

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT
FOR YEAR ENDED JUNE 30, 2026

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INTRODUCTORY SECTION

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ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR YEAR ENDED JUNE 30, 2026

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CERTIFICATE OF BOARD

Alamo Heights Independent School District	Bexar	015-901
Name of School District	County	Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) ___approved ___disapproved for the year ended June 30, 2026, at a meeting of the board of trustees of such school district on the _____ day of _____ , _____.

_____ Signature of Board Secretary

_____ Signature of Board President

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Trustees:
Alamo Heights Independent School District
San Antonio, TX

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of Alamo Heights Independent School District, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise Alamo Heights Independent School 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, business-type activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of Alamo Heights Independent School District, as of June 30, 2026, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Alamo Heights School Foundation which is the only discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Alamo Heights School Foundation, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. The financial statements of the Alamo Heights School Foundation were not audited in accordance with *Government Auditing Standards*. We are required to be independent of Alamo Heights Independent School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Responsibilities of Management for the Financial Statements

Alamo Heights Independent School District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Alamo Heights Independent School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Alamo Heights Independent School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Alamo Heights Independent School District's ability to continue as a going concern for a reasonable period of time.

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

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Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information (as listed in the table of contents and the management's discussion and analysis section) be presented to supplement the basic financial statements. Such information, 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 Alamo Heights Independent School District's basic financial statements. The supplementary information (as listed in the table of contents) and schedule of expenditures of federal awards (SEFA) as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) 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.

The supplementary information, including the SEFA, 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and SEFA are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information (as listed in the table of contents) does not include the financial statements and our auditor's report thereon. Our opinions on the 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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.

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2026 on our consideration of Alamo Heights Independent School 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 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 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 Alamo Heights Independent School District's internal control over financial reporting and compliance.

Armstrong, Vaughan & Associates, P.C.

Armstrong, Vaughan & Associates, P.C.

October 14, 2026

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MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of Alamo Heights Independent School District, discuss and analyze the District's financial performance for the year ended June 30, 2026. Please read it in conjunction with the independent auditors' report, and the District's Basic Financial Statements. If you have questions about this report or need additional financial information, contact the District's business office, at Alamo Heights Independent School District, 7101 Broadway, Alamo Heights, Texas 78209.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net position and the Statement of Activities. These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these 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, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to external customers and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations can be found in the government-wide Statements of Net Position and Activities. Their primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies. These statements also include the financials of the Alamo Heights School Foundation, a legally separate entity that exists solely to benefit the District and its constituents.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received from students from outside the district and grants provided by the U.S. Department of Education to assist children with disabilities or from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by TEA in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the District's net position and changes in them. The District's net position (the difference between assets and liabilities) provides one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider non-financial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, we divide the District into two kinds of activities:

- Governmental activities–Most of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.

- Business-type activities–The District charges a fee to "customers" to help it cover all or most of the cost of services it provides.

In addition, these statements present financial information for the District's component unit (the Alamo Heights School Foundation) in a separate column. The Foundation is a legally separate entity that exists to raise money in the interest of the District.

Reporting the District's Most Significant Funds
Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds–not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District's three kinds of funds – governmental, fiduciary and proprietary – use different accounting approaches:

- Governmental funds–Most of the District's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

- Proprietary funds–The District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. In fact, the District's enterprise funds (one category of proprietary funds) are the business-type activities reported in the government-wide statements but containing more detail and additional information, such as cash flows.

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

Required Supplementary Information
The basic financial statements are followed by a section of required supplementary information. This section includes a Budgetary Comparison Schedule—General Fund, Schedule of the District's Proportionate Share of the Net Pension Liability—TRS, Schedule of the District's Contributions—TRS, Schedule of the District's Proportionate Share of the Net OPEB Liability—TRS-Care, and Schedule of District's Contributions—TRS-Care. The Budgetary Comparison Schedule—General Fund provides detail comparisons of expenditures and intra-agency transfers at the legal level of control. Comparisons can be made between the original budget, final budget and actual costs for the year. The Schedule of the District's Proportionate Share of the Net Pension Liability—TRS and Schedule of the District's Contributions—TRS disclose covered payroll and related comparison information, as required by the Government Accounting Standards Board (GASB) Statement No. 68. The Schedule of the District's Proportionate Share of the Net OPEB Liability—TRS-Care and Schedule of the District's Contributions—TRS-Care disclose covered payroll and related comparison information, as required by GASB Statement No. 75.

The District as Trustee
Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities and for certain donations controlled by outside parties. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

ANALYSIS OF THE DISTRICT'S FINANCES

	June 30, 2026			June 30, 2025
	Governmental Activities	Business-type Activities	Total	Total
Current and Other Assets	$ 102,231,511	$ 25,808	$ 102,257,319	$ 138,512,369
Capital Assets	314,763,829	-	314,763,829	220,781,602
Total Assets	416,995,340	25,808	417,021,148	359,293,971
Deferred Outflows	7,235,672	-	7,235,672	6,764,251
Current Liabilities	37,738,045	-	37,738,045	46,586,168
Long-Term Liabilities	359,389,441	-	359,389,441	300,175,744
Total Liabilities	397,127,486	-	397,127,486	346,761,912
Deferred Inflows	11,611,559	-	11,611,559	11,457,753
Net Investment in Capital Assets	20,421,338	-	20,421,338	19,198,156
Restricted	6,473,712	-	6,473,712	4,689,441
Unrestricted	(11,403,083)	25,808	(11,377,275)	(16,049,040)
Total Net Position	$ 15,491,967	$ 25,808	$ 15,517,775	$ 7,838,557

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Net position of the District as a whole increased $7.7 million. Most of the increase is related to property taxes levied to pay principal on long-term bonds. 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 other legal requirements - was a deficit of ($11.4) million at June 30, 2026. Adding back the net pension and net other post-employment benefit liabilities (and related deferred inflows/outflows) leaves a positive balance of $15.5 million. This was an improvement of $3 million from the year prior. Cash and other assets decreased as the bond proceeds were converted into capital assets.

	2026			2025
	Governmental Activities	Business-type Activities	Total	Total
Program Revenues:				
Charges for Services	$ 4,995,682	$ 1,138,396	$ 6,134,078	$ 5,831,660
Operating Grants & Contributions	6,111,032	-	6,111,032	3,977,962
Capital Grants & Contributions	-	-	-	-
General Revenues:				
Property Taxes	76,463,499	-	76,463,499	80,386,089
General Grants	7,347,398	-	7,347,398	7,290,601
Investment Earnings	3,798,137	-	3,798,137	3,167,643
Miscellaneous	587,960	-	587,960	374,390
Total Revenues	99,303,708	1,138,396	100,442,104	101,028,345
Expenses				
Instruction	41,459,902	-	41,459,902	35,796,880
Instructional Resources and Media	473,330	-	473,330	490,672
Curriculum and Staff Development	773,632	-	773,632	720,020
Instructional Leadership	952,417	-	952,417	656,539
School Leadership	2,480,918	-	2,480,918	2,096,301
Guidance, Counseling, & Evaluation	1,792,549	-	1,792,549	1,409,877
Social Work Services	97,067	-	97,067	68,037
Health Services	407,667	-	407,667	366,162
Student transportation	2,304,357	-	2,304,357	1,845,597
Food Services	1,671,977	-	1,671,977	1,758,844
Cocurricular/Extracurricular Activities	3,766,032	-	3,766,032	3,518,201
General Administration	1,655,136	-	1,655,136	1,485,436
Plant Maintenance and Operations	6,798,304	-	6,798,304	5,758,314
Security and Monitoring	736,881	-	736,881	472,057
Data Processing Services	1,983,776	-	1,983,776	2,311,836
Community Services	1,659	-	1,659	5,286
Interest on Long-Term Debt	9,447,912	-	9,447,912	5,594,932
Bond Issuance Costs and Fees	1,368,347	-	1,368,347	364,251
Facilities Acquisition and Construction	660,499	-	660,499	256,760
Contracted Instructional Services	12,374,237	-	12,374,237	23,184,011
Other Intergovernmental Charges	443,370	-	443,370	431,685
Enterprising Activities	-	1,112,917	1,112,917	989,484
Total Expenses	91,649,969	1,112,917	92,762,886	89,581,182
Increase (Decrease) in Net Position	7,653,739	25,479	7,679,218	11,447,163
Beginning Net Position	7,838,228	329	7,838,557	(3,608,606)
Ending Net Position	$ 15,491,967	$ 25,808	$ 15,517,775	$ 7,838,557

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The District's operating grants and contributions increased $2.1 million as the Foundation makes significant contributions to the District. In addition, the additional funding was received from the Texas Education Agency for special education to meet the needs of the student population. State property tax compression led to a reduction of $3.9 million in property tax revenue. However, this was more than offset by a $10.8 million reduction in recapture (often referred to as robinhood payment) which is reported as contracted instructional services. Expenses overall increased 3.5%, which was from offsetting reductions in recapture with increases in debt service and instructional expenses. Debt service increased from the 2025 and 2026 bonds that were approved by the voters for various construction projects. Instructional expenses increased from teacher retention salary adjustments funded by the State. In addition, the 2025 period shown as a reference column was for a 10 month period because of the District's previous change in year end.

