $150,000,000 for each fiscal year of the 2026-2027 State fiscal biennium for NIFA allotments.

Tax Rate and Funding Equity. The Education Commissioner may proportionally reduce the amount of funding a school district receives under the Foundation School Program and the ADA calculation if the school district operates on a calendar that provides less than the State-mandated minimum instruction time in a school year. The Education Commissioner may also adjust a school district's ADA as it relates to State funding where disaster, flood, extreme weather or other calamity has a significant effect on a school district's attendance.

For the 2026-2027 school year, school districts will be held harmless and entitled to additional state aid to the extent that state and local revenue used to service eligible debt is less than the state and local revenue that would have been available to the district under state law providing for state aid to districts to account for increases in the general residence homestead exemption and the elderly or disabled tax ceiling, if any increase in a residence homestead exemption under the Texas Constitution, and any additional limitation on tax increases under the elderly or disabled tax ceiling had not occurred.

LOCAL REVENUE LEVEL IN EXCESS OF ENTITLEMENT

A school district that has sufficient property wealth per student in ADA to generate local revenues on the school district's Tier One Tax Rate and Copper Pennies in excess of the school district's respective funding entitlements (a "Chapter 49 school district"), is subject to the local revenue reduction provisions contained in Chapter 49 of Texas Education Code, as amended ("Chapter 49"). Additionally, in years in which the amount of State funds appropriated specifically excludes the amount necessary to provide the guaranteed yield for Golden Pennies, local revenues generated on a school district's Golden Pennies in excess of the school district's respective funding entitlement are subject to the local revenue reduction provisions of Chapter 49. To reduce local revenue in excess of entitlement, Chapter 49 school districts are generally subject to a process known as "recapture," which requires a Chapter 49 school district to exercise certain options to remit local M&O tax revenues collected in excess of the Chapter 49 school district's funding entitlements to the State (for redistribution to other school districts) or otherwise expending the respective M&O tax revenues for the benefit of students in school districts that are not Chapter 49 school districts, as described in the subcaption "—Options for Local Revenue Levels in Excess of Entitlement," below. Chapter 49 school districts receive their allocable share of funds distributed from the constitutionally-prescribed Available School Fund, but are generally not eligible to receive State aid under the Foundation School Program, although they may continue to receive State funds for certain competitive grants and certain programs that remain outside the Foundation School Program.

Recapture is measured by the "local revenue level" (being the M&O tax revenues generated in a school district) in excess of the entitlements appropriated by the State Legislature each fiscal biennium. Therefore, school districts are guaranteed that recapture will not reduce revenue below their statutory entitlement.

Options for Local Revenue Levels in Excess of Entitlement. Under Chapter 49, a school district has six (6) options to reduce local revenues to a level that does not exceed the school district's respective entitlements: (1) a school district may consolidate by agreement with one or more school districts to form a consolidated school district; all property and debt of the consolidating school districts vest in the consolidated school district; (2) a school district may detach property from its territory for annexation by a property-poor school district; (3) a school district may purchase attendance credits from the State; (4) a school district may contract to educate nonresident students from a property-poor school district by sending money directly to one or more property-poor school districts; (5) a school district may execute an agreement to provide students of one or more other school districts with career and technology education through a program designated as an area program for career and technology education; or (6) a school district may consolidate by agreement with one or more school districts to form a consolidated taxing school district solely to levy and distribute either M&O taxes or both M&O taxes and I&S taxes. A Chapter 49 school district may also exercise any combination of these remedies. Options (3), (4) and (6) require prior approval by the Chapter 49 school district's voters. A district that enters into an agreement to exercise an option to reduce the district's local revenue level in excess of entitlement under options (3), (4), or (5) for the 2025-2026 school year and that has not previously held an election to exercise said options may request and may receive approval from the Commissioner to delay the date of the election otherwise required to be ordered before September 1. The Commissioner shall set a date by which each district that receives approval to delay an election must order the election and requires the Commissioner, not later than the 2026-2027 school year, to order detachment and annexation of district property or consolidation as necessary to reduce the district's excess local revenue to the level established by law for a district that receives approval to delay an election and subsequently fails to hold the election or does not receive voter approval at the election. A district that receives approval of a request to delay the date of an election shall pay for credit purchased in equal monthly payments as determined by the Commissioner beginning March 15, 2026, and ending August 15, 2026. Alternatively, the district may pay for credit purchased with one lump sum payment made not later than August 15, 2026, provided that the district notifies the Commissioner of the district's election to pay through a lump sum not later than March 15, 2026.

Furthermore, a school district may not adopt a tax rate until its effective local revenue level is at or below the level that would produce its guaranteed entitlement under the Foundation School Program. If a school district fails to exercise a permitted option, the Education Commissioner must reduce the school district's local revenue level to the level that would produce the school district's guaranteed entitlement, by detaching certain types of property from the school district and annexing the property to a property-poor school district or, if necessary, consolidate the school district with a property-poor school district. Provisions governing detachment and annexation of taxable property by the Education Commissioner do not provide for assumption of any of the transferring school district's existing debt.

CURRENT PUBLIC SCHOOL FINANCE SYSTEM AS APPLIED TO THE DISTRICT

For the 2025-2026 fiscal year, the District was designated as an "excess local revenue" district by the TEA. As a result, the District is subject to certain of the wealth equalization provisions of the Finance System. The local fund assignment is below the Tier 1 entitlement and the District tax rate is below the golden penny threshold. The District was not subject to recapture of funds from local tax collections in fiscal year 2025-2026. As a so-called "Chapter 49 district", the District does not receive any State funding to pay debt service requirements on its outstanding indebtedness, including the Bonds.

A district's "excess local revenue" must be tested for each future school year and, if it exceeds the maximum permitted level, the District must reduce its wealth per student by exercising one of the permitted wealth equalization options. Accordingly, if the District's wealth per student should exceed the maximum permitted value in future school years, it may be required each year to exercise one or more of the wealth reduction options. If the District were to consolidate (or consolidate its tax base for all purposes) with a property-poor district, the outstanding debt of each district could become payable from the consolidated district's combined property tax base, and the District's ratio of taxable property to debt could become diluted. If the District were to detach property voluntarily, a portion of its outstanding debt (including the Bonds) could be assumed by the district to which the property is annexed, in which case timely payment of the Bonds could become dependent in part on the financial performance of the annexing district.

For a detailed discussion of State funding for school districts, see "CURRENT PUBLIC SCHOOL FINANCE SYSTEM – State Funding for School Districts" herein.

AD VALOREM PROPERTY TAXATION

The following is a summary of certain provisions of State law as it relates to ad valorem taxation and is not intended to be complete. Prospective investors are encouraged to review Title I of the Texas Tax Code, as amended (the "Property Tax Code"), for identification of property subject to ad valorem taxation, property exempt or which may be exempted from ad valorem taxation if claimed, the appraisal of property for ad valorem tax purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

VALUATION OF TAXABLE PROPERTY . . . The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board (the "Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the District is the responsibility of the Tarrant Appraisal District (the "Appraisal District"). Except as generally described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three (3) years. A taxing unit may require annual review at its own expense and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property.

Unless extended by future legislation, through December 31, 2026, an appraisal district may only increase the appraised value of real property during the 2026 tax year on certain non-homestead properties (the "Subjected Property") whose appraised values are not more than $5.32 million (the "maximum property value") to an amount not to exceed the lesser of: (1) the market value of the Subjected Property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20% of the appraised value of the Subjected Property for the preceding tax year; (b) the appraised value of the Subjected Property for the preceding tax year; and (c) the market value of all new improvements to the Subjected Property (collectively, the "Appraisal Cap"). The maximum property value may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in the consumer price index, as applicable, to the maximum property value.

State law provides those eligible owners of both agricultural land and open-space land, including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified as both agricultural and open-space land.

The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the District, in establishing their tax rolls and tax rates (see "AD VALOREM PROPERTY TAXATION – District and Taxpayer Remedies").

STATE MANDATED HOMESTEAD EXEMPTIONS. . . State law grants, with respect to taxes levied for general elementary and secondary public school purposes, (1) a $140,000 exemption of the appraised value of all homesteads, (2) a $60,000 exemption of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled, and (3) various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action and surviving spouses of first responders killed or fatally wounded in the line of duty.

LOCAL OPTION HOMESTEAD EXEMPTIONS . . . The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the appraised value of all homesteads (but not less than $5,000) and (2) an additional exemption of at least $3,000 of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. The exemption described in (2), above, may also be created, increased, decreased or repealed at an election called by the governing body of a taxing unit upon presentment of a petition for such creation, increase, decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit. Cities, counties, and school districts are prohibited from repealing or reducing an optional homestead exemption described in (1) above, that was granted in tax year 2022 through December 31, 2027.

STATE MANDATED FREEZE ON SCHOOL DISTRICT TAXES . . . Except for increases attributable to certain improvements, a school district is prohibited from increasing the total ad valorem tax on the homestead of persons sixty-five (65) years of age or older or of disabled persons above the amount of tax imposed in the year such homestead qualified for such exemption. This freeze is transferable to a different homestead if a qualifying taxpayer moves and, under certain circumstances, is also transferable to the surviving spouse of persons sixty-five (65) years of age or older, but not the disabled.

PERSONAL PROPERTY . . . Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the "production of income" is taxed based on the property's market value. Taxable personal property includes income-producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property.

Legislation passed by the Legislature during the 89th Regular Session and approved by the voters provides a person an exemption from taxation by a taxing unit of $125,000 of the appraised value of the tangible personal property the person owns that is held or used for the production of income and has taxable situs at the same location in the taxing unit. A person who leases tangible personal property is also entitled to a tax exemption of $125,000, regardless of where the property is located in the taxing unit. Such exemption is applicable from and after the 2026 tax year.

FREEPORT AND GOODS-IN-TRANSIT EXEMPTIONS . . . Certain goods that are acquired in or imported into the State to be forwarded outside the State, and are detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication ("Freeport Property") are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1, 1990 and has not subsequently taken official action to exempt Freeport Property. Decisions to continue taxing Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal.

Certain goods, that are acquired in or imported into the State to be forwarded to another location within or without the State, stored in a location that is not owned by the owner of the goods and are transported to another location within or without the State within 175 days ("Goods-in-Transit"), are generally exempt from ad valorem taxation; however, the Property Tax Code permits a taxing unit, on a local option basis, to tax Goods-in-Transit if the taxing unit takes official action, after conducting a public hearing, before January 1 of the first tax year in which the taxing unit proposes to tax Goods-in-Transit. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include aircraft or special inventories such as manufactured housing inventory, or a dealer's motor vehicle, boat, or heavy equipment inventory.

A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property.

OTHER EXEMPT PROPERTY. . . Other major categories of exempt property include property owned by the State or its political subdivisions if used for public purposes, property exempt by federal law, property used for pollution control, farm products owned by producers, property of nonprofit corporations used for scientific research or educational activities benefitting a college or university, designated historic sites, solar and wind-powered energy devices, and certain classes of intangible personal property. Beginning with the 2026 tax year, all intangible personal property is exempt from State taxation.

TEMPORARY EXEMPTION FOR QUALIFIED PROPERTY DAMAGED BY A DISASTER . . . The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes located in an area declared by the governor to be a disaster area following a disaster and is at least 15 percent physically damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. Except in situations where the territory is declared a disaster on or after the date the taxing unit adopts a tax rate for the year in which the disaster declaration is issued, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the governor declares the area to be a disaster area. The Texas Legislature amended Section 11.35, Property Tax Code, to clarify that "damage" for purposes of such statute is limited to "physical damage." For more information on the exemption, reference is made to Section 11.35 of the Tax Code, as amended.

TAX INCREMENT REINVESTMENT ZONES . . . A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment reinvestment zones ("TIRZ") within its boundaries. At the time of the creation of the TIRZ, a "base value" for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the "tax increment." During the existence of the TIRZ, all or a portion of the taxes levied against the tax increment by a city or county, and all other overlapping taxing units that elected to participate, are restricted to paying only planned project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units.

Until September 1, 1999, school districts were able to reduce the value of taxable property reported to the State to reflect any taxable value lost due to TIRZ participation by the school district. The ability of the school district to deduct the taxable value of the tax increment that it contributed prevented the school district from being negatively affected in terms of state school funding. However, due to a change in law, local M&O tax rate revenue contributed to a TIRZ created on or after May 31, 1999 will count toward a school district's Tier One entitlement (reducing Tier One State funds for eligible school districts) and will not be considered in calculating any school district's Tier Two entitlement (see "CURRENT PUBLIC SCHOOL FINANCE SYSTEM – State Funding for School Districts").

TAX LIMITATION AGREEMENTS . . . The Texas Economic Development Act (Chapter 313, Texas Tax Code, as amended), allowed school districts to grant limitations on appraised property values to certain corporations and limited liability companies to encourage economic development within the school district. Generally, during the last eight (8) years of the ten-year term of a tax limitation agreement, a school district may only levy and collect M&O taxes on the agreed-to limited appraised property value. For the purposes of calculating its Tier One and Tier Two entitlements, the portion of a school district's property that is not fully taxable is excluded from the school district's taxable property values. Therefore, a school district will not be subject to a reduction in Tier One or Tier Two State funds as a result of lost M&O tax revenues due to entering into a tax limitation agreement (see "CURRENT PUBLIC SCHOOL FINANCE SYSTEM – State Funding for School Districts"). The 87th Texas Legislature did not vote to extend this program, which expired by its terms effective December 31, 2022.