THE DISTRICT'S FUNDS

The District's general fund reported an increase in fund balance of $1.17 million for the year. Total revenues decreased $1.4 million (property tax compression) but expenditures only increased $0.9 million. The previous period was only 10 months. Teacher retention salary adjustments and the addition of the two months were offset by a $10.8 million decrease in recapture.

The debt service fund increased its fund balance by $1.9 million. Revenues increased $3.6 million from a combination of property taxes and state funding to support new debt issuances. Expenditures increased $5.4 million from debt service on the new voter approved bonds. The ending fund balance of $7.4 million is restricted for future debt payments, including payments required in August 2026 of over $7 million.

The capital projects fund issued $70 million in new debt to continue the voter approved construction projects. The fund ended with a balance of $32 million.

SIGNIFICANT CAPITAL ASSET AND DEBT ACTIVITY

Capital Assets

In 2026, the District continued significant construction activities at most campuses and the athletic complex. The largest project is ongoing into 2027 for the high school construction.

Debt

In 2026, the District issued $80.9 million in bonds to continue construction ($70 million) and refund existing debts ($10.9 million). The voters approved a total of $371 million in bonds. After the 2026 issuance, $175.8 million is remaining to be issued. The refunding bonds resulted in gross debt service payment savings of $5.2 million.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The District's 2026-2027 budget projects minimal changes from the 2025-2026 budget. The District plans to continue bond projects and will issue another $65 million in bonds in August 2026. The District is not planning any other significant changes to programs and services.

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BASIC FINANCIAL STATEMENTS

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EXHIBIT A-1

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2026

Data Control Codes		1	2	3	4
		Primary Government			Component Unit
		Governmental Activities	Business-type Activities	Total	AH School Foundation
	ASSETS:				
1110	Cash and Cash Equivalents	$ 94,185,895	$ 25,674	$ 94,211,569	$ 282,910
1120	Current Investments	1,610,921	-	1,610,921	17,641,174
1225	Property Taxes Receivable (Net)	4,081,442	-	4,081,442	-
1240	Due from Other Governments	1,878,246	-	1,878,246	-
1290	Other Receivables (Net)	204	134	338	1,039,256
1300	Inventory	83,683	-	83,683	-
1410	Prepaid Expenses	391,120	-	391,120	53,598
	Capital Assets:				
1510	Land	13,919,288	-	13,919,288	-
1520	Buildings and Improvements, Net	149,110,666	-	149,110,666	-
1531	Vehicles, Net	898,385	-	898,385	-
1539	Furniture and Equipment, Net	1,172,359	-	1,172,359	-
1580	Construction in Progress	149,663,131	-	149,663,131	-
1000	*Total Assets*	416,995,340	25,808	417,021,148	19,016,938
	DEFERRED OUTFLOWS:				
	Deferred Pension Related Outflows	4,126,418	-	4,126,418	-
	Deferred OPEB Related Outflows	3,109,254	-	3,109,254	-
1700	*Total Deferred Outflows*	7,235,672	-	7,235,672	-
	LIABILITIES:				
2110	Accounts Payable	14,484,855	-	14,484,855	222,496
2140	Interest Payable	4,516,965	-	4,516,965	-
2150	Payroll Deductions & Withholdings	560,293	-	560,293	-
2160	Accrued Wages	5,286,975	-	5,286,975	-
2180	Due to Other Governments	12,673,764	-	12,673,764	-
2300	Unearned Revenue	215,193	-	215,193	294,861
	Noncurrent Liabilities:				
2501	Due Within One Year	11,857,845	-	11,857,845	-
2502	Due in More Than One Year	324,399,588	-	324,399,588	-
2540	Net Pension Liability	15,168,328	-	15,168,328	-
2545	Net OPEB Liability	7,963,680	-	7,963,680	-
2000	*Total Liabilities*	397,127,486	-	397,127,486	517,357
	DEFERRED INFLOWS:				
	Deferred Gain on Debt Refunding	617,979	-	617,979	-
	Deferred Pension Related Inflows	1,117,986	-	1,117,986	-
	Deferred OPEB Related Inflows	9,875,594	-	9,875,594	-
2600	*Total Deferred Inflows*	11,611,559	-	11,611,559	-
	NET POSITION:				
3200	Net Investment in Capital Assets	20,421,338	-	20,421,338	-
	Restricted For:				
3820	State and Federal Programs	311,702	-	311,702	-
3850	Debt Service	3,755,618	-	3,755,618	-
3890	Campus Activities and Donations	2,406,392	-	2,406,392	16,653,952
3900	Unrestricted	(11,403,083)	25,808	(11,377,275)	1,845,629
3000	*Total Net Position*	$ 15,491,967	$ 25,808	$ 15,517,775	$ 18,499,581

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The accompanying notes are an integral part of this statement.

EXHIBIT B-1

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

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues: Charges for Services	4 Program Revenues: Operating Grants and Contributions	5 Program Revenues: Capital Grants and Contributions
	PRIMARY GOVERNMENT:				
	Governmental Activities:				
11	Instruction	$ 41,459,902	$ 1,542,067	$ 1,119,665	$ -
12	Instructional Resources and Media Services	473,330	-	714	-
13	Curriculum and Staff Development	773,632	-	114,149	-
21	Instructional Leadership	952,417	-	37,012	-
23	School Leadership	2,480,918	-	24,986	-
31	Guidance, Counseling, & Evaluation Services	1,792,549	-	13,626	-
32	Social Work Services	97,067	-	11,792	-
33	Health Services	407,667	-	219,825	-
34	Student Transportation	2,304,357	-	10	-
35	Food Services	1,671,977	1,025,078	1,049,106	-
36	Cocurricular/Extracurricular Activities	3,766,032	2,428,537	1,083,709	-
41	General Administration	1,655,136	-	7	-
51	Plant Maintenance and Operations	6,798,304	-	28	-
52	Security and Monitoring	736,881	-	2,672	-
53	Data Processing Services	1,983,776	-	6	-
61	Community Services	1,659	-	-	-
72	Interest on Long-Term Debt	9,447,912	-	2,433,725	-
73	Bond Issuance Costs and Fees	1,368,347	-	-	-
81	Facilities Acquisition and Construction	660,499	-	-	-
91	Contracted Instructional Services	12,374,237	-	-	-
99	Other Intergovernmental Charges	443,370	-	-	-
TG	Total Governmental Activities	91,649,969	4,995,682	6,111,032	-
	Business-Type Activities:				
01	Excel After School Program	16,095	2,637	-	-
02	Aquatic Center	630,218	636,461	-	-
03	Tennis Center	15,789	47,848	-	-
04	Enrichment	450,815	451,450	-	-
TB	Total Business-type Activities	1,112,917	1,138,396	-	-
TP	*Total Primary Government*	$ 92,762,886	$ 6,134,078	$ 6,111,032	$ -
	COMPONENT UNIT:				
1C	Alamo Heights School Foundation	$ 3,432,464	$ 24,078	$ 5,099,078	$ -
	General Revenues:				
MT	Property Taxes, Levied for General Purposes				
DT	Property Taxes, Levied for Debt Service				
IE	Investment Earnings				
GC	Unrestricted Grants and Contributions				
MI	Miscellaneous				
TR	Total General Revenues				
CN	Change in Net Position				
NB	Net Position - Beginning				
NE	Net Position - Ending				

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The accompanying notes are an integral part of this statement.

6	7	8	9
Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-Type Activities	Total	Component Unit
$ (38,798,170)		$ (38,798,170)	
(472,616)		(472,616)	
(659,483)		(659,483)	
(915,405)		(915,405)	
(2,455,932)		(2,455,932)	
(1,778,923)		(1,778,923)	
(85,275)		(85,275)	
(187,842)		(187,842)	
(2,304,347)		(2,304,347)	
402,207		402,207	
(253,786)		(253,786)	
(1,655,129)		(1,655,129)	
(6,798,276)		(6,798,276)	
(734,209)		(734,209)	
(1,983,770)		(1,983,770)	
(1,659)		(1,659)	
(7,014,187)		(7,014,187)	
(1,368,347)		(1,368,347)	
(660,499)		(660,499)	
(12,374,237)		(12,374,237)	
(443,370)		(443,370)	
(80,543,255)		(80,543,255)	
	$ (13,458)	(13,458)	
	6,243	6,243	
	32,059	32,059	
	635	635	
	25,479	25,479	
		(80,517,776)	
			$ 1,690,692
56,844,786	-	56,844,786	-
19,618,713	-	19,618,713	-
3,798,137	-	3,798,137	1,941,810
7,347,398	-	7,347,398	-
587,960	-	587,960	-
88,196,994	-	88,196,994	1,941,810
7,653,739	25,479	7,679,218	3,632,502
7,838,228	329	7,838,557	14,867,079
$ 15,491,967	$ 25,808	$ 15,517,775	$ 18,499,581

The accompanying notes are an integral part of this statement.