TAX ABATEMENT AGREEMENTS . . . Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years.

In the 88th Legislative Session, House Bill 5 ("HB 5" or "The Texas Jobs, Energy, Technology, and Innovation Act") was adopted to create an economic development program, subject to state oversight, which would attract jobs and investment to Texas through school district property tax abatement agreements with businesses. HB5 was codified as Chapter 403, Subchapter T, Texas Government Code ("Chapter 403") and had an effective date of January 1, 2024. Under Chapter 403, a school district may offer a 50% abatement on taxable value for maintenance and operations property taxes for certain eligible projects, except that projects in a federally designated economic opportunity zone receive a 75% abatement. Chapter 403 also provides a 100% abatement of maintenance and operations taxes for eligible property during a project's construction period. Taxable valuation for purposes of the debt service tax securing a series of bonds cannot be abated under Chapter 403. Eligible projects must involve manufacturing, dispatchable power generation facilities, technology research/development facilities, or critical infrastructure projects and projects must create and maintain jobs, as well as meet certain minimum investment requirements. The District is still in the process of reviewing Chapter 403 and cannot make any representations as to what impact, if any, Chapter 403 will have on its finances or operations.

For a discussion of how the various exemptions described above are applied by the District, see "TAX RATE LIMITATIONS – District Application of Tax Code" herein.

DISTRICT AND TAXPAYER REMEDIES . . . Under certain circumstances, taxpayers and taxing units, including the District, may appeal the determinations of the Appraisal District by timely initiating a protest with the Appraisal Review Board. Additionally, taxing units such as the District may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

Owners of certain property with a taxable value in excess of the current year "minimum eligibility amount", as determined by the State Comptroller, and situated in a county with a population of 1.2 million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount was set at $62,883,169 for the 2026 tax year, and is adjusted annually by the State Comptroller to reflect the inflation rate.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the District and provides for taxpayer referenda that could result in the repeal of certain tax increases (see "TAX RATE LIMITATIONS – Public Hearing and Voter-Approval Tax Rate"). The Property Tax Code also establishes a procedure for providing notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

LEVY AND COLLECTION OF TAXES . . . The District is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the District. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes for certain taxpayers. Furthermore, the District may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances. The Property Tax Code permits taxpayers owning homes or certain businesses located in a disaster area and damaged as a direct result of the declared disaster to pay taxes imposed in the year following the disaster in four equal installments without penalty or interest, commencing on February 1 and ending on August 1.

DISTRICT'S RIGHTS IN THE EVENT OF TAX DELINQUENCIES . . . Taxes levied by the District are a personal obligation of the owner of the property. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of such other taxing units. A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property.

Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, adverse market conditions, taxpayer redemption rights, or bankruptcy proceedings which restrain the collection of a taxpayer's debt.

Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

TAX RATE LIMITATIONS

M&O TAX RATE LIMITATIONS . . . The District is authorized to levy an M&O tax rate pursuant to the approval of the voters of the District at an election held on November 10, 1973 in accordance with the provisions of Chapter 20 of the Texas Education Code.

The maximum M&O tax rate per $100 of taxable value that may be adopted by a school district is the sum of $0.17 and the school district's MCR. A school district's MCR is, generally, inversely proportional to the change in taxable property values both within the school district and the State and is subject to recalculation annually.

Furthermore, a school district cannot annually increase its tax rate in excess of the school district's Voter-Approval Tax Rate without submitting such tax rate to an election and a majority of the voters voting at such election approving the adopted rate (see "Public Hearing and Voter-Approval Tax Rate" herein).

I&S TAX RATE LIMITATIONS . . . A school district is also authorized to issue bonds and levy taxes for payment of bonds subject to voter approval of one or more propositions submitted to the voters under Section 45.003(b)(1), Texas Education Code, as amended, which provides a tax unlimited as to rate or amount for the support of school district bonded indebtedness (see "THE BONDS – Security and Source of Payment").

Section 45.0031 of the Texas Education Code, as amended, requires a school district to demonstrate to the Texas Attorney General that it has the prospective ability to pay its maximum annual debt service on a proposed issue of bonds and all previously issued bonds, other than bonds approved by voters of a school district at an election held on or before April 1, 1991 and issued before September 1, 1992 (or debt issued to refund such bonds, collectively, "exempt bonds"), from a tax levied at a rate of $0.50 per $100 of assessed valuation before bonds may be issued (the "50-cent Test"). In demonstrating the ability to pay debt service at a rate of $0.50, a school district may take into account EDA and IFA allotments to the school district, which effectively reduces the school district's local share of debt service, and may also take into account Tier One funds allotted to the school district. If a school district exercises this option, it may not adopt an I&S tax until it has credited to the school district's I&S fund an amount equal to all State allotments provided solely for payment of debt service and any Tier One funds needed to demonstrate compliance with the threshold tax rate test and which is received or to be received in that year. Additionally, a school district may demonstrate its ability to comply with the 50-cent Test by applying the $0.50 tax rate to an amount equal to 90% of projected future taxable value of property in the school district, as certified by a registered professional appraiser, anticipated for the earlier of the tax year five (5) years after the current tax year or the tax year in which the final payment for the bonds is due. However, if a school district uses projected future taxable values to meet the 50-cent Test and subsequently imposes a tax at a rate greater than $0.50 per $100 of valuation to pay for bonds subject to the test, then for subsequent bond issues, the Texas Attorney General must find that the school district has the projected ability to pay principal and interest on the proposed bonds and all previously issued bonds subject to the 50-cent Test from a tax rate of $0.45 per $100 of valuation. Once the prospective ability to pay such tax has been shown and the bonds are issued, a school district may levy an unlimited tax to pay debt service. Refunding bonds issued pursuant to Chapter 1207, Texas Government Code, are not subject to the 50-cent Test; however, taxes levied to pay debt service on such bonds (other than bonds issued to refund exempt bonds) are included in maximum annual debt service for calculation of the 50-cent Test when applied to subsequent bond issues that are subject to the 50-cent Test. The Bonds are issued as refunding bonds pursuant to Chapter 1207 and are, therefore, not subject to the 50-cent Test; however, taxes levied to pay debt service on the Bonds are included in the calculation of the 50-cent Test as applied to subsequent issues of "new debt".

PUBLIC HEARING AND VOTER-APPROVAL TAX RATE . . . A school district's total tax rate is the combination of the M&O tax rate and the I&S tax rate. Generally, the highest rate at which a school district may levy taxes for any given year without holding an election to approve the tax rate is the "Voter-Approval Tax Rate," as described below.

A school district is required to adopt its annual tax rate before the later of September 30 or the sixtieth (60th) day after the date the certified appraisal roll is received by the taxing unit, except that a tax rate that exceeds the Voter-Approval Tax Rate must be adopted not later than the seventy-first (71st) day before the next occurring November uniform election date. A school district's failure to adopt a tax rate equal to or less than the Voter-Approval Tax Rate by September 30 or the sixtieth (60th) day after receipt of the certified appraisal roll, will result in the tax rate for such school district for the tax year to be the lower of the "no-new-revenue tax rate" calculated for that tax year or the tax rate adopted by the school district for the preceding tax year. A school district's failure to adopt a tax rate in excess of the Voter-Approval Tax Rate on or prior to the seventy-first (71st) day before the next occurring November uniform election date, will result in the school district adopting a tax rate equal to or less than its Voter-Approval Tax Rate by the later of September 30 or the sixtieth (60th) day after receipt of the certified appraisal roll. "No-new-revenue tax rate" means the rate that will produce the prior year's total tax levy from the current year's total taxable values, adjusted such that lost values are not included in the calculation of the prior year's taxable values and new values are not included in the current year's taxable values.

The Voter-Approval Tax Rate for a school district is the sum of (i) the school district's MCR; (ii) the greater of (a) the school district's Enrichment Tax Rate for the preceding year, or (b) the rate of $0.05 per $100 of taxable value; and (iii) the school district's current I&S tax rate. A school district's M&O tax rate may not exceed the rate equal to the sum of (i) $0.17 and (ii) the school district's MCR (see "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" herein for more information regarding the State Compression Percentage, MCR, and the Enrichment Tax Rate).

The governing body of a school district generally cannot adopt a tax rate exceeding the school district's Voter-Approval Tax Rate without approval by a majority of the voters approving the higher rate at an election to be held on the next uniform election date. Further, subject to certain exceptions for areas declared disaster areas, State law requires the board of trustees of a school district to conduct an efficiency audit before seeking voter approval to adopt a tax rate exceeding the Voter-Approval Tax Rate and sets certain parameters for conducting and disclosing the results of such efficiency audit. An election is not required for a tax increase to address increased expenditures resulting from certain natural disasters in the year following the year in which such disaster occurs; however, the amount by which the increased tax rate exceeds the school district's Voter-Approval Tax Rate for such year may not be considered by the school district in the calculation of its subsequent Voter-Approval Tax Rate.

The calculation of the Voter-Approval Tax Rate does not limit or impact the District's ability to set an I&S tax rate in each year sufficient to pay debt service on all of the District's I&S tax-supported debt obligations, including the Bonds.

Before adopting its annual tax rate, a public meeting must be held for the purpose of adopting a budget for the succeeding year. A notice of public meeting to discuss the school district's budget and proposed tax rate must be published in the time, format and manner prescribed in Section 44.004 of the Texas Education Code. Section 44.004(e) of the Texas Education Code provides that a person who owns taxable property in a school district is entitled to an injunction restraining the collection of taxes by the school district if the school district has not complied with such notice requirements or the language and format requirements of such notice as set forth in Section 44.004(b), (c), (c-1), (c-2), and (d), and, if applicable, subsection (i), and if such failure to comply was not in good faith. Section 44.004(e) further provides the action to enjoin the collection of taxes must be filed before the date the school district delivers substantially all of its tax bills. A school district that elects to adopt a tax rate before the adoption of a budget for the fiscal year that begins in the current tax year may adopt a tax rate for the current tax year before receipt of the certified appraisal roll, so long as the chief appraiser of the appraisal district in which the school district participates has certified to the assessor for the school district an estimate of the taxable value of property in the school district. If a school district adopts its tax rate prior to the adoption of its budget, both the no-new-revenue tax rate and the Voter-Approval Tax Rate of the school district shall be calculated based on the school district's certified estimate of taxable value. A school district that adopts a tax rate before adopting its budget must hold a public hearing on the proposed tax rate followed by another public hearing on the proposed budget rather than holding a single hearing on the two items.

A school district must annually calculate and prominently post on its internet website, and submit to the county tax assessor-collector for each county in which all or part of the school district is located its Voter-Approval Tax Rate in accordance with forms prescribed by the State Comptroller.

DISTRICT APPLICATION OF TAX CODE . . . The State mandates exemptions of $140,000 for general homestead and an additional homestead exemption of $60,000 for persons who are aged 65 and over or disabled.

The District has not granted an additional exemption of 20% of the market value of residence homesteads; minimum exemption of $5,000.

See Table 1 for a listing of the amounts of the exemptions described above.

Ad valorem taxes are not levied by the District against the exempt value of residence homesteads for the payment of debt.

The District does not tax non-business personal property; and Tarrant County Collector/Assessor collects taxes for the District.

The District does permit split payments, and discounts for early payment of taxes are not allowed.

The District does not tax freeport property.

The District has taken action to tax goods-in-transit.

The District does not participate in an TIFs.

The District does not have a policy relating to tax abatements and is no longer authorized to grant tax abatements under State law.

The District has not entered into any appraised value limitation agreements pursuant to the Texas Economic Development Act, Chapter 313, Texas Tax Code.

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FINANCIAL INFORMATION OF THE DISTRICT

TABLE 1 - VALUATION, EXEMPTIONS AND TAX SUPPORTED DEBT

2025/26 Market Valuation Established by the Tarrant County Appraisal District (Including totally exempt property)				$ 28,549,781,005
Less Exemptions/Reductions at 100% Market Value:				
Absolute Exemption	$ 1,895,137,063			
Pollution Control Exemption	22,691,255			
Disabled Veterans Exemption	145,220,108			
Homestead Exemption (Local Option Over 65 or Disabled)	211,281,375			
Homestead Exemption (State Mandated Over 65 or Disabled)	4,992,029,837			
Solar and Windpowered Exemptions	3,479,201			
Nominal Value Accounts	505,983			
Community Housing Development Exemption	37,787,170			
Inventory	481,337,911			
Ag Deferrals	3,055,929			
Circuit Breaker Exemption	140,800,648			
Cap Loss	249,146,725			
Miscellaneous Personal Property	76,867,286			8,259,340,491
2025/26 Certified Taxable Assessed Valuation [1]				$ 20,290,440,514
Debt Payable from Ad Valorem Taxes				
Outstanding Debt	$ 801,530,000	[2]		
The Bonds	12,235,000	[3]		
Total				$ 813,765,000
General Obligation Interest and Sinking Fund (as of 6/30/2026)				$ 77,804,284
Ratio General Obligation Debt to Taxable Assessed Valuation				4.01%

2026 Estimated Population - 152,000
Per Capita Taxable Assessed Valuation - $133,490
Per Capita Debt Payable - $5,354

(1) Certified Net Taxable Value for Tax Year 2026/FY2027 is $19,786,123,174.
(2) Excludes the Refunded Bonds. Preliminary; subject to change.
(3) Preliminary; subject to change.

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TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY [1]

	Taxable Appraised Value for Fiscal Year Ended August 31,					
	2026		2025		2024	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 14,387,786,687	50.40%	$ 13,833,168,214	51.91%	$ 13,958,038,485	51.91%
Real, Residential, Multi-Family	4,368,366,233	15.30%	4,326,017,868	16.24%	4,322,008,255	16.07%
Real, Vacant Lots/Tracts	318,965,421	1.12%	262,454,119	0.99%	280,010,687	1.04%
Real, Acreage (Land Only)	3,143,159	0.01%	85,499	0.00%	3,114,986	0.01%
Real, Farm and Ranch Improvements	438,901	0.00%	454,401	0.00%	424,841	0.00%
Real, Commercial & Industrial	6,113,394,841	21.41%	5,148,185,515	19.32%	5,358,560,528	19.93%
Real, Oil, Gas, and Mineral Reserves	-	0.00%	4,333,726	0.02%	41,998,930	0.16%
Real & Tangible Personal, Utilities	254,836,327	0.89%	391,589,633	1.47%	314,653,777	1.17%
Tangible Personal, Commercial & Industrial	3,000,377,910	10.51%	2,570,577,529	9.65%	2,503,410,743	9.31%
Real, Residential, Mobile Homes	22,455,574	0.08%	23,201,244	0.09%	24,918,524	0.09%
Residential Inventory	31,075,622	0.11%	35,337,302	0.13%	32,779,876	0.12%
Special Inventory	27,247,725	0.10%	26,369,426	0.10%	27,076,118	0.10%
Totally Exempt Property	21,692,605	0.08%	21,618,135	0.08%	21,618,135	0.08%
Total Appraised Value Before Exemptions	$ 28,549,781,005	100.00%	$ 26,643,392,611	100.00%	$ 26,888,613,885	100.00%
Less: Total Exemptions/Reductions	(8,259,340,491) [2]		(5,654,324,206)		(7,006,633,128) [2]	
Taxable Assessed Value	$ 20,290,440,514		$ 20,989,068,405		$ 19,881,980,757	

	Taxable Appraised Value for Fiscal Year Ended August 31,			
	2023		2022	
Category	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 11,774,690,215	52.33%	$ 9,976,160,302	49.56%
Real, Residential, Multi-Family	3,770,616,237	16.76%	3,030,768,356	15.06%
Real, Vacant Lots/Tracts	275,242,164	1.22%	275,149,542	1.37%
Real, Acreage (Land Only)	2,659,464	0.01%	1,725,025	0.01%
Real, Farm and Ranch Improvements	382,915	0.00%	405,052	0.00%
Real, Commercial & Industrial	4,684,425,377	20.82%	4,318,965,730	21.46%
Real, Oil, Gas, and Mineral Reserves	8,897,950	0.04%	6,767,890	0.03%
Real & Tangible Personal, Utilities	246,736,082	1.10%	248,003,974	1.23%
Tangible Personal, Commercial & Industrial	1,633,650,040	7.26%	2,172,805,653	10.79%
Real, Residential, Mobile Homes	9,509,090	0.04%	9,434,098	0.05%
Residential Inventory	49,472,175	0.22%	52,430,445	0.26%
Special Inventory	22,607,238	0.10%	21,199,804	0.11%
Totally Exempt Property	21,549,081	0.10%	16,247,538	0.08%
Total Appraised Value Before Exemptions	$ 22,500,438,028	100.00%	$ 20,130,063,409	100.00%
Less: Total Exemptions/Reductions	(4,084,193,021)		(2,924,775,692)	
Taxable Assessed Value	$ 18,416,245,007		$ 17,205,287,717	

(1) Certified Net Taxable Value for Tax Year 2026/FY2027 is $19,786,123,174.
(2) Taxable assessed valuations have been affected by the following changes in Legislature over the years: in year 2023 the general State mandated homestead exemption increased from $40,000 to $100,000; in year 2025 the general State mandated homestead exemption increased from $100,000 to $140,000, and the State mandated homestead exemption of persons sixty-five (65) years of age or older and the disabled increased from $10,000 to $60,000.

Note: Valuations shown are certified taxable assessed values reported by the Appraisal District to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and records are updated.

TABLE 3 - VALUATION AND TAX SUPPORTED DEBT HISTORY

Fiscal Year Ended 8/31	Estimated Population [(1)]		Taxable Assessed Valuation [(2)(3)]		Taxable Assessed Valuation Per Capita		Tax Debt Outstanding at Fiscal Year End	Ratio of Debt to Taxable Assessed Valuation		Debt Per Capita
2022	147,000	$	17,205,287,717	$	117,043	$	321,965,000	1.87%	$	2,190
2023	147,000		18,416,245,007		125,281		295,350,000	1.60%		2,009
2024	152,000		19,881,980,757		130,803		837,940,000	4.21%		5,513
2025	151,923		20,989,068,405		138,156		796,160,000	3.79%		5,241
2026	152,000		20,290,440,514		133,490		773,235,000 (4)	3.81% (4)		5,087 (4)

(1) Source: the District.
(2) As reported by the Tarrant County Appraisal District. Subject to change during the ensuing year. Taxable assessed valuations have been affected by the following changes in Legislature over the years: in year 2023 the general State mandated homestead exemption increased from $40,000 to $100,000; in year 2025 the general State mandated homestead exemption increased from $100,000 to $140,000, and the State mandated homestead exemption of persons sixty-five (65) years of age or older and the disabled increased from $10,000 to $60,000.
(3) Certified Net Taxable Value for Tax Year 2026/FY2027 is $19,786,123,174.
(4) Excludes the Refunded Bonds and includes the Bonds. Preliminary; subject to change.

TABLE 4 - TAX RATE, LEVY & COLLECTION HISTORY

Fiscal Year Ended 8/31		Tax Rate		Local Maintenance		Interest and Sinking Fund		Tax Levy	% Current Collections	% Total Collections
2022	$	1.160800	$	0.9252	$	0.2356	$	195,260,910	99.59%	99.85%
2023		1.109800		0.8742		0.2356		205,813,589	99.86%	99.80%
2024		0.921100		0.6855		0.2356		167,892,425	99.53%	98.86%
2025		0.968900		0.6726		0.2963		184,188,127	100.61%	100.61%
2026		1.028900		0.7026		0.3263		208,768,342	88.32% (1)	88.18% (1)

(1) Partial year collections as of June 30, 2026.

TABLE 5 - TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property		2025/26 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
American Airlines Inc./Envoy Air Inc.	Commercial Airlines	$	1,076,452,665	5.31%
Bell Helicopter Textron Inc.	Aviation		521,479,662	2.57%
CMF 15 Portfolio LLC	Land/Improvements		274,650,000	1.35%
Westdale Hills 2013 LP	Apartments		215,975,638	1.06%
Canopy on Central LP	Apartments		187,400,000	0.92%
4328 Centreport Drive (TX) Owner LP/855 ASH (TX)	Real Estate		158,120,000	0.78%
Ingram Micro Inc	Technology Distributor		130,740,928	0.64%
Crest Oasis LP	Apartments		130,000,000	0.64%
Avion Owner LLC/Intercapital AC Overlook LLC	Apartments		118,200,000	0.58%
Stoneleigh at Bear Creek Apartments LLC	Apartments		102,790,000	0.51%
		$	2,915,808,893	14.37%

TABLE 6 - TAX ADEQUACY[1]

Principal and Interest Requirements, 2027	$ 72,095,670	
$0.3644 Tax Rate at 100% Collection Produces	$ 72,100,633	(2)
Average Annual Principal and Interest Requirements, 2027-2050	$ 50,468,697	
$0.2551 Tax Rate at 100% Collection Produces	$ 50,474,400	(2)
Maximum Annual Principal and Interest Requirements, 2027	$ 72,095,670	
$0.3644 Tax Rate at 100% Collection Produces	$ 72,100,633	(2)

(1) Excludes the Refunded Bonds and includes the Bonds. Preliminary; subject to change.
(2) Based on Certified Net Taxable Value of $19,786,123,174 for Tax Year 2026/FY2027.

TABLE 7 - ESTIMATED OVERLAPPING DEBT

Expenditures of the various taxing entities within the territory of the District are paid out of ad valorem taxes levied by such entities on properties within the District. Such entities are independent of the District and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax debt ("Tax Debt") was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional Tax Debt since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional Tax Debt, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the District.

Taxing Jurisdiction	Total Tax Supported Debt	As of	% Overlap	Overlapping Amount
Arlington, City of	$ 669,080,000	6/30/2026	3.61%	$ 24,153,788
Bedford, City of	141,680,000	6/30/2026	100.00%	141,680,000
Colleyville, City of	10,340,000	6/30/2026	4.02%	415,668
Euless, City of	56,875,000	6/30/2026	63.65%	36,200,938
Fort Worth, City of	969,685,000	6/30/2026	5.52%	53,526,612
Hurst, City of	50,080,000	6/30/2026	63.22%	31,660,576
North Richland Hills	109,200,000	6/30/2026	0.15%	163,800
Tarrant Co	314,050,000	6/30/2026	7.26%	22,800,030
Tarrant Co College Dist	547,535,000	6/30/2026	7.26%	39,751,041
Tarrant Co Hosp Dist	429,425,000	6/30/2026	7.26%	31,176,255
Tarrant Regnl WD	98,710,000	6/30/2026	5.88%	5,804,148
Viridian MMD	292,585,000	6/30/2026	100.00%	292,585,000
			Total Overlapping Debt:	679,917,856
Hurst-Euless-Bedford ISD:	$ 813,765,000 (1)		100.00%	813,765,000 (1)
			Total Direct and Overlapping Debt	1,493,682,856
Ratio of Direct and Overlapping Tax Supported Debt to Taxable Assessed Valuation				7.36%
Per Capita Direct and Overlapping Tax Supported Debt				$ 9,827

(1) Excludes the Refunded Bonds and includes the Bonds. Preliminary; subject to change.

DEBT INFORMATION

TABLE 8 - DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 8/31	Outstanding Debt [1]			The Bonds [2]			Total Debt Service
	Principal	Interest	Total	Principal	Interest	Total	
2026	$ 40,530,000	$ 36,677,050	$ 77,207,050	$ -	$ -	$ -	$ 77,207,050
2027	25,190,000	34,188,750	59,378,750	12,235,000	481,920	12,716,920	72,095,670
2028	25,805,000	32,929,250	58,734,250				58,734,250
2029	23,495,000	31,639,000	55,134,000				55,134,000
2030	26,450,000	30,464,250	56,914,250				56,914,250
2031	27,775,000	29,141,750	56,916,750				56,916,750
2032	29,165,000	27,753,000	56,918,000				56,918,000
2033	30,545,000	26,378,750	56,923,750				56,923,750
2034	31,755,000	24,938,900	56,693,900				56,693,900
2035	27,550,000	23,481,750	51,031,750				51,031,750
2036	28,850,000	22,183,450	51,033,450				51,033,450
2037	30,215,000	20,823,350	51,038,350				51,038,350
2038	31,645,000	19,398,350	51,043,350				51,043,350
2039	33,125,000	17,905,300	51,030,300				51,030,300
2040	34,685,000	16,341,700	51,026,700				51,026,700
2041	36,120,000	14,911,000	51,031,000				51,031,000
2042	37,610,000	13,420,750	51,030,750				51,030,750
2043	39,150,000	11,868,600	51,018,600				51,018,600
2044	35,790,000	9,970,700	45,760,700				45,760,700
2045	31,070,000	8,243,200	39,313,200				39,313,200
2046	32,310,000	7,000,400	39,310,400				39,310,400
2047	33,605,000	5,708,000	39,313,000				39,313,000
2048	34,950,000	4,363,800	39,313,800				39,313,800
2049	36,345,000	2,965,800	39,310,800				39,310,800
2050	37,800,000	1,512,000	39,312,000				39,312,000
	$ 801,530,000	$ 474,208,850	$ 1,275,738,850	$ 12,235,000	$ 481,920	$ 12,716,920	$ 1,288,455,770

(1) Excludes the Refunded Bonds. Preliminary; subject to change.
(2) Average life of the issue is 0.918 years. True Interest Cost is 5.034%. Preliminary; subject to change.