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ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
JUNE 30, 2026

Data Control Codes		10 General Fund	50 Debt Service Fund	60 Capital Projects Fund	Other Nonmajor Governmental Funds	98 Total Governmental Funds
	ASSETS:					
1110	Cash and Cash Equivalents	$ 37,609,583	$ 6,982,492	$ 46,437,851	$ 2,549,338	$ 93,579,264
1120	Current Investments	1,610,921	-	-	-	1,610,921
1225	Taxes Receivable, Net	3,198,428	883,013	-	-	4,081,441
1240	Due from Other Governments	814,203	545,689	-	518,354	1,878,246
1290	Other Receivables	204	-	-	-	204
1300	Inventory	83,683	-	-	-	83,683
1410	Prepaid Items	268,620	-	122,500	-	391,120
1000	*Total Assets*	$ 43,585,642	$ 8,411,194	$ 46,560,351	$ 3,067,692	$ 101,624,879
	LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:					
	Liabilities:					
2110	Accounts Payable	$ 218,656	$ -	$ 14,183,254	$ 79,424	$ 14,481,334
2140	Interest Payable	-	138,611	-	-	138,611
2160	Accrued Wages Payable	5,122,110	-	-	164,866	5,286,976
2180	Due to Other Governments	12,673,764	-	-	-	12,673,764
2300	Unearned Revenue	109,886	-	-	105,308	215,194
2000	*Total Liabilities*	18,124,416	138,611	14,183,254	349,598	32,795,879
	Deferred Inflows of Resources:					
2600	Unavailable Property Tax Revenue	3,198,428	883,013	-	-	4,081,441
	Fund Balance:					
	Nonspendable:					
3410	Inventory	83,683	-	-	-	83,683
3430	Prepaid Items	268,620	-	122,500	-	391,120
	Restricted Fund Balances:					
3450	Federal and State Grants	-	-	-	311,702	311,702
3470	Capital Acquisitions	-	-	32,254,597	-	32,254,597
3480	Retirement of Long-Term Debt	-	7,389,570	-	-	7,389,570
3490	Other Restrictions of Fund Balance	-	-	-	2,406,392	2,406,392
3600	*Unassigned*	21,910,495	-	-	-	21,910,495
3000	*Total Fund Balances*	22,262,798	7,389,570	32,377,097	2,718,094	64,747,559
4000	Total Liabilities, Deferred Inflows of Resources and Fund Balance	$ 43,585,642	$ 8,411,194	$ 46,560,351	$ 3,067,692	$ 101,624,879

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The accompanying notes are an integral part of this statement.

EXHIBIT C-1R

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

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS		$ 64,747,559
Amounts reported for governmental activities in the Statement of Net Position ("SNA") are different because:		
Capital Assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		314,763,829
Long-term liabilities, including bonds payable and unamortized premiums, are not due and payable in the current period and therefore, not reported in the funds.		(336,257,433)
Fund statements report the inflows and outflows of debt refundings while the government-wide statements amortize the gain or loss on refunding. The unamortized gains or losses are not current financial resources and not reported on the fund statements.		(617,979)
Net pension liabilities (and related deferred inflows and outflows of resources) do not consume current financial resources and are not reported in the funds.		
Net Pension Liability	(15,168,328)	
Pension Related Deferred Inflows	(1,117,986)	
Pension Related Deferred Outflows	4,126,418	(12,159,896)
Net OPEB liabilities (and related deferred inflows and outflows of resources) do not consume current financial resources and are not reported in the funds.		
Net OPEB Liability	(7,963,680)	
OPEB Related Deferred Inflows	(9,875,594)	
OPEB Related Deferred Outflows	3,109,254	(14,730,020)
Deferred inflows of resources are not available to pay for current-period expenditures and therefore, are deferred in the funds.		4,081,441
Net position of governmental internal service funds are reported as proprietary funds. However, the internal service funds are consolidated into governmental activities on the statement of net position		42,817
Accrued interest payable on long-term bonds is not due and payable in the current period, and therefore, not reported in the funds.		(4,378,351)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		$ 15,491,967

The accompanying notes are an integral part of this statement.

EXHIBIT C-2

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

Data Control Codes	Functions/Programs	10 General Fund	50 Debt Service Fund	60 Capital Projects Fund	Other Nonmajor Governmental Funds	98 Total Governmental Funds
	REVENUES:					
5700	Local and Intermediate Sources	$ 63,947,746	$ 19,842,093	$ 2,154,652	$ 3,567,778	$ 89,512,269
5800	State Program Revenues	7,310,121	2,433,725	-	287,350	10,031,196
5900	Federal Program Revenues	400,135	-	-	2,220,478	2,620,613
5020	*Total Revenues*	71,658,002	22,275,818	2,154,652	6,075,606	102,164,078
	EXPENDITURES:					
0011	Instruction	34,736,836	-	79,235	2,127,364	36,943,435
0012	Instructional Resources and Media Services	457,398	-	33,979	1,353	492,730
0013	Curriculum and Staff Development	648,791	-	-	216,906	865,697
0021	Instructional Leadership	947,489	-	-	70,325	1,017,814
0023	School Leadership	2,600,415	-	-	47,459	2,647,874
0031	Guidance, Counseling, & Evaluation Services	1,895,109	-	-	25,878	1,920,987
0032	Social Work Services	78,354	-	-	22,408	100,762
0033	Health Services	436,364	-	-	-	436,364
0034	Student Transportation	2,368,756	-	240,138	-	2,608,894
0035	Food Service	581,631	-	31,138	1,053,961	1,666,730
0036	Cocurricular/Extracurricular Activities	2,087,490	-	143,301	1,949,156	4,179,947
0041	General Administration	1,765,743	-	-	-	1,765,743
0051	Plant Maintenance and Operations	6,806,778	-	53,139	-	6,859,917
0052	Security and Monitoring	749,629	-	54,410	5,071	809,110
0053	Data Processing Services	1,507,551	-	682,307	-	2,189,858
0061	Community Services	1,632	-	-	-	1,632
0071	Principal on Long-Term Debt	-	10,335,000	-	-	10,335,000
0072	Interest on Long-Term Debt	-	10,220,189	-	-	10,220,189
0073	Bond Issuance Costs and Fees	-	6,400	1,361,947	-	1,368,347
0081	Facilities Acquisition and Construction	-	-	100,803,835	-	100,803,835
0091	Contracted Instructional Services Between Public Schools	12,374,237	-	-	-	12,374,237
0099	Other Intergovernmental Charges	443,370	-	-	-	443,370
6030	*Total Expenditures*	70,487,573	20,561,589	103,483,429	5,519,881	200,052,472
1100	**Excess (Deficiency) of Revenues Over (Under) Expenditures**	1,170,429	1,714,229	(101,328,777)	555,725	(97,888,394)
	Other Financing Sources and (Uses)					
7911	Issuance of Bonds	-	10,925,000	70,000,000	-	80,925,000
7916	Premium from Bond Issuance	-	1,376,227	1,361,947	-	2,738,174
8949	Payment to Refunding Escrow Agent	-	(12,129,250)	-	-	(12,129,250)
7080	Total Other Financing Sources and (Uses)	-	171,977	71,361,947	-	71,533,924
1200	Net Change in Fund Balances	1,170,429	1,886,206	(29,966,830)	555,725	(26,354,470)
0100	Fund Balances - Beginning	21,092,369	5,503,364	62,343,927	2,162,369	91,102,029
3000	Fund Balances - Ending	$ 22,262,798	$ 7,389,570	$ 32,377,097	$ 2,718,094	$ 64,747,559

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The accompanying notes are an integral part of this statement.

EXHIBIT C-3

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS		$ (26,354,470)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital Outlay	100,549,874	
Depreciation	(6,567,647)	93,982,227
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds. This is the net change in those revenues over the year.		(666,342)
Governmental funds report required contributions to employee pensions and other post-employment benefits as expenditures. However in the Statement of Activities, the cost of benefits are recorded based on the actuarially determined cost of the plan. This is the amount that the actuarially determined expenses exceeded the contributions.		
Pension	130,504	
Retiree Insurance	1,551,335	1,681,839
The issuance of long-term debt (e.g. bonds & notes payable) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on Net Position.		
Issuance of Bonds	(80,925,000)	
Premium on Bonds Issued	(2,738,174)	
Payment to Refunding Escrow Agent	12,129,250	
Principal Payments	10,335,000	(61,198,924)
Revenues and expenditures of governmental internal service funds are reported as proprietary funds. However, the internal service funds are consolidated into governmental activities on the statement of activities.		42,817
Some expenses reported in the Statement of Activities (including accreted and accrued interest expense) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. Governmental funds report the net effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.		
Accrued Interest	(633,661)	
Change in Accrued Compensated Absences	(605,690)	
Amortization of Book Gains on Debt Refundings	(20,459)	
Amortization of Bond Premiums	1,426,402	166,592
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES		$ 7,653,739

The accompanying notes are an integral part of this statement.

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EXHIBIT D-1

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2026

	Nonmajor Enterprise Funds	Internal Service Funds
ASSETS:		
Current Assets:		
Cash and Cash Equivalents	$ 25,674	$ 606,631
Other Receivables	134	-
Total Assets	25,808	606,631
LIABILITIES:		
Current Liabilities		
Accounts Payable	-	3,521
Medical Claims Payable	-	560,293
Total Liabilities	-	563,814
NET POSITION:		
Unrestricted	25,808	42,817
Total Net Position	$ 25,808	$ 42,817

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The accompanying notes are an integral part of this statement.

EXHIBIT D-2

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2026

	Nonmajor Enterprise Funds	Internal Service Funds
OPERATING REVENUES:		
Local and Intermediate Sources	$ 1,138,396	$ 4,314,635
Total Revenues	1,138,396	4,314,635
OPERATING EXPENSES:		
Payroll and Benefits	822,841	-
Services	40,046	-
Supplies	7,190	-
Other Operating Costs	242,840	4,271,818
Total Expenses	1,112,917	4,271,818
Change in Net Position	25,479	42,817
Total Net Position - Beginning	329	-
Total Net Position - Ending	$ 25,808	$ 42,817

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The accompanying notes are an integral part of this statement.

EXHIBIT D-3

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2026

	Nonmajor Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities:		
Cash Received from Customers	$ 1,138,396	$ 4,314,635
Cash Payments to Employees for Services	(822,841)	-
Cash Payments to Other Suppliers for Goods and Services	(293,618)	(4,184,140)
Net Cash Provided (Used) by Operating Activities	21,937	130,495
Net Increase (Decrease) in Cash and Cash Equivalents	21,937	130,495
Cash and Cash Equivalents at Beginning of Year	3,737	476,136
Cash and Cash Equivalents at End of Year	$ 25,674	$ 606,631
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income (Loss)	$ 25,479	$ 42,817
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Change in Assets and Liabilities:		
Increase (Decrease) in Accounts Payable	(3,542)	3,521
Increase (Decrease) in Medical Claims Payable	-	84,157
Total Adjustments	(3,542)	87,678
Net Cash Provided (Used) by Operating Activities	$ 21,937	$ 130,495

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The accompanying notes are an integral part of this statement.

EXHIBIT E-1

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2026

	Custodial Funds
ASSETS:	
Cash and Cash Equivalents	$ 239,810
Total Assets	239,810
LIABILITIES:	
Current Liabilities	
Accounts Payable	-
Total Liabilities	-
NET POSITION	
Total Net Position	$ 239,810

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The accompanying notes are an integral part of this statement.

EXHIBIT E-2

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

	Custodial Funds
Additions:	
Investment Income	$ 3,908
Contributions	40,431
Enterprising Revenues	185,177
Total Additions	229,516
Deductions:	
Payroll	7,478
Services	7,716
Supplies	125,989
Other Operating Costs	112,897
Total Deductions	254,080
Change in Net Position	(24,564)
Net Position - Beginning of Year	264,374
Net Position - End of Year	$ 239,810

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The accompanying notes are an integral part of this statement.

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

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

The Alamo Heights School Foundation ("Foundation") is a 501(c)3 nonprofit organization whose purpose is to receive and administer gifts for the Alamo Heights Independent School District. The Foundation is legally separate from the District but solely benefits the District and its constituents. The Foundation is included in the District's financial statements as a discretely presented component unit. Separate financial statements are issued by the Foundation and can be obtained from Alamo Heights School Foundation, P.O Box 171393, San Antonio, TX 78217.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

A. Summary of Significant Accounting Policies (Continued)

2. Basis of Presentation, Basis of Accounting (Continued)

a. Basis of Presentation (Continued)

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

Debt Service Fund: Is used to account for all funds collected and disbursed in the retirement of governmental debt.

Capital Projects Fund: The District reports proceeds from bond issuances related to capital acquisition in this fund. The related capital acquisitions are also reported in this fund.

The District reports no major enterprise funds.

In addition, the District reports the following fund types:

Fiduciary Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity (controlled by entities outside the District). Fiduciary funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or custodial capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

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A. Summary of Significant Accounting Policies (Continued)

2. Basis of Presentation, Basis of Accounting (Continued)

b. Measurement Focus, Basis of Accounting

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

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

3. Financial Statement Amounts

a. Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased. Equivalents include checking accounts and local government investment pools.

b. Investments

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

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A. Summary of Significant Accounting Policies (Continued)

3. Financial Statement Amounts (Continued)

b. Investments (Continued)

The District's investments in Pools are reported at an amount determined by the net asset value per share of the pool's underlying portfolio, unless the pool maintains a consistent net asset value per share that approximates the fair value of the underlying securities. These investments are reported at net asset value.

c. Inventories and Prepaid Items

The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory in accordance with the Resource Guide.

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

d. Property Taxes

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

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. Allowance for uncollectible taxes in the amounts of $168,338 and $46,474 for the General and Debt Service Funds, respectively, reduce the outstanding receivables.

e. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances. There are no significant receivables which are not scheduled for collection within one year of period end.

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A. Summary of Significant Accounting Policies (Continued)

3. Financial Statement Amounts (Continued)

f. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of $5,000 for individual items or $100,000 for group technology and furniture purchases is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings and Improvements	40
Vehicles	10
Equipment	3-25

g. Deferred inflows and outflows

A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period while a deferred inflow of resources is an acquisition of net position. These items are presented in separate sections following assets (deferred outflows) or liabilities (deferred inflows) on the statement of net position.

h. Interfund Activity

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

i. Net position - Proprietary Funds and Government-wide Statement of Net position

Net position is classified as follows:

Restricted - Represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

A. Summary of Significant Accounting Policies (Continued)

3. Financial Statement Amounts (Continued)

i. Net position - Proprietary Funds and Government-wide Statement of Net position (Cont.)

Net Investment in Capital Assets - Represents the balances of capital assets less the outstanding balances of debt related to the acquisition of the capital assets. This amount is separated from unrestricted net position so that the unrestricted classification represents net position more readily available to fund operations.

Unrestricted - Represents the residual net position that is not restricted or capital in nature.

The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to without restriction.

j. Pensions

The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement System of Texas (TRS) and additions to/ deductions from TRS's fiduciary net position have been determined on the same basis as they are reported by TRS. For this purpose, 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.

k. Other Post-Employment Benefits

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 OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS'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.

l. Compensated Absences

The District's policies provide for the accumulation of local and state personal days that carry over each year. None of the days are paid on termination. Compensated absences are recorded as a liability at the government-wide level based on an estimate of the leave that has been earned that is more likely than not to be taken as time off or paid on separation. The District has estimated the liability with the first in first out flows assumption for the use of accrued leave.

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A. Summary of Significant Accounting Policies (Continued)

3. Financial Statement Amounts (Continued)

m. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the District's Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Board of Trustees. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund, conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

n. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

A. Summary of Significant Accounting Policies (Continued)

3. Financial Statement Amounts (Continued)

o. Data Control Codes

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

p. Subsequent Events

Subsequent events were considered through October 14, 2026, which is the date the financial statements were available to be issued.

B. Deposits and Investments

1. Cash Deposits

The District's funds are deposited and invested under the terms of a depository contract which requires the District's agent bank to pledge securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The District's cash deposits at June 30, 2026 and during the period ended June 30, 2026, were entirely covered by FDIC insurance and pledged collateral. At period end, the District also had certificates of deposit at various institutions that were fully insured by FDIC.

2. Investments

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

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

B. Deposits and Investments (Continued)

2. Investments (Continued)

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

Investment or Investment Type	Weighted Average Maturity (Days)	Reported Value
Commercial Paper	41	$ 507,696
United States Bonds & Notes	76	1,103,225
Total Investments	65	$ 1,610,921

The securities are reported at fair value based on Level 2 inputs.

The Foundation's investments at June 30, 2026 are shown below.

Investment or Investment Type	Fair Value
Money Market Funds	$ 839,395
Equity Securities	11,760,547
Corporate Bonds	4,949,633
Real Estate Investment Trusts	91,599
Total Investments	$ 17,641,174

The Foundation’s cash and cash equivalents are reported at amortized cost. Investments in equities and corporate bonds are reported at fair value based on Level 1 inputs.

3. Analysis of Specific Deposit and Investment Risks:

The District has evaluated the following specific investment risks at period end:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At period end, the District was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

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B. Deposits and Investments (Continued)

3. Analysis of Specific Deposit and Investment Risks (Continued):

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At period end, the District was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At period end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At period end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At period end, the District was not exposed to foreign currency risk.

Investment Accounting Policy

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares. The District's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. The District reports its investments in Pools as cash and cash equivalents. As of June 30, 2026, the District was invested in the following Pools:

Local Government Investment Pool	Rating	Net Asset Value
Texpool	AAAm	$ 1,015
Texas TERM - TexasDAILY	AAAm	86
Lone Star	AAAm	307,413
Texas Class	AAAm	93,092,643
Total Investment Pools		$ 93,401,157

C. Capital Assets

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

	Beginning Balances	Increases	Transfers/ Decreases	Ending Balances
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 13,869,288	$ 50,000	$ -	$ 13,919,288
Construction in Progress	50,802,980	99,976,991	(1,116,840)	149,663,131
Total Capital Assets Not Being Depreciated	64,672,268	100,026,991	(1,116,840)	163,582,419
Capital Assets Being Depreciated:				
Buildings and Improvements	257,385,070	61,447	1,047,285	258,493,802
Equipment	6,038,035	343,135	(104,887)	6,276,283
Vehicles	3,014,618	118,301	(12,600)	3,120,319
Total Capital Assets Being Depreciated	266,437,723	522,883	929,798	267,890,404
Less Accumulated Depreciation For:				
Buildings and Improvements	(103,356,286)	(6,026,850)	-	(109,383,136)
Equipment	(4,892,352)	(386,014)	174,442	(5,103,924)
Vehicles	(2,079,751)	(154,783)	12,600	(2,221,934)
Total Accumulated Depreciation	(110,328,389)	(6,567,647)	187,042	(116,708,994)
Total Capital Assets Being Depreciated, Net	156,109,334	(6,044,764)	1,116,840	151,181,410
Governmental Activities Capital Assets, Net	$ 220,781,602	$ 93,982,227	$ -	$ 314,763,829

Depreciation was charged to functions as follows:

11 Instruction	$ 6,032,524
23 School Leadership	-
34 Student Transportation	107,649
35 Food Services	9,705
41 General Administration	11,149
36 Cocurricular/Extracurricular Activities	223,976
51 Plant Maintenance and Operations	182,644
	$ 6,567,647

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D. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include building and refunding bonds. Changes in long-term obligations for the year ended June 30, 2026, are as follows:

	Beginning Balances	Increases	Decreases	Ending Balances	Amounts Due Within One Year
Governmental Bonds:					
Private Placement Bonds	$ 400,000	$ -	$ (200,000)	$ 200,000	$ 200,000
Bonds Offered to Public	263,185,000	80,925,000	(22,085,000)	322,025,000	10,630,000
Unamortized Premiums	8,609,282	2,738,171	(1,426,399)	9,921,054	-
Total Bonds	272,194,282	83,663,171	(23,711,399)	332,146,054	10,830,000
Other Long-term Obligations:					
Compensated Absences	3,505,689	605,690	-	4,111,379	1,027,845
Net Pension Liability	14,179,683	1,388,697	(400,052)	15,168,328	-
Net OPEB Liability	10,296,090	-	(2,332,410)	7,963,680	-
Grand Total	$ 300,175,744	$ 85,657,558	$ (26,443,861)	$ 359,389,441	$ 11,857,845

Bonds Sold to the Public have interest rates ranging from 2.0-5.0%.
Private Placement Bonds have interest rates of 2.96%.
The change in compensated absences is a net figure.

2. Debt Service requirements on bonded debt at June 30, 2026, are as follows:

Year Ending	Private Placements		Public Offerings		
June 30,	Principal	Interest	Principal	Interest	Total
2027	$ 200,000	$ 5,920	$ 10,630,000	$ 13,848,882	$ 24,684,802
2028	-	-	10,695,000	13,249,269	23,944,269
2029	-	-	11,040,000	12,898,119	23,938,119
2030	-	-	11,175,000	12,542,950	23,717,950
2031	-	-	9,690,000	12,105,150	21,795,150
2032-2036	-	-	49,245,000	54,706,325	103,951,325
2037-2041	-	-	58,355,000	43,452,813	101,807,813
2042-2046	-	-	72,160,000	28,593,613	100,753,613
2047-2051	-	-	83,835,000	11,374,588	95,209,588
2052	-	-	5,200,000	221,000	5,421,000
Totals	$ 200,000	$ 5,920	$ 322,025,000	$ 202,992,709	$ 525,223,629

3. New Issuances

In January 2026, the District issued $80.925 million in school building and refunding bonds as a part of the voter approved propositions totaling $371 million. The bonds mature serially through February 2052 and bear interest at rates ranging from 4 to 5%. After this issuance, $175.81 million remains authorized but unissued.

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D. Long-Term Obligations (Continued)

4. Refunding Bonds

The refunding portion of the 2026 bonds were used to retire the 2020B bonds for a gross debt service savings of $5.2 million and net present value savings of $3.9 million.

5. Other Long-term Debt Disclosures

In accordance with Securities and Exchange Act of 1934 Rule 15c2-12, the District has entered into a continuing disclosure agreement with the Municipal Securities Rulemaking Board. The District has complied with these continuing disclosures.

The District has one bond series that was directly placed at a local banking institution. The bond documents do not contain subjective acceleration clauses, events of default with finance-related consequences or termination events with finance-related consequences.

Refundings of debt result in differences between the carrying amount of refunded obligations and the payment to defease the debt. These differences are recorded on the Statement of Net Position and amortized over the life of the shorter of the new or refunded obligations. As of June 30, 2026, the District reported $617,979 in deferred refunding gains that will be amortized in future periods.

E. Pension Plan

1. Plan Description

The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). 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 work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

2. 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, PO BOX 149676, Austin, TX, 78714-0185, or by calling 1-800-223-8778.

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E. Pension Plan (Continued)

3. 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% (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 in (A) above.

4. Contributions

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402.

	Contribution Rates		
	Plan fiscal year		Contributions
	2025	2026	Made
Member (Employee)	8.25%	8.25%	$ 3,288,068
Non-employer Contributing Entity (State)	8.25%	8.25%	2,439,096
Employer	8.25%	8.25%	1,513,841
			$ 7,241,005

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

E. Pension Plan (Continued)

4. Contributions (Continued)

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

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

In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to.

- All public schools, charter schools, and regional educational service centers must contribute 2% of the member's salary.
- 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.

5. Actuarial Assumptions

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

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E. Pension Plan (Continued)

6. Actuarial Assumptions (Continued)

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

Valuation Date	August 31, 2024 rolled forward to August 31, 2025
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term expected Investment Rate of Return	7.00%
Municipal Bond Rate as of August 2024	5.23% Bond Buyers 20 Index
Inflation	2.30%
Salary Increases including inflation	3.20 to 9.20% including inflation
Ad-hoc post-employment benefit changes	None

6. Discount Rate

A single discount rate of 7.00% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 9.54% of payroll in fiscal year 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%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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E. Pension Plan (Continued)

7. Discount Rate (Continued)

Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of June 30, 2025 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Expected Contribution to Portfolio Return
Global Equity			
All Country	39.0%	4.14%	2.18%
USA	-	3.85	-
Non-U.S. Developed	5.0	4.60	0.31
Emerging Markets	1.0	4.71	0.07
Private Equity	12.0	6.80	1.19
Stable Value			
Government Bonds - Nominal	10.0	2.59	0.33
Government Bonds - Real	6.0	1.97	0.13
Absolute Return	-	3.91	-
Stable Value Hedge Funds	5.0	1.68	0.09
Real Return			
Real Estate	15.0	4.60	0.86
Energy, Natural Resources & Infrastructure	6.0	4.86	0.36
Commodities	-	2.96	-
Risk Parity	5.0	4.38	0.26
Asset Allocation Leverage			
Cash	2.0	0.51	0.01
Asset Allocation Leverage	(6.0)	0.81	(0.05)
Inflation Expectation			2.30
Volatility Drag			(0.71)
Total	100.0%		7.33%

7. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used in measuring the Net Pension Liability.

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the net position liability	$ 24,445,845	$ 15,168,328	$ 7,446,888

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E. Pension Plan (Continued)

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

At June 30, 2026, the District reported a liability of $15,168,328 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share	$	15,168,328
State's proportionate share		23,906,938
Total	$	39,075,266

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

At August 31, 2025 the employer's proportion of the collective net pension liability was 0.0240967% which was an increase of 0.0008834% from its proportion measured as of August 31, 2024.

There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement date.

For the period ended June 30, 2026, the District recognized pension expense of $3.6 million, including $2.2 million for support provided by the State.

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E. Pension Plan (Continued)

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

	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	$ 910,058	$ 53,148
Changes of assumptions	1,454,676	-
Net difference between projected and actual earnings on pension plan investments	-	689,331
Changes in proportion and differences between District contributions and proportionate share of contributions	468,844	375,507
District contributions subsequent to the measurement date	1,292,840	-
Total	$ 4,126,418	$ 1,117,986

The $1,292,840 in deferred outflows of resources related to pensions from District contributions after the measurement date will be recognized as a reduction of the net pension liability in the period ended June 30, 2027. The net amounts of the District's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,	Pension Expense
2027	1,668,378
2028	178,985
2029	(381,882)
2030	69,665
2031	180,446
	$ 1,715,592

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F. Other Post-Employment Benefits

1. 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 Other Post-Employment 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.

2. OPEB Plan Fiduciary Net Position

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

3. Benefits Provided

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

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

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

TRS-Care Plan Premium Rates

	Medicare	Non-medicare
Retiree (or Surviving Spouse)	$ 75	$ 200
Retiree and Spouse	280	689
Retiree and Children	408	408
Retiree and Family	613	999

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F. Other Post-Employment Benefits (Continued)

4. 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 made from the state, active employees, and school districts based upon public school district payroll. The TRS Board of Trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	Contribution Rates Years Ending August 31,		Contributions Required and Made
	2025	2026	
Member (Employee)	0.65%	0.65%	$ 259,061
Non-employer Contributing Entity (State)	1.25%	1.25%	796,431
Employer	0.75%-1.25%	0.75%-1.25%	320,247
			$ 1,375,739

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

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F. Other Post-Employment Benefits (Continued)

5. 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. All the demographic assumptions, including rates of retirement, termination, and disability, and most of the economic assumptions, including general inflation and salary increases, used in the OPEB valuation were identical to those used in the respective TRS pension valuation. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017. The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2024 TRS pension actuarial valuation that was rolled forward to June 30, 2025:

Rates of Mortality	General Inflation	Rates of Retirement
Wage Inflation	Rates of Termination	Expected Payroll Growth
Rates of Disability		

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, with full generational projection using the ultimate improvement rates from the mortality projection scale MP-2021. The total OPEB liability in the August 31, 2024 actuarial valuation was rolled forward to August 31, 2025. The actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2024 rolled forward to August 31, 2025
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate*	5.23%
Aging Factors	Society of Actuaries 2013 Study
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims cost.
Projected Salary Increases	3.20% to 9.20%, including inflation
Healthcare Trend Rates	7.35-9.0% decreasing to 4.25% over 14 years
Election Rates	62% prior to age 65 25% after age 65 30% of pre-65 retirees discontinue at 65
Ad hoc post-employment benefit changes	None

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F. Other Post-Employment Benefits (Continued)

6. Discount Rate

A single discount rate of 5.23% was used to measure the total OPEB liability. There was an increase of 1.36% in the discount rate since the previous year.