TABLE 9 - INTEREST & SINKING FUND BUDGET PROJECTION

Tax Supported Debt Service Requirements, Fiscal Year Ending 8/31/2026		$ 77,207,050 [1]
Interest and Sinking Fund Balance, Fiscal Year Ending 8/31/2025	$ 25,054,218	
Calculated Interest and Sinking Fund Tax Levy	66,207,707	$ 91,261,925
Estimated Fund Balance, Fiscal Year Ending 8/31/2026		$ 14,054,875

(1) Excludes the Refunded Bonds. Preliminary; subject to change.

TABLE 10 - AUTHORIZED BUT UNISSUED BONDS

Purpose	Date Authorized	Amount Authorized	Issued	Unissued Balance
School Building and Security	November 7, 2023	$ 979,300,000	$ 582,000,000	$ 397,300,000
Technology	November 7, 2023	$ 18,000,000	$ 18,000,000	$ -
Total		$ 997,300,000	$ 600,000,000	$ 397,300,000

ANTICIPATED ISSUANCE OF ADDITIONAL UNLIMITED TAX DEBT . . . The District anticipates issuance of the remaining authorization within the next 12 months.

TABLE 11 - OTHER OBLIGATIONS

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

Fiscal Year Ending 8/31	Governmental Activities - Leases		
	Principal	Interest	Total
2026	$ 155,022	$ 19,233	$ 174,255
2027	159,367	14,887	174,254
2028	164,147	10,108	174,255
2029	169,070	5,185	174,255
2030	3,827	115	3,942
Total Expected	$ 651,433	$ 49,528	$ 700,961

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FINANCIAL INFORMATION

TABLE 12 - CHANGES IN NET ASSETS

	Fiscal Year Ended August 31,				
	2025	2024	2023	2022	2021
Program Revenues:					
Charges for Services	$ 5,988,649	$ 5,739,718	$ 5,051,530	$ 3,309,640	$ 1,465,519
General Revenues:					
Operating Grants & Contributions	40,279,302	57,435,579	50,717,673	65,403,315	42,773,813
Investment Earnings	36,912,025	29,914,670	13,218,999	(1,972,108)	686,129
Other	2,645,100	1,382,816	978,515	540,295	668,646
Debt Service Taxes	57,141,509	43,021,974	43,825,982	39,480,714	37,359,385
Maintenance and Operations Taxes	127,884,449	122,299,650	161,931,472	155,243,272	152,734,160
State Grants and Contracts	84,366,711	87,266,765	34,342,887	42,046,066	60,282,410
Total Revenues:	$ 355,217,745	$ 347,061,172	$ 310,067,058	$ 304,051,194	$ 295,970,062
Expenses:					
Instruction	$ 161,405,543	$ 176,049,555	$ 146,516,063	$ 138,576,217	$ 152,990,277
Instructional Resource and Media Services	3,089,450	3,385,881	3,046,839	3,069,918	3,101,913
Curriculum & Instructional Staff Development	8,066,569	7,973,126	6,805,906	6,994,932	7,779,033
Instructional and School Leadership	18,439,537	19,148,693	16,616,371	15,483,705	17,048,069
Guidance, Counseling, & Evaluation Services	10,310,455	10,838,363	9,300,788	9,068,182	10,200,311
Health Services	3,232,394	3,707,252	3,034,500	3,278,567	3,308,490
Student (Pupil) Transportation	7,837,125	8,669,544	6,656,395	6,770,721	6,285,217
Food Services	16,002,297	17,167,666	14,033,940	13,826,215	10,759,862
Co-curricular/Extracurricular Activities	7,755,638	7,438,716	7,072,799	6,560,824	5,870,866
General Administration	7,446,340	7,394,130	6,644,853	6,104,490	5,984,313
Plant Maintenance and Operations	24,812,497	26,075,645	24,134,777	22,656,260	19,955,409
Security & Monitoring Services	3,157,433	3,635,849	1,787,867	1,210,516	1,320,482
Data Processing Services	7,941,986	11,919,362	9,451,966	5,996,421	5,304,294
Community Services	642,541	630,476	450,466	415,079	527,236
Interest on Long-Term Debt	39,738,456	23,311,898	10,293,097	11,275,465	11,984,304
Facilities Acquisition & Construction	503,784	1,881,915	-	-	-
Payments to Juvenile Justice Alternative Education Programs	44,763	4,386	3,483	-	-
Other Intergovernmental Charges	1,005,153	929,618	944,300	940,614	865,014
Social Work Services	1,735,119	2,016,033	1,421,513	1,276,146	954,199
Total Expenses:	$ 323,167,080	$ 332,178,108	$ 268,215,923	$ 253,504,272	$ 264,239,289
Excess (Deficiency) Before Other Resources, Uses, and Transfers:	$ 32,050,665	$ 14,883,064	$ 41,851,135	$ 50,546,922	$ 31,730,773
Other Resources (Uses):					
Transfers In (Out):	650,000	500,000	1,086,442	500,000	-
Increase (Decrease) in Net Assets:	$ 32,700,665	$ 15,383,064	$ 42,937,577	$ 51,046,922	$ 31,730,773
Beginning Net Assets:	285,324,201	269,941,137	227,003,560	175,956,638	144,225,865
Prior Period Adjustments	(10,421,988)	-	-	-	-
Ending Net Assets	$ 307,602,878	$ 285,324,201	$ 269,941,137	$ 227,003,560	$ 175,956,638

Table 12A - General Fund Reserves and Expenditures History

	Fiscal Years Ended August 31,				
	2025	2024	2023	2022	2021
Revenues:					
Local, Intermediate, & Out-of-State	$ 140,032,128	$ 136,199,901	$ 172,609,011	$ 154,544,647	$ 154,433,972
State Program Revenues	87,423,370	86,218,796	40,105,169	55,077,567	53,903,259
Federal Program Revenues	1,048,006	4,058,348	4,465,341	4,920,211	4,073,182
Total Revenues:	$ 228,503,504	$ 226,477,045	$ 217,179,521	$ 214,542,425	$ 212,410,413
Expenditures:					
Instruction	$ 138,120,613	$ 131,591,088	$ 124,758,957	$ 111,518,418	$ 122,540,321
Instructional Resources and Media Services	2,732,402	2,795,075	2,687,608	2,716,129	2,693,847
Curriculum & Instructional Staff Development	3,445,762	3,318,551	3,375,569	3,396,501	3,100,041
Instructional Leadership	3,173,296	3,023,373	2,626,574	2,424,028	2,456,475
School Leadership	13,203,604	12,414,671	12,022,490	11,875,244	11,548,914
Guidance, Counseling, & Evaluation Services	8,783,091	7,904,559	7,622,112	7,454,273	7,277,798
Social Work Services	1,088,402	187,927	228,792	224,490	424,729
Health Services	2,923,299	2,921,097	2,635,652	2,564,246	2,840,327
Student (Pupil) Transportation	7,130,581	6,913,616	5,792,441	5,938,964	4,732,251
Food Services	257,313	253,220	229,947	243,060	257,288
Co-curricular/Extracurricular Activities	5,560,664	5,030,970	5,220,290	5,016,355	4,443,274
General Administration	7,305,954	7,077,012	6,472,476	6,237,309	5,638,041
Plant Maintenance and Operations	23,049,157	23,037,962	21,341,396	18,322,203	17,222,313
Security & Monitoring Services	2,245,479	1,784,641	1,219,171	1,071,657	1,091,100
Data Processing Services	5,464,114	5,304,439	4,876,489	4,661,540	4,541,005
Community Services	217,370	51,085	86,992	64,178	66,369
Debt Service	550,532	691,474	567,320	444,282	-
Facilities Acquisition & Construction	15,176	6,433	2,870	6,389	-
Payments to Juvenile Justice Alternative Education Programs	44,763	4,386	3,483	-	-
Other Intergovernmental Charges	1,005,153	929,618	944,300	940,614	865,014
Total Expenditures:	$ 226,316,725	$ 215,241,197	$ 202,714,929	$ 185,119,880	$ 191,739,107
Excess (Deficiency) of Revenues Over Expenditures:	$ 2,186,779	$ 11,235,848	$ 14,464,592	$ 29,422,545	$ 20,671,306
Other Resources and (Uses):	(4,905,618)	(4,127,556)	(4,928,564)	(10,632,922)	32,513
Net Change in Fund Balance	$ (2,718,839)	$ 7,108,292	$ 9,536,028	$ 18,789,623	$ 20,703,819
Beginning Fund Balance:	178,303,284	171,194,992	161,658,964	142,869,341	122,165,522
Ending Fund Balance:	$ 175,584,445	$ 178,303,284	$ 171,194,992	$ 161,658,964	$ 142,869,341

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INVESTMENT AUTHORITY AND PRACTICES OF THE DISTRICT

Under State law, the District is authorized to make investments meeting the requirements of the PFIA, which currently include Under Texas law, the District is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is unconditionally guaranteed or insured by or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (the "FDIC") or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund, or their respective successors; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this state that the investing entity selects from a list the governing body or designated investment committee of the entity adopts as required by Section 2256.025, Texas Government Code; or (ii) a depository institution with a main office or branch office in this state that the investing entity selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the investing entity appoints as the entity's custodian of the banking deposits issued for the entity's account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3; (9) certificates of deposit and share certificates meeting the requirements of the Texas Public Funds Investment Act (Chapter 2256, Texas Government Code, as amended)(the "PFIA") (i) that are issued by or through an institution that has its main office or a branch office in Texas and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (8) or in any other manner and amount provided by law for District deposits; or (ii) where (a) the funds are invested by the District through (I) a broker that has its main office or a branch office in the State of Texas and is selected from a list adopted by the District as required by law or (II) a depository institution that has its main office or a branch office in the State of Texas that is selected by the District; (b) the broker or the depository institution selected by the District arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the District; (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and (d) the District appoints the depository institution selected under (a) above, a custodian as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the United States Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the District with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1) which are pledged to the District, held in the District's name, and deposited at the time the investment is made with the District or with a third party selected and approved by the District and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) securities lending programs if (i) the value of the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (13) through (15) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the District, held in the District's name and deposited at the time the investment is made with the District or a third party designated by the District; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less; (12) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (13) commercial paper with a stated maturity of 270 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank; (14) no-load money market mutual funds registered with and regulated by the United States Securities and Exchange Commission that comply with federal Securities and Exchange Commission Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.) and that provide the investing entity with a prospectus and other information required by the Securities Exchange Act of 1934; (15) no-load mutual funds registered with the United States Securities and Exchange Commission that have an average weighted maturity of less than two years, and either: (i) have a duration of one year or more and are invested exclusively in obligations described in this paragraph or (ii) have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities; and (16) aggregate repurchase agreement transactions entered into by an investing entity in conformity with the provisions of subsections (a-1), (f) and (g) of Section 2256.011 of the PFIA. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities, other than the prohibited obligations described below, in an amount at least equal to the amount of bond proceeds invested under such contract and are pledged to the District and deposited with the District or with a third party selected and approved by the District.

The District may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAAm or an equivalent by at least one nationally recognized rating service. The District may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the District retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the District must do so by order, ordinance, or resolution.

The District is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Under State law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for District funds, the maximum allowable stated maturity of any individual investment, the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the PFIA. All District funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under State law, the District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment considering the probable safety of capital and probable income to be derived." At least quarterly the District's investment officers must submit an investment report to the Board detailing: (1) the investment position of the District, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, the ending market value and the fully accrued interest during the reporting period of each pooled fund group, (4) the book value and market value of each separately listed asset at the end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategies and (b) State law. No person may invest District funds without express written authority from the Board.

ADDITIONAL PROVISIONS . . . Under State law, the District is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution; (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the Board; (4) require the qualified representative of firms offering to engage in an investment transaction with the District to: (a) receive and review the District's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the District and the business organization that are not authorized by the District's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the District's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement in a form acceptable to the District and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the District's investment policy; (6) provide specific investment training for the treasurer, chief financial officer and investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the District's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the District.

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TABLE 13 - CURRENT INVESTMENTS

As of May 31, 2026, funds were invested as follows:

Description of Investment	Market Value
T-Bonds, etc.	$ 384,617,523
Investment Pools	240,424,877
Certificates of Deposit	26,397,212
Bank Accounts	31,306,183
TOTAL	$ 682,745,794

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TAX MATTERS

CERTAIN FEDERAL INCOME TAX CONSIDERATIONS . . . The following discussion is a summary of certain expected material federal income tax consequences of the purchase, ownership and disposition of the Bonds and is based on the Internal Revenue Code of 1986 (the "Code"), the regulations promulgated thereunder, published rulings and pronouncements of the Internal Revenue Service ("IRS") and court decisions currently in effect. There can be no assurance that the IRS will not take a contrary view, and no ruling from the IRS, has been, or is expected to be, sought on the issues discussed herein. Any subsequent changes or interpretations may apply retroactively and could affect the opinion and summary of federal income tax consequences discussed herein.

The following discussion is not a complete analysis or description of all potential U.S. federal tax considerations that may be relevant to, or of the actual tax effect that any of the matters described herein will have on, particular holders of the Bonds and does not address U.S. federal gift or estate tax or (as otherwise stated herein) the alternative minimum tax, state, local or other tax consequences. This summary does not address special classes of taxpayers (such as partnerships, or other pass-thru entities treated as a partnerships for U.S. federal income tax purposes, S corporations, mutual funds, insurance companies, financial institutions, small business investment companies, regulated investment companies, real estate investment trusts, grantor trusts, former citizens of the U.S., broker-dealers, traders in securities and tax-exempt organizations, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be subject to branch profits tax or personal holding company provisions of the Code or taxpayers qualifying for the health insurance premium assistance credit) that are subject to special treatment under U.S. federal income tax laws, or persons that hold Bonds as a hedge against, or that are hedged against, currency risk or that are part of hedge, straddle, conversion or other integrated transaction, or persons whose functional currency is not the "U.S. dollar". This summary is further limited to investors who will hold the Bonds as "capital assets" (generally, property held for investment) within the meaning of Section 1221 of the Code. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

As used herein, the term "U.S. Holder" means a beneficial owner of a Bond who or which is: (i) an individual citizen or resident of the United States, (ii) a corporation or partnership created or organized under the laws of the United States or any political subdivision thereof or therein, (iii) an estate, the income of which is subject to U.S. federal income tax regardless of the source; or (iv) a trust, if (a) a court within the U.S. is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (b) the trust validly elects to be treated as a U.S. person for U.S. federal income tax purposes. As used herein, the term "Non-U.S. Holder" means a beneficial owner of a Bond that is not a U.S. Holder.

THIS SUMMARY IS INCLUDED HEREIN FOR GENERAL INFORMATION ONLY AND DOES NOT DISCUSS ALL ASPECTS OF THE U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER OF BONDS IN LIGHT OF THE HOLDER'S PARTICULAR CIRCUMSTANCES AND INCOME TAX SITUATION PROSPECTIVE HOLDERS OF THE BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE BONDS BEFORE DETERMINING WHETHER TO PURCHASE BONDS. THE SUMMARY IS NOT INTENDED OR WRITTEN TO BE USED TO AVOID PENALTIES THAT MIGHT BE IMPOSED ON THE TAXPAYER IN CONNECTION WITH THE MATTERS DISCUSSED THEREIN. INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE TAX IMPLICATIONS THE PURCHASE, OWNERSHIP OR DISPOSITION OF THE BONDS UNDER APPLICABLE STATE OR LOCAL LAWS, OR ANY OTHER TAX CONSEQUENCE.

FOREIGN INVESTORS SHOULD ALSO CONSULT THEIR OWN TAX ADVISORS REGARDING THE TAX CONSEQUENCES UNIQUE TO NON-U.S. HOLDERS.

INFORMATION REPORTING AND BACKUP WITHHOLDING . . . Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Bonds will be sent to each registered holder and to the IRS. Payments of interest and principal may be subject to withholding under sections 1471 through 1474 or backup withholding under Section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES TO U.S. HOLDERS . . . Periodic Interest Payments and Original Issue Discount. The Bonds are not obligations described in Section 103(a) of the Code. Accordingly, the stated interest paid on the Bonds or any original issue discount accruing on the Bonds will be includable in "gross income" within the meaning of Section 61 of the Code of each owner thereof and be subject to federal income taxation when received or accrued, depending upon the tax accounting method applicable to such owner.

Disposition of Bonds. An owner will recognize gain or loss on the redemption, sale, exchange or other disposition of a Bond equal to the difference between the redemption or sale price (exclusive of any amount paid for accrued interest) and the owner's tax basis in the Bonds. Generally, a U.S. Holder's tax basis in the Bonds will be the owner's initial cost, increased by income reported by such U.S. Holder, including original issue discount and market discount income, and reduced, but not below zero, by any amortized premium. Any gain or loss generally will be a capital gain or loss and either will be long-term or short-term depending on whether the Bonds has been held for more than one year.

Defeasance of the Bonds. Defeasance of any Bond may result in a reissuance thereof, for U.S. federal income tax purposes, in which event a U.S. Holder will recognize taxable gain or loss as described above.

STATE, LOCAL AND OTHER TAX CONSEQUENCES . . . Investors should consult their own tax advisors concerning the tax implications of holding and disposing of the Bonds under applicable state or local laws, or any other tax consequence, including the application of gift and estate taxes. Certain individuals, estates or trusts may be subject to a 3.8% surtax on all or a portion of the taxable interest that is paid on the Bonds. PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE FOREGOING MATTERS.

CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS . . . A Non-U.S. Holder that is not subject to U.S. federal income tax as a result of any direct or indirect connection to the U.S. in addition to its ownership of a Bond, will not be subject to U.S. federal income or withholding tax in respect of such Bond, provided that such Non-U.S. Holder complies, to the extent necessary, with identification requirements including delivery of a signed statement under penalties of perjury, certifying that such Non-U.S. Holder is not a U.S. person and providing the name and address of such Non-U.S. Holder. Absent such exemption, payments of interest, including any amounts paid or accrued in respect of accrued original issue discount, may be subject to withholding taxes, subject to reduction under any applicable tax treaty. Non-U.S. Holders are urged to consult their own tax advisors regarding the ownership, sale or other disposition of a Bond.

The foregoing rules will not apply to exempt a U.S. shareholder of a controlled foreign corporation from taxation on the U.S. shareholder's allocable portion of the interest income received by the controlled foreign corporation.

CONTINUING DISCLOSURE INFORMATION

In the Order, the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board (the "MSRB").

ANNUAL REPORTS . . . The District will provide certain updated financial information and operating data annually to the MSRB. The information to be updated includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement under Tables numbered 1 through 6 and 8 through 13 and in Appendix B, which is the District's annual audited financial report. The District will update and provide the information in the numbered tables ("annual financial information") within six months after the end of each fiscal year ending in and after 2026 and, if not submitted as part of such annual financial information, the District will provide audited financial statements when and if available, and in any event, within 12 months after the end of each fiscal year. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the District will file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year ending in and after 2026, when and if the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix B or such other accounting principles as the District may be required to employ from time to time pursuant to State law or regulation.

The District's current fiscal year end is August 31. Accordingly, the District must provide updated information included in the above-referenced tables by the last day of February in each year, and audited financial statements for the preceding fiscal year (or unaudited financial statements if the audited financial statements are not yet available) must be provided by August 31 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will file notice of the change (and of the date of the new fiscal year end) with the MSRB prior to the next date by which the District otherwise would be required to provide financial information and operating data as set forth above.

All financial information, operating data, financial statements and notices required to be provided to the MSRB shall be provided in an electronic format and be accompanied by identifying information prescribed by the MSRB. Financial information and operating data to be provided as set forth above may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document) available to the public on the MSRB's Internet Web site or filed with the Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12 (the "Rule").

NOTICE OF CERTAIN EVENTS . . . The District shall provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner and not more than 10 business days after the occurrence of the event: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the District, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District (as defined by the Rule, which includes certain debt, debt-like, and debt-related obligations), if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such financial obligation of the District, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any such financial obligation of the District, any of which reflect financial difficulties.

For these purposes, any event described in clause (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District. Additionally, the District intends the words used in clauses (15) and (16) of the preceding paragraph and the definition of "financial obligation" in these clauses to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018. "Financial Obligation" is defined in the Order as a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule. Neither the Bonds nor the Order make any provision for debt service reserves or liquidity enhancement or credit enhancement. In addition, the District will provide timely notice of any failure by the District to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

AVAILABILITY OF INFORMATION. . . The District has agreed to provide the foregoing information only as described above. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

LIMITATIONS AND AMENDMENTS . . . The District has agreed to update information and to provide notices of certain specified events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell the Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of the Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

The District may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell the Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The District may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the District so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . During the last five (5) years, the District has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

OTHER INFORMATION

RATINGS

The Bonds and the presently outstanding tax supported debt of the District are rated "AA+" by S&P without regard to credit enhancement. An explanation of the significance of such ratings may be obtained from the companies furnishing the ratings. The ratings reflect only the views of such organizations and the District makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by either rating company, if in the judgment of either company, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

LITIGATION

The District is not a party to any litigation or other proceeding pending or, to its knowledge, threatened, in any court, agency or other administrative body (either state or federal) which, if decided adversely to the District, would have a material adverse effect on the financial condition or operations of the District. At the time of the initial delivery of the Bonds, the District will provide the Underwriter with a certificate to the effect that no litigation of any nature has been filed or is then pending challenging the issuance of the Bonds or that affects the payment and security of the Bonds or in any other manner questioning the issuance, sale or delivery of the Bonds.

CYBERSECURITY RISKS

Computer networks and data transmission and collection are vital to the operations of the District. Information technology and infrastructure of the District may be subject to attacks by outside or internal hackers and may be subject to breach by employee error, negligence or malfeasance. An attack or breach could compromise systems and the information stored thereon, result in the loss of confidential or proprietary data and disrupt the operations of the District. To mitigate these risks, the District continuously endeavors to improve the range of control for digital information operations, enhancements to the authentication process, and additional measures toward improving system protection/security posture, including required training for District staff and administration.

WEATHER EVENTS

The District is located in North Texas. Land located in this area is susceptible to high winds and tornadic activity. If a future weather event significantly damaged all or part of the properties comprising the tax base within the District, the assessed value of property within the District could be substantially reduced, which could result in a decrease in tax revenues and/or necessitate an increase the District’s tax rate. Texas law allows the District to increase property tax rates without voter approval upon the occurrence of certain disasters such as floods and upon a gubernatorial or presidential declaration of disaster. There can be no assurance that a casualty loss to taxable property within the District will be covered by insurance (or that property owners will even carry flood or other casualty insurance), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damaged improvements within the District or be sufficient for such purposes. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the District could be adversely affected.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

The sale of the Bonds has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any other jurisdiction. The District assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

It is the obligation of the Underwriter to register or qualify the sale of the Bonds under the securities laws of any jurisdiction which so requires. The District agrees to cooperate, at the Underwriter’s written request and sole expense, in registering or qualifying the Bonds or in obtaining an exemption from registration or qualification in any state where such action is necessary; provided, however, that the District shall not be required to qualify as a foreign corporation or to execute a general or special consent to service of process in any jurisdiction.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Bonds are negotiable instruments, investment securities governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with at least $1 million of capital, and savings and loan associations. In accordance with the Public Funds Investment Act, Chapter 2256, Texas Government Code, the Bonds must be rated not less than "A" or its equivalent as to investment quality by a national rating agency in order for most municipalities or other political subdivisions or public agencies of the State of Texas to be authorized to invest in the Bonds, except for purchases for interest and sinking funds of such entities. See "OTHER INFORMATION -- Ratings" herein. Moreover, municipalities or other political subdivisions or public agencies of the State of Texas that have adopted investment policies and guidelines in accordance with the Public Funds Investment Act may have other, more stringent requirements for purchasing securities, including the Bonds. The Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value.

The District has made no investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Bonds for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Bonds for such purposes. The District has made no review of laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

LEGAL MATTERS

The delivery of the Bonds is subject to the approval of the Attorney General of Texas, who will deliver its opinion, to the effect that the Bonds are valid and legally binding obligations of the District payable from the proceeds of an annual ad valorem tax levied, without legal limit as to rate or amount, upon all taxable property in the District, and based upon examination of such transcript of proceedings, the approval of certain legal matters by Bond Counsel, which will deliver its opinion to the effect that the Bonds are valid and legally binding obligations of the District. Bond Counsel also advises the TEA in connection with its disclosure obligations under the federal securities laws, but Bond Counsel has not passed upon any TEA disclosures contained in this Official Statement. The form of Bond Counsel's opinion is attached hereto as Appendix C. Though it may represent the Financial Advisor and the Underwriter from time to time in matters unrelated to the issuance of the Bonds, Bond Counsel has been engaged by and only represents the District in connection with the issuance of the Bonds. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Bonds which would affect the provision made for their payment or security, or in any manner questioning the validity of said Bonds will also be furnished to the Underwriter. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information under the captions and subcaptions "PLAN OF FINANCING," "THE BONDS" (excluding the information under the subcaptions "DTC Notices," "Book-Entry-Only System," "Bondholders' Remedies" and "Sources and Uses of Proceeds"), "STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS", "CURRENT PUBLIC SCHOOL FINANCE SYSTEM", "TAX RATE LIMITATIONS" (first paragraph only under "M&O Tax Rate Limitations"), "TAX MATTERS", "CONTINUING DISCLOSURE INFORMATION" (excluding the information under the subcaption "Compliance with Prior Undertakings"), "OTHER INFORMATION - Registration and Qualification of Bonds for Sale", "OTHER INFORMATION - Legal Investments and Eligibility to Secure Public Funds in Texas", and "OTHER INFORMATION - Legal Matters" (excluding the last sentence of the first paragraph thereof) in the Official Statement and such firm is of the opinion that the information relating to the Bonds and the legal issues contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the provisions of the Order. The District expects to pay the legal fee of Bond Counsel for services rendered in connection with the issuance of the Bonds from proceeds of the Bonds. Certain legal matters will be passed upon for the Underwriter by its counsel Norton Rose Fulbright US LLP, Dallas, Texas, whose legal fees are contingent upon the sale and delivery of the Bonds.

The legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

FINANCIAL ADVISOR

Hilltop Securities Inc. ("HilltopSecurities") is employed as Financial Advisor to the District in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. HilltopSecurities, in its capacity as Financial Advisor, has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor to the District has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

UNDERWRITING

The Underwriter has agreed, subject to certain conditions, to purchase the Bonds from the District, at an underwriting discount of___________. The Underwriter will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriter and other dealers depositing Bonds into investment trusts) at prices lower than the public offering prices of such Bonds, and such public offering prices may be changed, from time to time, by the Underwriter.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement pursuant to its respective responsibilities to investors under federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

In the ordinary course of their various business activities, the Underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the District.

The Underwriter and its affiliates also may communicate independent investment recommendations, market advice, or trading ideas and/or publish or express independent research views in respect of such assets, securities or other financial instruments and at any time may hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and other financial instruments.

The Underwriter and its respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriter and its respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the District for which they received or will receive customary fees and expenses.

Jefferies LLC ("Jefferies") and its affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Under certain circumstances, Jefferies and its affiliates may have certain creditors and/or other rights against the District and its affiliates in connection with such activities. In the course of their various business activities, Jefferies and its affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the District (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the District. Jefferies and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to the clients that they should acquire, long and/or short positions in such assets, securities, and instruments.

VERIFICATION OF ARITHMETICAL AND MATHEMATICAL COMPUTATIONS

The Verification Agent will deliver to the District, on or before the settlement date of the Bonds, its verification report indicating that it has verified the mathematical accuracy of the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Escrowed Securities, to pay, when due, the maturing principal of, interest on and related call premium requirements, if any, of the Refunded Bonds. Such verification will be relied upon by Bond Counsel in rendering its opinion with respect to defeasance of the Refunded Bonds.

The Verification Agent relied on the accuracy, completeness and reliability of all information provided by, and on all decisions and approvals of, the District. In addition, the Verification Agent has relied on any information provided by the District's retained advisors, consultants or legal counsel.

FORWARD-LOOKING STATEMENTS DISCLAIMER

The statements contained in this Official Statement, and in any other information provided by the District, that are not purely historical, are forward-looking statements, including statements regarding the District's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the District on the date hereof, and the District assumes no obligation to update any such forward-looking statements. The District's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the District. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

MISCELLANEOUS

The financial data and other information contained herein have been obtained from the District's records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and orders contained in this Official Statement are made subject to all of the provisions of such statutes, documents and orders. These summaries do not purport to be complete statements of such provisions and reference is made to such statutes, documents and orders for further information. Reference is made to original documents in all respects.

In the Bond Order, the Board authorized the Pricing Officer to approve, and in the Pricing Certificate the Pricing Officer will approve, for and on behalf of the District, (i) the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and (ii) the Underwriter's use of this Official Statement in connection with the public offering and the sale of the Bonds in accordance with the provisions of the Rule.

Pricing Officer
Hurst-Euless-Bedford Independent School District

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SCHEDULE I

SCHEDULE OF REFUNDED BONDS*

Dated Date	(8/15)	Rate	Outstanding	Refunded	Unrefunded	Call Date	Call Price
September 1, 2017	2027	5.000%	$ 3,105,000	$ -	$ 3,105,000.00		
	2028	5.000%	2,615,000	-	2,615,000.00	8/15/2027	100%
	2029	5.000%	2,825,000	-	2,825,000.00	8/15/2027	100%
	2030	5.000%	4,750,000	-	4,750,000.00	8/15/2027	100%
	2031	5.000%	4,990,000	-	4,990,000.00	8/15/2027	100%
	2032	4.000%	5,235,000	-	5,235,000.00	8/15/2027	100%
	2033	4.000%	5,450,000	-	5,450,000.00	8/15/2027	100%
	2034	4.000%	5,665,000	220,000	5,445,000.00	8/15/2027	100%
	2035	4.000%	5,890,000	5,890,000	-	8/15/2027	100%
	2036	4.000%	6,125,000	6,125,000	-	8/15/2027	100%
			$ 46,650,000	$ 12,235,000	$ 34,415,000.00		

* Preliminary, subject to change.

APPENDIX A

GENERAL INFORMATION REGARDING THE DISTRICT

THE DISTRICT

The Hurst-Euless-Bedford Independent School District is located between Fort Worth and Dallas and includes the cities of Bedford, Euless and Hurst. The City of Hurst ("Hurst") is a residential and industrial community located nine miles from downtown Fort Worth on Highway 183. Hurst's 2024 estimated population is 40,430, and its 2020 census population was 40,413. The City of Bedford ("Bedford") 2024 estimated population is 49,930 and its 2020 census population was 49,928. The City of Euless ("Euless") is a rapidly growing residential and industrial community with a 2020 estimated population of 60,407 and its 2020 census population was 61,032. Dallas-Fort Worth International Airport is partially located within the District. Residents within the District are employed in nearby industries that includes the corporate headquarters for American Airlines and Bell Helicopter, Inc., one of the world's largest manufacturers of commercial and military helicopters.

DISTRICT ENROLLMENT

FYE 8/31	Enrollment	Average Daily Attendance
2022	22,874	21,334
2023	22,947	21,163
2024	23,226	21,417
2025	23,262	21,464
2026	23,033	21,492

CAMPUS INFORMATION

Campus	Number of Schools	Capacity	Number of Portables (1)
Elementary School	21	15,091	10
Junior High School	5	6,504	2
High School	2	5,725	14
Other	2	350	0
Totals	30	27,670	26

(1) Of the 26 Portables, only 15 are used as classrooms, 10 are used as storage, and 1 is used as an office.

SCHOOL AND EMPLOYEE INFORMATION

Employee Information:

Number of Employees	2,974
Number of Teachers	1,461
Number of Teachers with Doctorates Degrees:	23
Number of Teachers with Masters Degrees:	501
Number of Teachers with Bachelors Degrees:	934

Pupil/teacher ratio for 2023/24

Elementary School	15.51:1
Junior High School	15.37:1
High School	17.68:1
Other	0.1:1

INDUSTRY AND MANUFACTURING

The following table shows major employers within the Hurst-Euless-Bedford Independent School District:

Company/Firm/Organization	Type of Business	Estimated Number of Employees
American Airlines	Airline	5,850
Bell Helicopter Textron Inc.	Manufacturing	3,550
Hurst-Euless-Bedford ISD	Education	2,863
Texas Health Harris Methodist HEB	Hospital	1,480
Carter Blood Care	Blood Testing/Distribution	961
Wal-Mart Supercenter (collective)	Retail	865
LSG Sky Chefs Inc.	Airline Food and Beverage	663
State National Companies	Insurance	559
City of Euless	Municipal Government	403
City of Hurst	Municipal Government	379

TARRANT COUNTY

Tarrant County is a north central Texas county and a component of the Dallas-Fort Worth Metropolitan Statistical Area. Tarrant County is approximately 75 miles south of the Oklahoma line. The 2020 census for Tarrant County was 2,110,640 while the current population estimate for the County is 2,201,123. The economy is based on manufacturing and commerce.

Benbrook and Grapevine Lakes, Six Flags Amusement Park, Six Flags Hurricane Harbor, the Botanic Gardens, the AT&T Stadium, the Globe Life Park at Arlington and the many museums and parks in Arlington and nearby Fort Worth all bring additional visitors to the County.

ECONOMICS . . . Tarrant County is one of the largest manufacturing counties in the United States. Diversified manufacturing is responsible for the economy of Tarrant County, and commercial aviation has also become an important industry. Agriculture-oriented industries relating to livestock marketing, grain and agri-business related industry and services join with aerospace products, food and beverage, mobile homes, auto making and medical industries to offer numerous manufacturing jobs in the Metropolitan Area.

FORT WORTH ALLIANCE AIRPORT AND ALLIANCE CENTER…Alliance Airport ("Alliance") is owned by the City of Fort Worth and is billed as the world's first purely industrial airport. Alliance has one 9,600-foot runway and an 8,200 foot parallel runway. Alliance has extended the main runway by 3,400 feet to accommodate certain additional aircraft operations. Federal Express Corporation has constructed a regional express mail sorting hub at Alliance. Currently, Alliance is not certified to provide air carrier passenger service.

AMERICAN AIRLINES…American Airlines Group Inc. was formed on December 9, 2013, with the closing of the merger between American Airlines and US Airways Group. The world headquarters is located in Fort Worth in CentrePoint Commercial Park occupying approximately 1.4 million square feet and employing more than 5,800 people. As one of the largest airlines in the world, American Airlines contributes more than $117 billion per year to the U.S. economy and employs over 130,000 people worldwide.

BELL HELICOPTER TEXTRON INC…Bell Helicopter is a leading producer of commercial and military helicopters, and the pioneer of the revolutionary tilt-rotor aircraft. Bell secured a $183.8 million contract into 2007 from the U.S. Department of Defense for three Super Cobra helicopters and six Huey helicopters. In 1999, Bell expanded its operations at two locations in Fort Worth buying a 28,000-square-foot, three-story office building on 15 acres of land at Alliance to establish a sales and training facility. The facility employs approximately 4,600.

HISTORICAL EMPLOYMENT DATA

	Annual Averages				
	2025	2024	2023	2022	2021
Tarrant County					
Civilian Labor Force	1,207,781	1,192,098	1,166,267	1,134,946	1,107,347
Total Employment	1,160,092	1,144,792	1,121,897	1,093,145	1,048,607
Unemployment	47,689	47,306	44,370	41,801	58,740
Percent Unemployment	3.9%	4.0%	3.8%	3.7%	5.3%
State of Texas					
Civilian Labor Force	15,883,632	15,628,870	15,248,074	14,784,035	14,366,604
Total Employment	15,218,369	14,985,161	14,636,691	14,200,881	13,556,544
Unemployment	665,263	643,709	611,383	583,154	810,060
Percent Unemployment	4.2%	4.1%	4.0%	3.9%	5.6%

Source: Texas Workforce Commission

HIGHER EDUCATION

Tarrant County has eight college and university campuses with an enrollment of more than 60,000 students in both undergraduate and graduate programs. Included in these colleges and universities are: Southwestern Baptist Theological Seminary; Tarrant County College, South, Northeast, Southeast, and Northwest Campuses; Texas Christian University; Texas Wesleyan University; the University of Texas at Arlington; and the University of North Texas Health Science Center. There are twenty-nine other colleges and universities within a fifty-mile radius with an enrollment of over 119,000. Texas A&M University purchased the former Wesleyan School of Law in downtown Fort Worth; Texas A&M University School of Law started classes in Fall 2013.

POPULATION AND TRANSPORTATION

The City of Fort Worth is the county seat and largest city in Tarrant County. Other cities (and 2020 census population) include Arlington (394,266), North Richland Hills (69,917), Bedford (49,928), Euless (61,032), Hurst (40,413), and Haltom City (46,073).

The Dallas/Fort Worth International Airport (the "Airport") is the third busiest airport in the world in terms of operations and ranks second in the world based on passengers. The Airport is the principal air carrier facility serving the Dallas/Fort Worth metropolitan area. First opened on January 13, 1974, the Airport is located approximately 17 miles equidistant from the cities of Dallas and Fort Worth, Texas. The Airport currently has departures to 254 destinations including destinations in Europe, Asia, Canada, Mexico, Central and South America, Australia, the Middle East and the Caribbean. American Airlines is one of the top ten taxpayers of the County.

Meacham International Airport, a Fort Worth municipally owned and operated general aviation airport, logs over 200,000 take-offs and landings annually at its all-weather facilities and is equipped with a 7,500 foot runway. Fort Worth Spinks Airport, a general aviation airport located in the southwestern portion of the City of Fort Worth, is equipped with a 6,000 foot runway and two taxiways. Alliance Airport serves the needs of industrial, business, and general aviation users and is equipped with a 9,600 foot runway.

Fort Worth Spinks Airport, a general aviation airport located in the southwestern portion of the City of Forth Worth is equipped with a 6,000 foot runway and two taxiways.

Alliance Airport serves the needs of industrial, business and general aviation users and is equipped with a 9,600 foot runway.

SURFACE TRANSPORT . . . Three interstate highways (Interstate 20, Interstate 30 and Interstate 35), five federal and four state highways provide all-weather routes within Fort Worth and to and from the rest of the nation. Interstate 820, which encircles the City of Fort Worth, allows quick access to all parts of the Fort Worth area. The Texas Highway Commission has completed a master highway construction plan for Tarrant County to provide for transportation needs through the foreseeable future, including relocation of Interstate 30 from a point just east of downtown to several miles west. This project is underway and will promote redevelopment of the south end of the Central Business District and the Hospital District southwest of downtown.

Fort Worth is served by six major railroad systems one of which, Burlington Northern/Santa Fe Railroad, has its corporate headquarters in Fort Worth. Rail passenger service is provided through Fort Worth, including AMTRAK service between Houston and Chicago. Fort Worth's position as a major southwest distribution center is supported by the presence of 75 regular route motor carriers with over 750 schedules. Local transit service is provided by "The T", a public transit agency, operated by the Fort Worth Transportation Authority. Trinity Railway Express provides service for the Metroplex. Greyhound Trailways Bus Lines furnish Fort Worth with transcontinental passenger service.