Because the investments are held in cash and there is no intentional objective to advance fund the benefits, the Single Discount Rate is equal to the prevailing municipal bond rate.

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

7. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (4.23%)	Current Single Discount Rate (5.23%)	1% Increase in Discount Rate (6.23%)
District's Proportionate Share of Net OPEB Liability	$ 9,352,508	$ 7,963,680	$ 6,819,188

8. Healthcare Cost Trend Rates Sensitivity Analysis

The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% point lower or 1% point higher than the assumed healthcare cost trend rate.

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
Proportionate share of Net OPEB Liability	$ 6,584,844	$ 7,963,680	$ 9,714,394

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

At June 30, 2026, the District reported a liability of $7,963,680 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District.

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F. Other Post-Employment Benefits (Continued)

9. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (Continued)

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 Proportionate Share	$ 7,963,680
State's Proportionate Share	10,565,582
	$ 18,529,262

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

At August 31, 2025, the employer's proportion of the collective net OPEB liability was 0.0319476% which was a decrease of 0.0019752% from its proportion measured as of August 31, 2024.

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

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

For the period ended June 30, 2026, the District recognized OPEB expense of ($2.5 million), including ($1.2 million) in cost savings recognized by the State.

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F. Other Post-Employment Benefits (Continued)

9. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 1,558,008	$ 4,742,826
Changes in actuarial assumptions	984,776	3,270,896
Difference between projected and actual investment earnings	-	48,978
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	294,680	1,812,894
Contributions paid to TRS subsequent to the measurement date	271,790	-
	$ 3,109,254	$ 9,875,594

The $271,790 in deferred outflows of resources related to OPEB from District contributions after the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal period ended June 30, 2027. The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

Year ending June 30,	OPEB Expense Amount
2027	$ (1,528,914)
2028	(1,703,838)
2029	(1,452,081)
2030	(959,226)
2031	(839,280)
Thereafter	(554,791)
	$ (7,038,130)

G. Medicare Part D Coverage

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended June 30, 2026, 2025 and 2024, the subsidy payments received by TRS-Care on behalf of the District were $311,273, $308,137, and $215,203, respectively.

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H. Employee Health Care and Workers Compensation Coverage

During the period ended June 30, 2026, employees of the District were covered by a self-funded health insurance plan (the Plan). The District pays all medical claims (through a third party insurer). Dependents are allowed to join the plan at the employee's cost. Employees, at their option, authorized payroll withholdings to pay the remaining premiums for themselves and dependents. The District is covered by a stop loss policy that limits claims to $160,000 per participant with an unlimited aggregate.

Similarly, the District met its statutory workers' compensation obligations through a modified self-funded program. The District (through a third-party administrator) pays all workers' compensation claims up to a maximum stop-loss amount. The stop loss amount for the period ending June 30, 2026 was $130,894. The District makes deposits to a fund with the administrator that includes a reserve for future claims.

Claims incurred (including incurred but not reported claims) and paid for these plans were as follows for the last three fiscal periods:

	Year Ended 6/30/2026	Ten Months Ended 6/30/2025	Year Ended 8/31/2024
Beginning Medical Claims Liability	$ 476,136	$ -	$ -
Medical Claims Incurred (Including IBNR)	4,271,818	2,775,954	-
Medical Claims Paid	(4,187,661)	(2,299,818)	-
Ending Medical Claims Liability	$ 560,293	$ 476,136	$ -
Beginning Workers Compensation Liability	$ (73,875)	$ (90,687)	$ (135,512)
Claims Incurred (Including IBNR)	238,074	50,123	169,454
Claims Paid (Including Reserve Deposits)	(240,324)	(33,311)	(124,629)
Ending Workers Compensation Liability	$ (76,125)	$ (73,875)	$ (90,687)

J. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. The District purchased commercial insurance to insure property and liability.

K. Commitments and Contingencies

1. Contingencies

The District participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired.

K. Commitments and Contingencies (Continued)

2. Litigation

The District is subject to various claims through its normal course of business and employment practices. Management and legal counsel are not aware of any pending or threatened litigation against the District that would have a material financial impact on the District.

3. Commitments

As part of the voter authorized bond projects, the District has entered into contracts for engineering and construction as follows:

	Total Commitment	Expended To Date	Remaining Commitment
Other Construction Projects	$ 20,626,847	$ 1,848,712	$ 18,778,135
Architectural Services	21,037,767	15,681,034	5,356,733
Community Center	12,004,838	119,655	11,885,183
Softball Complex Construction	12,981,374	12,339,690	641,684
Woodridge Elementary Construction	13,814,774	10,501,983	3,312,791
Cambridge Elementary Construction	31,179,305	19,953,520	11,225,785
High School Construction	101,006,518	85,083,078	15,923,440
Total	$ 212,651,423	$ 145,527,672	$ 67,123,751

L. Subsequent Event

In August 2026, the District issued another $65 million in bonds from the voter approved propositions. The bonds will be serviced by an interest and sinking property tax levy in the debt service fund. The bonds mature serially through February 2054 and bear interest at 4.5-5%.

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REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

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EXHIBIT G-1

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2026

Data Control Codes		Budgeted Amounts		Total Budget Amendments	Actual	Variance with Final Budget Positive (Negative)
		Original	Final			
	REVENUES					
5700	Local and Intermediate Sources	$ 65,540,637	$ 63,744,274	$ (1,796,363)	$ 63,947,746	$ 203,472
5800	State Program Revenues	7,703,477	7,890,443	186,966	7,310,121	(580,322)
5900	Federal Program Revenues	100,000	225,000	125,000	400,135	175,135
5020	**Total Revenues**	73,344,114	71,859,717	(1,484,397)	71,658,002	(201,715)
	EXPENDITURES					
0011	Instruction	34,032,459	35,032,459	1,000,000	34,736,836	295,623
0012	Instructional Resources and Media Services	539,898	459,898	(80,000)	457,398	2,500
0013	Curriculum and Staff Development	701,948	651,948	(50,000)	648,791	3,157
0021	Instructional Leadership	678,176	988,176	310,000	947,489	40,687
0023	School Leadership	2,614,316	2,614,316	-	2,600,415	13,901
0031	Guidance, Counseling and Evaluation Services	1,804,109	1,904,109	100,000	1,895,109	9,000
0032	Social Work Services	88,887	93,887	5,000	78,354	15,533
0033	Health Services	413,364	438,364	25,000	436,364	2,000
0034	Student (Pupil) Transportation	2,191,061	2,491,061	300,000	2,368,756	122,305
0035	Food Service	675,000	750,000	75,000	581,631	168,369
0036	Cocurricular/Extracurricular Activities	1,772,490	2,097,490	325,000	2,087,490	10,000
0041	General Administration	1,868,095	1,793,095	(75,000)	1,765,743	27,352
0051	Plant Maintenance and Operations	6,751,142	6,951,142	200,000	6,806,778	144,364
0052	Security and Monitoring	649,888	809,888	160,000	749,629	60,259
0053	Data Processing Services	1,196,026	1,571,026	375,000	1,507,551	63,475
0061	Community Services	2,000	2,000	-	1,632	368
0091	Contracted Instr. Services Between Schools	16,500,000	12,800,000	(3,700,000)	12,374,237	425,763
0095	Juvenile Justice Alternative Education	15,000	15,000	-	-	15,000
0099	Other Intergovernmental Charges	485,000	485,000	-	443,370	41,630
6030	**Total Expenditures**	72,978,859	71,948,859	(1,030,000)	70,487,573	1,461,286
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	365,255	(89,142)	(454,397)	1,170,429	1,259,571
0100	**Fund Balance - Beginning**	21,092,369	21,092,369	-	21,092,369	-
3000	**Fund Balance - Ending**	$ 21,457,624	$ 21,003,227	$ (454,397)	$ 22,262,798	$ 1,259,571

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EXHIBIT G-2

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN MEASUREMENT PERIODS

Measurement Period Ending August 31,	District's Proportion of Net Pension Liability	District's Proportionate Share of the Net Pension Liability	State's Proportion of Net Pension Liability	Total Net Pension Liability	District's Covered Payroll for the Measurement Period	District's Proportionate Share of the Net Pension Liability As % of Payroll	Plan Fiduciary Net Position As % of Total Pension Liability
2025	0.0240967%	$ 15,168,328	$ 23,906,938	$ 39,075,266	$ 37,636,797	40.30%	78.24%
2024	0.0232133%	$ 14,179,683	$ 26,427,688	$ 40,607,371	$ 38,704,344	36.64%	77.51%
2023	0.0232893%	$ 15,997,483	$ 29,760,062	$ 45,757,545	$ 36,861,962	43.40%	73.15%
2022	0.0241434%	$ 14,333,320	$ 26,155,861	$ 40,489,181	$ 35,286,437	40.62%	75.62%
2021	0.0236186%	$ 6,014,810	$ 11,955,023	$ 17,969,833	$ 34,014,168	17.68%	88.79%
2020	0.0245688%	$ 13,158,569	$ 25,117,096	$ 38,275,665	$ 33,405,157	39.39%	75.54%
2019	0.0281930%	$ 14,655,618	$ 22,193,644	$ 36,849,262	$ 32,469,898	45.14%	75.24%
2018	0.0292011%	$ 16,072,991	$ 25,123,796	$ 41,196,787	$ 31,901,086	50.38%	73.74%
2017	0.0297532%	$ 9,513,478	$ 15,304,055	$ 24,817,533	$ 31,835,826	29.88%	82.17%
2016	0.0280192%	$ 10,588,028	$ 18,618,568	$ 29,206,596	$ 30,643,407	34.55%	78.00%