APPENDIX B

EXCERPTS FROM THE

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

For the Year Ended August 31, 2025

The information contained in this Appendix consists of excerpts from the Hurst-Euless-Bedford Independent School District Annual Financial Report for the Year Ended August 31, 2025, and is not intended to be a complete statement of the District's financial condition. Reference is made to the complete Report for further information.

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

Independent Auditor's Report

Board of Trustees
Hurst-Euless-Bedford Independent School District

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

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

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

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

Other Reporting Required by *Government Auditing Standards*

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
January 12, 2026

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

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

FINANCIAL HIGHLIGHTS

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

The *government-wide basic financial statements* are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business. This section begins with statements of net position and activities. These two statements provide information about the activities of the District as a whole and present a long-term view of the District's property and debt obligations and other financial matters.

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

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

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

Fund Financial Statements

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

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

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

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

Notes to the Basic Financial Statements

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

Required Supplementary Information

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

Supplementary Information

The combining statements for non-major governmental funds and internal service funds contain even more information about the District's financial management and service offerings. Texas Education Agency (TEA) does not require the supplemental material. It should be noted, the section labeled Other Schedules contains data used by monitoring or regulatory agencies, such as TEA, for assurance that the District is using allocated funds in compliance with the terms of grant agreements. The combining balance sheets of non-major governmental funds provide detailed information of the District's Federal support, campus activities, and other special grants that identify enrichment opportunities to the District's local effort. Please refer to the Exhibits H1 and H2.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Governmental Activities

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

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

Business-type Activities

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

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

Table I
Condensed Statement of Net Position

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

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

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

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

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

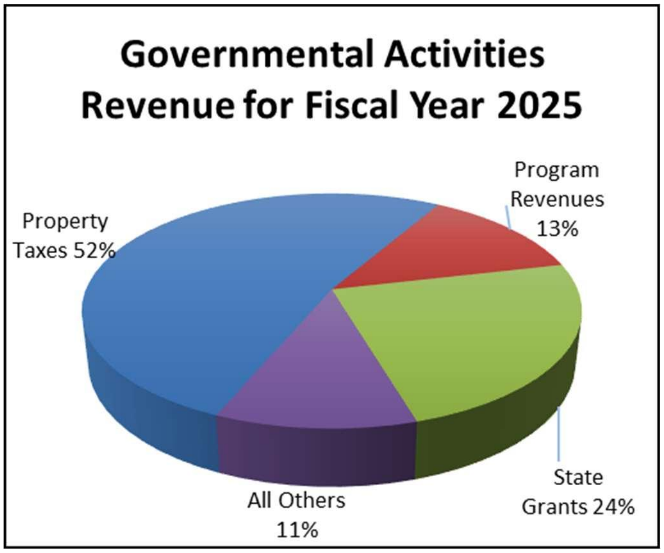
As shown in Table II, the cost of governmental activities this year was $323.1 million; however, the revenue of governmental activities totaled $355.2 million, which exceeded expenses by $32.1 million excluding transfers in. The primary sources of operating revenue were from property taxes totaling $185.0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

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

Table II
Change in Net Position

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

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



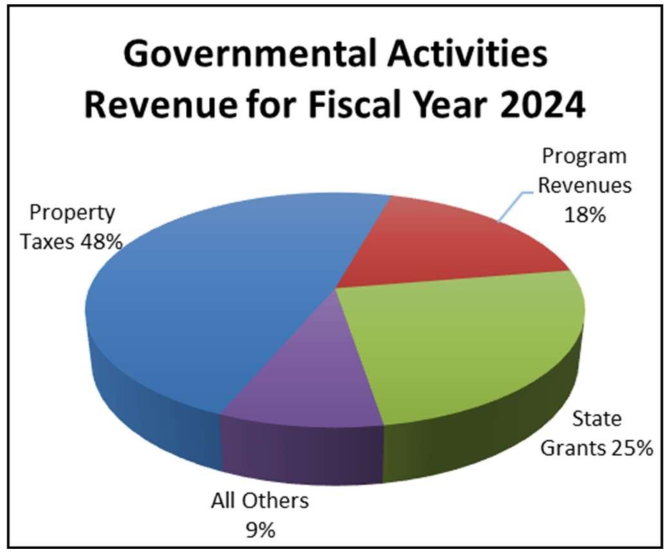


Table III presents the net cost of the District's major functional activities (net cost is total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs):

Table III
Function Analysis

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

GOVERNMENTAL FUNDS – FINANCIAL ANALYSIS

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

Governmental Funds

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

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

General Fund

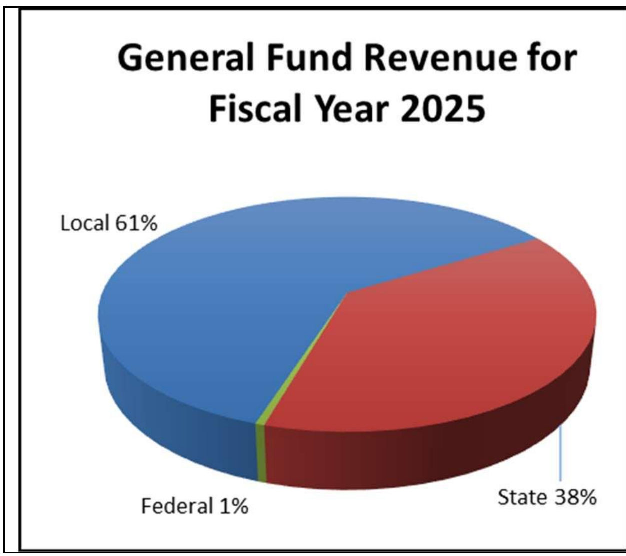
The fund balance of the District's general fund decreased by $2.7 million during the current fiscal year. Local revenue increased 2.8% while state revenue increased 1.4%. Expenditures had a 5.1% increase, mostly related to a 3% pay increase, additional overtime, and the addition of a few positions. The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

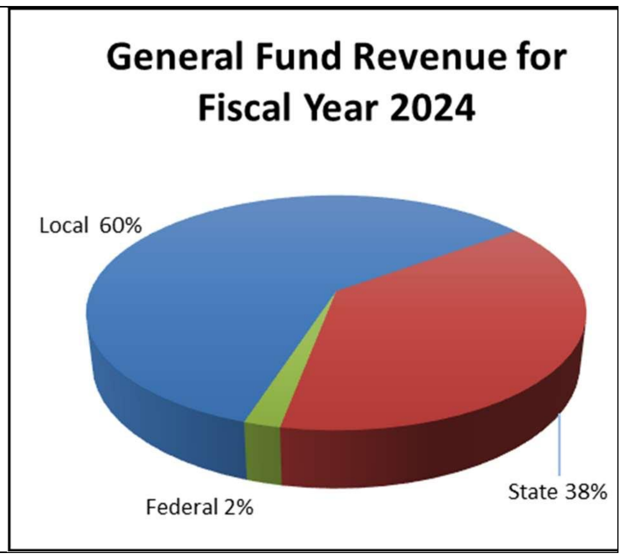
Fund Balance		2025		2024	% Change 2024 to 2025
General fund	$	175,584,445	$	178,303,284	-1.5%
Debt service		25,054,218		24,248,707	3.3%
Capital projects		517,627,255		601,131,638	-13.9%
Non-major		13,846,257		14,355,341	-3.5%
Total	$	732,112,175	$	818,038,970	-10.5%

General Fund

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

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

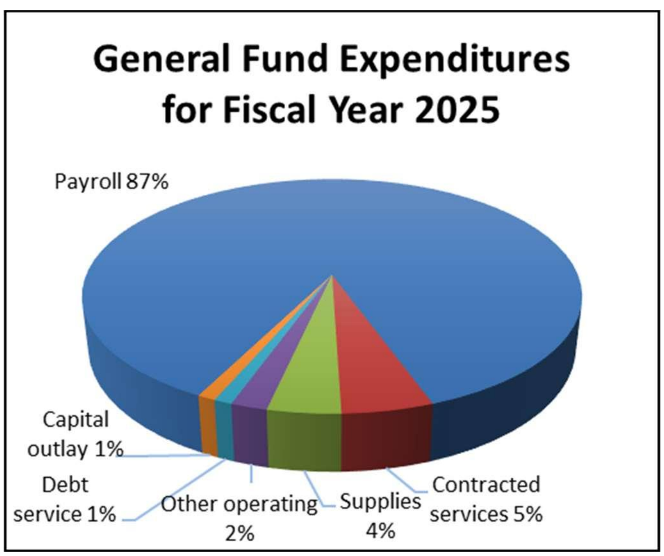


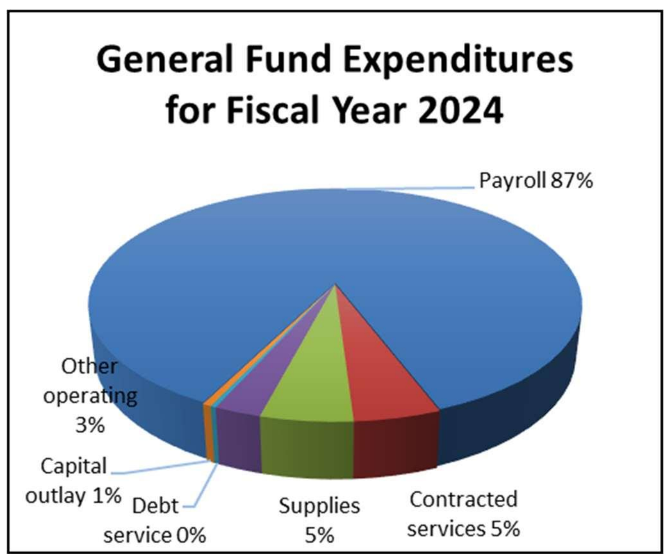


The District operates similar to a service entity; therefore, the largest portions of the General Fund expenditures are related to payroll costs and contracted services such as utilities, as presented in the following illustrations.

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

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





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

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

FINANCIAL HIGHLIGHTS

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

The *government-wide basic financial statements* are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business. This section begins with statements of net position and activities. These two statements provide information about the activities of the District as a whole and present a long-term view of the District's property and debt obligations and other financial matters.

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

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

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

Long-Term Liabilities

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

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

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

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

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

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

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

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

* Excluding on-behalf expense paid by the State

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Economic Factors

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

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

District's Tax Rate

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

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BASIC FINANCIAL STATEMENTS

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Exhibit A-1

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

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

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

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

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

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

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

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Exhibit C-1

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

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

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

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

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

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

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Exhibit C-3

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

YEAR ENDED AUGUST 31, 2025

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

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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

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

YEAR ENDED AUGUST 31, 2025

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

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

Exhibit D-1

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

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

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

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

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

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

Exhibit D-3

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

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

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

Exhibit E-1

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

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

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

Exhibit E-2

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

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

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

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS - continued

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

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

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

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

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

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

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

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

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

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

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

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

D. FUND ACCOUNTING

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

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

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

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

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

Governmental Funds:

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

D. FUND ACCOUNTING - continued

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

Proprietary Funds:

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

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

Fiduciary Funds:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7. Deferred Outflows/Inflows of Resources

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

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

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

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

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

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

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

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

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

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

8. Pensions

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

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

9. Other Post-Employment Benefits

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

10. Fund Balances

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

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

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

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

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

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

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

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

11. Fund Balance Flow Assumptions

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

12. Net Position

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

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

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

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

13. Net Position Flow Assumptions

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

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

14. Leases

Lessee

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

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

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

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

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

Lessor

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

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

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

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

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

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

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

15. Subscription-Based Information Technology Arrangements (SBITAs)

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

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

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

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

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

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

17. GASB Pronouncements Implemented by the District

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

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

F. BUDGETARY INFORMATION

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

F. BUDGETARY INFORMATION - continued

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

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

DETAILED NOTES ON ALL FUNDS

G. DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

G. DEPOSITS AND INVESTMENTS - continued

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

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

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

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

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

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

G. DEPOSITS AND INVESTMENTS - continued

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

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

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

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

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

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

DEPOSITS AND INVESTMENTS - continued

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

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

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

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

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

G. DEPOSITS AND INVESTMENTS - continued

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

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

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

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

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

H. RECEIVABLES

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

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

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

Principal and Interest Expected to Maturity
Governmental Activities - Lessor

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

I. PROPERTY TAXES

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

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

J. DELINQUENT TAXES RECEIVABLE

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

K. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

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

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

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

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

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

L. CAPITAL ASSET ACTIVITY

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

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

L. CAPITAL ASSET ACTIVITY - continued

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

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

M. CHANGES IN LONG-TERM LIABILITIES

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

M. CHANGES IN LONG-TERM LIABILITIES -- continued

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

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

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

Lease Liability

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

M. CHANGES IN LONG-TERM LIABILITIES -- continued

Principal and Interest Expected to Maturity
Governmental Activities - Lessee

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

SBITA Liabilities

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

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

M. CHANGES IN LONG-TERM LIABILITIES -- continued

Subscription Assets

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

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

Subscriptions Payable
Governmental Activities - SBITA

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

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

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

M. CHANGES IN LONG-TERM LIABILITIES -- continued

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

Principal and Interest Expected to Maturity
Governmental Activities - SBITA

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

General Obligation Bonds

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

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

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

N. BONDS PAYABLE

Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. A summary of general long-term debt for the year ended August 31, 2025 is as follows:

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

Debt service requirements are as follows:

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

O. COMPENSATED ABSENCES

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

P. DEFINED BENEFIT PENSION PLAN

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

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

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

Benefits Provided. TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above. Accordingly, the 2023 Texas Legislature passed Senate Bill (SB) 10 and House Joint Resolution (HJR) 2 to provide eligible retirees with a one-time stipend and an ad hoc cost-of-living-adjustment (COLA).