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EXHIBIT G-3

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS – TEACHER RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

Fiscal Year Ending	Contractually Required Contribution	Contributions Made	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percent Covered Payroll
6/30/2026	$ 1,513,841	$ 1,513,841	$ -	$ 39,855,371	3.80%
6/30/2025*	$ 1,183,011	$ 1,183,011	$ -	$ 31,491,159	3.76%
8/31/2024	$ 1,288,216	$ 1,288,216	$ -	$ 38,704,344	3.33%
8/31/2023	$ 1,179,533	$ 1,179,533	$ -	$ 36,861,962	3.20%
8/31/2022	$ 1,127,086	$ 1,127,086	$ -	$ 35,286,437	3.19%
8/31/2021	$ 992,807	$ 992,807	$ -	$ 34,014,168	2.92%
8/31/2020	$ 979,004	$ 979,004	$ -	$ 33,405,157	2.93%
8/31/2019	$ 981,728	$ 981,728	$ -	$ 32,469,898	3.02%
8/31/2018	$ 986,617	$ 986,617	$ -	$ 31,901,086	3.09%
8/31/2017	$ 975,137	$ 975,137	$ -	$ 31,835,826	3.06%

*6/30/25 was a short period of 10 months

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EXHIBIT G-4

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
LAST TEN MEASUREMENT YEARS

Measurement Period Ending August 31,	District's Proportion Of Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	State's Proportion Of Net OPEB Liability	Total Net OPEB Liability	District's Covered Payroll for the Measurement Period	District's Proportionate Share of the Net OPEB Liability As % of Payroll	Plan Fiduciary Net Position As % of Total OPEB Liability
2025	0.0319476%	$ 7,963,680	$ 10,565,582	$ 18,529,262	$ 37,636,797	21.16%	18.26%
2024	0.0339228%	$ 10,296,090	$ 12,900,861	$ 23,196,951	$ 38,704,344	26.60%	13.70%
2023	0.0331783%	$ 7,345,104	$ 8,862,997	$ 16,208,101	$ 36,861,962	19.93%	14.94%
2022	0.0335949%	$ 8,043,975	$ 9,812,386	$ 17,856,361	$ 35,286,437	22.80%	11.52%
2021	0.0343137%	$ 13,236,331	$ 17,733,734	$ 30,970,065	$ 34,014,168	38.91%	6.18%
2020	0.0352999%	$ 13,419,091	$ 18,032,041	$ 31,451,132	$ 33,405,157	40.17%	4.99%
2019	0.0357203%	$ 16,892,552	$ 22,446,421	$ 39,338,973	$ 32,469,898	52.03%	2.66%
2018	0.0367907%	$ 18,369,916	$ 28,342,863	$ 46,712,779	$ 31,901,086	57.58%	1.57%
2017	0.0380574%	$ 16,549,748	$ 25,622,671	$ 42,172,419	$ 31,835,826	51.98%	0.91%

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Note: Amounts are being accumulated until 10 years are presented.

EXHIBIT G-5

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS – TEACHER RETIREMENT SYSTEM
LAST TEN FISCAL PERIODS

Fiscal Year Ending	Contractually Required Contribution	Contributions Made	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percent Covered Payroll
6/30/2026	$ 320,247	$ 320,247	$ -	$ 39,855,371	0.80%
6/30/2025*	$ 246,545	$ 246,545	$ -	$ 31,491,159	0.78%
8/31/2024	$ 304,921	$ 304,921	$ -	$ 38,704,344	0.79%
8/31/2023	$ 286,943	$ 286,943	$ -	$ 36,861,962	0.78%
8/31/2022	$ 276,044	$ 276,044	$ -	$ 35,286,437	0.78%
8/31/2021	$ 270,531	$ 270,531	$ -	$ 34,014,168	0.80%
8/31/2020	$ 274,030	$ 274,030	$ -	$ 33,405,157	0.82%
8/31/2019	$ 253,837	$ 253,837	$ -	$ 32,469,898	0.78%
8/31/2018	$ 248,619	$ 248,619	$ -	$ 31,901,086	0.78%
8/31/2017	$ 197,861	$ 197,861	$ -	$ 31,835,826	0.62%

*6/30/25 was a short period of 10 months

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ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY
FOR THE YEAR ENDED JUNE 30, 2026

BUDGETARY INFORMATION

The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The District maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Trustees and as such is a good management control device.

Budgetary preparation and control is exercised at the function level. Actual expenditures may not legally exceed appropriations at the fund level.

Budget amendments
The following functions experienced amendments changing total expenditures more than 10%

12 Instructional Resources – In keeping with cost cutting measures recommended by the District's Budget Advisory Committee, two library aid positions were unfilled.

21 Instructional Leadership – Following the initial adoption of the 25-26 budget, two administrative professional positions were reclassified to function 21 in keeping with the definition of Instructional Leadership within the Financial Accountability Resource Guide. Additionally, increased costs were needed under Instructional Leadership to enhance support for AHISD's growing special education population.

34 Transportation – Due to increased personnel costs to accommodate late bus routes for students receiving academic remediation, the function 34 budget had to be significantly increased beyond what was initially budgeted.

35 Food Service – Late in the year, additional costs were forecasted to be incurred in the district's portion of the food program. However, credits from charging catering expenses to their originating functions were ultimately used to offset actual expenses.

36 Extracurricular Activities – Higher than initially anticipated operating costs associated with the district's natatorium and student travel costs to out-of-district events were incurred during the period.

52 Security and Monitoring – Following the initial budget adoption, the board of trustees approved the hiring of a Director of Safety of Security, which significantly increased personnel expenses in function 52.

53 Data Processing Services – Across the 25-26 and 26-27 fiscal years, the district is transitioning software platforms for both student and finance applications. Increased costs were incurred as a result of this transition. Additionally, in the spring of 2026, AHISD was hit by a cyber-attack which resulted in significant additional contractual costs to pay for cyber security professionals.

91 Contracted Instructional Services – The original budget anticipated more property tax collections and related recapture to the State. Once tax collections could be better estimated, the recapture was revised down.

The following functions' expenditures exceeded the budget by more than 10%:

None

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PENSION SCHEDULES

The following significant assumptions are used in developing the pension liability:

Valuation Date	August 31, 2024 rolled forward to August 31, 2025
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term expected Investment Rate of Return	7.00%
Municipal Bond Rate as of August 2024	5.23% Bond Buyers 20 Index
Inflation	2.30%
Salary Increases including inflation	3.20 to 9.20% including inflation
Ad-hoc post-employment benefit changes	None

The following changes to the actuarial assumptions or other inputs affected the measurement of the pension liability

2025	None
2024	None
2023	None
2022	Municipal bond rate increased from 1.95 to 3.91%
	Expected investment return decreased from 7.25 to 7.00%
2021	Municipal bond rate reduced from 2.3 to 1.95%
2020	Municipal bond rate reduced from 2.6 to 2.3%
2019	Municipal bond rate reduced from 3.7 to 2.6%
2018	Inflation rate reduced from 2.5 to 2.3%
	Expected rate of return reduced from 8% to 7.25%
	Salary Increases reduced from 3.5-9.5% to 3.05-9.05%
2017	None
2016	None

There have been no changes of benefit terms impacting the schedule.

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OTHER POSTEMPLOYMENT BENEFIT SCHEDULES

The following significant assumptions are used in developing the other postemployment benefit liability:

Valuation Date	August 31, 2024 rolled forward to August 31, 2025
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate*	5.23%
Aging Factors	Society of Actuaries 2013 Study
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims cost.
Projected Salary Increases	3.20% to 9.20%, including inflation
Healthcare Trend Rates	7.35-9.0% decreasing to 4.25% over 14 years
Election Rates	62% prior to age 65 25% after age 65 30% of pre-65 retirees discontinue at 65
Ad hoc post-employment benefit changes	None

The following changes to the actuarial assumptions or other inputs affected the measurement of the OPEB liability

2025	Discount rate increased from 3.87% to 5.23%
2024	Discount rate decreased from 4.13% to 3.87%
2023	Discount rate increased from 3.91 to 4.13%
2022	Discount rate increased from 1.95 to 3.91%
2021	Discount rate decreased from 2.33 to 1.95%
2020	Discount rate reduced from 2.63 to 2.33%
	Participation rate for post-65 retirees lowered from 50 to 40%
	Health care trend rate lowered from 4.5 to 4.25%
2019	Discount rate reduced from 3.69 to 2.63%
	Election rates reduced from 70 to 65%
2018	Inflation rate reduced from 2.5 to 2.3%
	Discount trend rate increased from 3.42 to 3.69%
	Salary Increases reduced from 3.5-9.5% to 3.05-9.05%

There have been no changes of benefit terms impacting the schedule.

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SUPPLEMENTARY INFORMATION

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements.

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EXHIBIT J-2

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
FOR THE YEAR ENDED JUNE 30, 2026

Data Control Codes		1 Budgeted Amounts Original	2 Budgeted Amounts Final	3 Actual	Variance with Final Budget
	REVENUES				
5700	Local and Intermediate Sources	$ 650,000	$ 650,000	$ 651,336	$ 1,336
5800	State Program Revenues	5,000	5,000	8,904	3,904
5900	Federal Program Revenues	447,000	447,000	485,556	38,556
5020	**Total Revenues**	1,102,000	1,102,000	1,145,796	43,796
	EXPENDITURES				
	Current:				
0035	Food Services	1,160,000	1,160,000	1,034,693	125,307
6030	**Total Expenditures**	1,160,000	1,160,000	1,034,693	125,307
1200	Net Change in Fund Balance	(58,000)	(58,000)	111,103	169,103
0100	**Fund Balance - Beginning**	200,599	200,599	200,599	-
3000	**Fund Balance - Ending**	$ 142,599	$ 142,599	$ 311,702	$ 169,103

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EXHIBIT J-3

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2026

Data Control Codes		1 Budgeted Amounts Original	2 Budgeted Amounts Final	3 Actual	Variance with Final Budget
	REVENUES				
5700	Local and Intermediate Sources	$ 20,498,100	$ 20,498,100	$ 19,842,093	$ (656,007)
5800	State Program Revenues	400,000	400,000	2,433,725	2,033,725
5020	**Total Revenues**	20,898,100	20,898,100	22,275,818	1,377,718
	EXPENDITURES				
0071	Principal on Long-Term Debt	10,335,000	10,335,000	10,335,000	-
0072	Interest on Long-Term Debt	10,556,600	10,556,600	10,220,189	336,411
0073	Bond Issuance Costs and Fees	6,500	6,500	6,400	100
6030	**Total Expenditures**	20,898,100	20,898,100	20,561,589	336,511
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	1,714,229	1,714,229
	OTHER FINANCING SOURCES (USES)				
7911	Issuance of Bonds	-	10,925,000	10,925,000	-
7916	Premium from Refunding Bonds	-	1,204,250	1,376,227	171,977
8949	Payment to Refunding Escrow Agent	-	(12,129,250)	(12,129,250)	-
6030	**Total Other Financing Sources (Uses)**	-	-	171,977	171,977
1200	Net Change in Fund Balance	-	-	1,886,206	1,886,206
0100	**Fund Balance - Beginning**	5,503,364	5,503,364	5,503,364	-
3000	**Fund Balance - Ending**	$ 5,503,364	$ 5,503,364	$ 7,389,570	$ 1,886,206

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OTHER INFORMATION

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements.

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

Period Ended June 30,	1 Tax Rates Maintenance	2 Tax Rates Debt Service	3 Assessed/Appraised Value for School Tax Purposes*
2016 and Prior Years	$ Various	$ Various	$ Various
2017	1.0600	0.1350	6,441,421,674
2018	1.0600	0.1400	6,689,511,167
2019	1.0600	0.1950	6,934,173,307
2020	0.9900	0.2050	7,075,010,209
2021	0.9764	0.2200	7,222,512,621
2022	0.9934	0.2000	7,321,535,696
2023	0.9355	0.2000	8,030,340,203
2024	0.7680	0.1986	7,994,593,006
2025	0.7512	0.2150	8,354,656,386
2026 (School Year Under Audit)	0.7122	0.2450	8,076,960,301

1000 Totals

9000 - Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code

8000 - Taxes Refunded under Section 26.115 of the Tax Code provided by Section 11.42(f)

*Represents net taxable value after applicable freeze adjustments.

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10 Beginning Balance 6/30/25	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 6/30/26
$ 359,228	$ -	$ 19,585	$ 2,494	$ (14,922)	$ 322,227
95,505	-	2,789	355	1	92,362
100,271	-	3,167	418	-	96,686
99,629	-	(6,486)	(1,193)	(12,223)	95,085
185,125	-	(54,138)	(11,210)	(71,389)	179,084
277,065	-	(61,766)	(13,917)	(85,650)	267,098
207,573	-	(55,409)	(11,155)	(85,900)	188,237
236,831	-	15,949	3,410	(5,021)	212,451
287,967	-	(253,647)	(65,592)	(412,361)	194,845
3,148,472	-	1,746,329	499,815	(601,621)	300,707
-	77,312,664	55,781,922	19,187,890	4,621	2,347,473
$ 4,997,666	$ 77,312,664	$ 57,138,295	$ 19,591,315	$ (1,289,086)	$ 4,296,255
		$ -			
		$ 67,303			

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ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
SPECIAL PROGRAM COMPLIANCE SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2026

Data Control Codes		Responses
	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.	$ 393,850
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25)	$1,141,955

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EXHIBIT L-1

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF JUNE 30, 2026

Data Control Codes		Responses
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF4	Was the school district issued a warrant hold?	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end	$ -

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COMPLIANCE SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Board of Trustees
Alamo Heights Independent School District
San Antonio, TX

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Alamo Heights Independent School District as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise Alamo Heights Independent School District's basic financial statements, and have issued our report thereon dated October 14, 2026. Our report includes a reference to other auditors who audited the financial statements of the Alamo Heights School Foundation, as described in our report on Alamo Heights Independent School District's financial statements. The financial statements of Alamo Heights School Foundation were not audited in accordance with *Government Auditing Standards.*

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Armstrong, Vaughan & Associates, P.C.

Armstrong, Vaughan & Associates, P.C.

October 14, 2026

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Armstrong, Vaughan & Associates, P. C.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE

Board of Trustees
Alamo Heights Independent School District
San Antonio, TX

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Alamo Heights Independent School District's compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2026. Alamo Heights Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Alamo Heights Independent School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2026.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Armstrong, Vaughan & Associates, P.C.

Armstrong, Vaughan & Associates, P.C.

October 14, 2026

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ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2026

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Any material weaknesses identified?	____ Yes	__X__ No
Any significant deficiencies identified?	____ Yes	__X__ No
Noncompliance material to financial Statements noted?	____ Yes	__X__ No

2. Federal Awards

Internal control over major programs:		
Any material weaknesses identified?	____ Yes	__X__ No
Any significant deficiencies identified?	____ Yes	__X__ No
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____ Yes	__X__ No

Identification of major programs:

ALN Number(s)	Name of Federal Program or Cluster
84.027A, 84.173A	Special Education Cluster

Dollar threshold used to distinguish between Type A and type B Programs:	$1,000,000	
Auditee qualified as low-risk auditee?	__X__ Yes	____ No

B. Financial Statement Findings
NONE

C. Federal Award Findings and Questioned Costs
NONE

D. Prior Audit Findings
NONE

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EXHIBIT K-1

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2026

(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Assistance Listing Number	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through Education Service Center Region 20:			
Head Start	93.600	205-663-4-02	$ 110,561
Passed Through Texas Health and Human Services Commission:			
Medicaid Administrative Claiming	93.778	HHS000537900021	16,098
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			126,659
U.S. DEPARTMENT OF EDUCATION			
Passed Through Texas Education Agency			
Title I Part A- Improving Basic Programs	84.010A	26610101015901	417,546
IDEA-B Formula*	84.027A	266600010159016600	1,084,193
IDEA-B Preschool*	84.173A	266610010159016610	20,161
Carl Perkins - Basic Grant	84.048A	26420006015901	39,545
Title III Part A English Language Acquisition	84.365A	26671001015901	35,757
Title II Part A - Teacher & Principal Training & Recruiting	84.367A	26694501015901	114,659
Title IV Part A - Student Support and Academic Enrichment	84.424A	26680101015901	38,368
TOTAL U.S. DEPARTMENT OF EDUCATION			1,750,229
U.S. DEPARTMENT OF DEFENSE			
ROTC	12.000		57,961
TOTAL U.S. DEPARTMENT OF DEFENSE			57,961
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Texas Department of Agriculture:			
National School Lunch*	10.555	202626N109946	339,517
School Breakfast Program*	10.553	202626N109946	82,617
Commodities (Non-cash Assistance)*	10.555		59,907
TOTAL U.S. DEPARTMENT OF AGRICULTURE			482,041
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 2,416,890

*Indicates clustered program under OMB Compliance Supplement

CLUSTER TOTALS	
IDEA-B	$ 1,104,354
Child Nutrition	482,041
PROGRAM TOTALS	
National School Lunch	$ 399,424

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ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2026

For all Federal programs, the District uses the fund types specified in Texas Education Agency's Financial Accountability System Resource Guide. Special revenue funds are used to account for resources restricted, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial measurement focus. All Federal grant funds were accounted for in the General Fund or Special Revenue Fund, which are Governmental Fund types. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenue in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and accordingly, when such funds are received, they are recorded as unearned revenue until earned.

According to AAG-SLG Appendix D, Questions and Answers, most Medicaid arrangements between states and providers (SHARS) are contracts for services and not Federal assistance; they should not appear on the Schedule of Expenditures of Federal Awards.

The District has not elected to use the 15% de minimis indirect cost rate as allowed by Uniform Guidance.

Reconciliation of the Schedule of Expenditures of Federal Awards to Exhibit C-2 is as follows:

Federal Program Revenues and Expenditures:		
General Fund	$	400,135
Special Revenue Fund		2,220,478
		2,620,613
Less:		
School Health and Related Services (SHARS)		(203,723)
Total per Schedule of Expenditures of Federal Awards (See Exhibit K-1)	$	2,416,890

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