P. DEFINED BENEFIT PENSION PLAN – continued

One-Time Stipends

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

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

Cost-of-Living Adjustment

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

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

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

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

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

Contribution Rates and Contribution Amounts

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

P. DEFINED BENEFIT PENSION PLAN – continued

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

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

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

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

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

P. DEFINED BENEFIT PENSION PLAN – continued

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

Valuation Date	August 31, 2023 rolled forward to August 2024
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term Expected Investment Rate of Return	7.00%
Municipal Bond Rate as of August 2024 *	3.87%
Last year ending August 31 in Projection Period (100 years)	2123
Inflation	2.3%
Salary Increases	2.95% to 8.95% including inflation
Ad hoc post-employment benefit changes	None

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

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

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

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

The long-term rate of return on pension plan investments is 7.00 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2024 are summarized on the following page:

P. DEFINED BENEFIT PENSION PLAN - continued

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

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

P. DEFINED BENEFIT PENSION PLAN – continued

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the net pension liability if the discount rate used was 1 percentage point lower than and 1 percentage point higher than the discount rate (7%) that was used in measuring the Net pension liability.

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the net pension liability:	$ 122,628,785	$ 76,774,785	$ 38,781,486

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. On August 31, 2025, the District reported a liability of $76,774,785 for its proportionate share of the TRS net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	$ 76,774,785
State's proportionate share that is associated with Hurst-Euless-Bedford ISD	$ 103,927,618
Total	$ 180,702,403

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

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

Changes in Assumptions and Benefits since the Prior Actuarial Valuation.

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

P. DEFINED BENEFIT PENSION PLAN - continued

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

For the year ended August 31, 2025 the District recognized pension expense of $10,782,209 and revenue of $12,421,087 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	$ 4,231,721	$ 599,420
Changes in Actuarial Assumptions	3,964,046	531,443
Difference between Projected and Actual Investment Earnings	466,687	-
Changes in Proportion and Difference between District contributions and Proportionate Share of Contributions	6,750,904	5,191,495
Contributions paid to TRS subsequent to the measurement date of the Net Pension Liability	7,386,165	-
Total	$ 22,799,523	$ 6,322,358

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

P. DEFINED BENEFIT PENSION PLAN - continued

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

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

Q. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

Plan Description. The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined benefit OPEB plan with a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

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

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

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

Q. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - continued

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

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

TRS-Care Monthly Premium Rates

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

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65 percent of salary. Section 1575.204 establishes a public school contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public or charter school. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act, which is 0.75 percent of each active employee's pay for fiscal year 2024. The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution Rates and Contribution Amounts

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

Q. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - continued

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

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

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

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

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

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

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

Q. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - continued

Additional Actuarial Methods and Assumptions:

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

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

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

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

Q. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - continued

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

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

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. On August 31, 2025, the District reported a liability of $49,858,302 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective Net OPEB liability	$ 49,858,302
State's proportionate share that is associated with Hurst-Euless-Bedford ISD	62,471,776
Total	$ 112,330,078

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

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

Q. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - continued

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

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

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

For the year ended August 31, 2025, the District recognized OPEB expense of $5,448,688 and revenue of $8,120,178 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 9,556,163	$ 24,881,996
Changes in actuarial assumptions	6,381,274	16,268,187
Difference between projected and actual investment earnings	-	139,620
Changes in proportion and difference between employer contributions and proportionate share of contributions	3,851,054	3,028,863
Contributions paid to TRS subsequent to the measurement date of the Net OPEB Liability	1,587,685	-
Total	$ 21,376,176	$ 44,318,666

Q. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - continued

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

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

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

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

R. GENERAL LIABILITY AND WORKERS' COMPENSATION INSURANCE

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

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

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

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

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

S. UNEARNED REVENUE

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

	Nonmajor Funds
Other	$ 36,656

T. DUE TO OTHER GOVERNMENTS

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

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

U. COMMITTED AND ASSIGNED FUND BALANCE

General Fund

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

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

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

Other Major Funds

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

Nonmajor Funds

Special revenue funds had a restricted fund balance of $7,302,372 for child nutrition and other grant obligations. Special revenue funds also had a committed fund balance of $6,519,645 primarily for campus activities and other local programs, and non-spendable fund balance of $16,740 for inventory and $7,500 for prepaid items.

V. NONMONETARY TRANSACTIONS

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

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

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

W. LITIGATION

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

X. COMMITMENTS AND CONTINGENCIES

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

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

Y. ADJUSTMENTS TO AND RESTATEMENTS OF BEGINNING BALANCES

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

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

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REQUIRED SUPPLEMENTARY INFORMATION

Exhibit G-1

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

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

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

BUDGETARY DATA

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

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

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

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

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

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

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HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

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

TEACHER RETIREMENT SYSTEM OF TEXAS PENSION PLAN

YEAR ENDED AUGUST 31, 2025

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

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

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

Exhibit G-2

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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS FOR PENSIONS

TEACHERS RETIREMENT SYSTEM OF TEXAS

FOR FISCAL YEAR 2025

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

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

Exhibit G-3

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

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

Changes of Assumptions

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

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

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

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

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

Changes in Benefit Terms

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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

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

TEACHER RETIREMENT SYSTEM OF TEXAS

YEAR ENDED AUGUST 31, 2025

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

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

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

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

Exhibit G-5

FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
0.1596533170%	0.1650900857%	0.1684827290%	0.1648004000%	0.1573706948%
$ 61,585,419	$ 62,758,197	$ 79,677,545	$ 82,286,333	$ 68,434,612
$ 82,510,736	$ 84,331,973	$ 105,873,637	$ 118,333,548	$ 104,951,155
$ 144,096,155	$ 147,090,170	$ 185,551,182	$ 200,619,881	$ 173,385,767
$ 154,750,203	$ 149,362,530	$ 142,595,146	$ 137,860,153	$ 133,047,929
39.80%	42.02%	55.88%	59.69%	51.44%
6.18%	4.99%	2.66%	1.57%	0.91%
100.13%	101.46%	135.21%	146.64%	132.55%

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

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

TEACHERS RETIREMENT SYSTEM OF TEXAS

LAST EIGHT FISCAL YEARS

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

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

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

Exhibit G-6

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

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

Changes since the Prior Actuarial Valuation

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

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

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

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

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

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

2020 - Changes of assumptions:

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

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

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

Changes in Benefit Terms

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

SUPPLEMENTARY INFORMATION - COMBINING STATEMENTS AND SCHEDULES

NON-MAJOR SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NON MAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2025

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

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

(Continued)

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

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

Special Revenue Funds

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

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

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

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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

NON MAJOR GOVERNMENTAL FUNDS

YEAR ENDED AUGUST 31, 2025

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

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

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INTERNAL SERVICE FUNDS

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

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

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

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

Exhibit H-3

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

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

Exhibit H-4

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

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

Exhibit H-5

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

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

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CUSTODIAL FUNDS

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

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

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

Exhibit H-9

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

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

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

Exhibit H-10

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

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

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

TEXAS EDUCATION AGENCY REQUIRED SCHEDULES

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECEIVABLE

YEAR ENDED AUGUST 31, 2025

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

8000 Total Taxes Refunded under section 26.115 Tax Code

Exhibit J-1

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

Exhibit J-2

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

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

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

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

HURST EULESS BEDFORD INDEPENDENT SCHOOL DISTRICT
STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2025

Section A: Compensatory Education Programs

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

Section B: Bilingual Education Programs

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

STATISTICAL SECTION
(Unaudited)

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

Financial Trends	Schedules 1 - 7

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

Revenue Capacity	Schedules 8 - 11

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

Debt Capacity	Schedules 12 - 15

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

Demographic and Economic Information	Schedules 16 - 17

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

Operating Information	Schedules 18 - 21

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

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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

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

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

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

Schedule 1

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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

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

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

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

Schedule 2

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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

General Revenues and Total Change in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

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

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

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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

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

Source: Balance Sheet - Governmental Funds - audited financial reports

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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Governmental Funds Revenues

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

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

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

Schedule 5

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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Governmental Funds Expenditures and Debt Service Ratio

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

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

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

Schedule 6

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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

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

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

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

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

Schedule 7

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

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HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Assessed Value and Actual Value of Taxable Property

Last Ten Fiscal Years

(Unaudited)

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

Source: Tarrant Appraisal District.

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

[a] Per $100 of assessed value.

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

(rate per $100 of assessed value)

(Unaudited)

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

Source: Information obtained from Tarrant Appraisal District website.

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

Overlapping Rates[a]

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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

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

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

[a] Information obtained from Tarrant Appraisal District.

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

Schedule 11

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Property Tax Levies and Collections

Last Ten Fiscal Years

(Unaudited)

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

Source: Information obtained from Tarrant County Tax Assessor.

Schedule 12

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Outstanding Debt by Type
Last Ten Fiscal Years
(Unaudited)

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

Note: Details of the District's outstanding debt can be found in Note M in the notes to the financial statements.
[a] See Schedule 16 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Direct and Overlapping Governmental Activities Debt

August 31, 2025

(Unaudited)

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

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

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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Legal Debt Margin Information

Last Ten Fiscal Years

(Unaudited)

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

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

Legal Debt Margin Calculation for Fiscal Year 2025

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

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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

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

Last Ten Years

(Unaudited)

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

Source: Information obtained from Tarrant Appraisal District.

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

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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Demographic and Economic Statistics
Last Ten Calendar Years
(Unaudited)

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

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

Schedule 17

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Principal Employers

Current Year and Nine Years Ago

(Unaudited)

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

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

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HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Full-time-Equivalent District Employees by Type

Last Ten Fiscal Years

(Unaudited)

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

Source: Information obtained from Texas Education Agency PEIMS reports

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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Operating Statistics
Last Ten Fiscal Years
(Unaudited)

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

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

Schedule 19

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

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HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Teacher Base Salaries
Last Ten Fiscal Years
(Unaudited)

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

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

[a] Information obtained from district records

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

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Capital Asset Information

Last Ten Fiscal Years

(Unaudited)

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

Source: Information obtained from District records.

Schedule 21

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

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APPENDIX C

FORM OF BOND COUNSEL'S OPINION

Proposed Form of Opinion of Bond Counsel

An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Bonds, assuming no material changes in facts or law.

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT
UNLIMITED TAX REFUNDING BONDS, TAXABLE SERIES 2026

IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____

AS BOND COUNSEL for the Hurst-Euless-Bedford Independent School District (the "District"), we have examined into the legality and validity of the issue of bonds described above (the "Bonds"), which bear interest from the date specified in the text of the Bonds, until maturity or redemption, at the rates and payable on the dates as stated in the text of the Bonds, and maturing serially on the dates specified in the text of the Bonds, all in accordance with the Order adopted by the Board of Trustees of the District authorizing the issuance of the Bonds (the "Order").

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas; a transcript of certified proceedings of the District relating to the authorization, issuance, sale and delivery of the Bonds, including the Order; certificates of officials of the District; and other pertinent instruments relating to the issuance of the Bonds. We have also examined one of the executed Bonds which we found to be in due form and properly executed.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Bonds have been authorized and issued and the Bonds delivered concurrently with this opinion have been duly delivered and that, assuming due authentication, Bonds issued in exchange therefore will have been duly delivered, in accordance with law, and that the Bonds, except as may be limited by laws applicable to the District relating to bankruptcy, reorganization and other similar matters affecting creditors' rights generally, and by governmental immunity and general principles of equity which permit the exercise of judicial discretion, constitute valid and legally binding obligations of the District, and ad valorem taxes sufficient to provide for the payment of the interest on and principal of the Bonds have been levied and pledged for such purpose, without limit as to rate or amount.

IT IS FURTHER OUR OPINION that the Bonds are not obligations described in Section 103(a) of the Internal Revenue Code of 1986, as amended.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective.

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as Bond Counsel for the District, and, in that capacity, we have been engaged by the District for the sole purpose of rendering our opinions with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the District, or the disclosure thereof in connection with the sale of the Bonds, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds and have relied solely on certificates executed by officials of the District as to the current outstanding indebtedness of, and assessed valuation of taxable property within the District. Our role in connection with the District's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

Respectfully,

Municipal Advisory Services
Provided By

HilltopSecurities™
Investment Banking Solutions