



Lake Travis Independent School District

One Community. One Purpose. All Heart.

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
AUGUST 31, 2025**

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2025

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CERTIFICATE OF BOARD

Lake Travis Independent School District
Name of School District

Travis
County

227913
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 August 31, 2025, at a meeting of the Board of Trustees of such school district on the 17th day of December 2025.

Gini L. Archer
Signature of ~~Vice President~~
Secretary

Lauren White
Signature of Board President

If the Board of Trustees disapproved of the auditor's report, the reason(s) for disapproving it is (are):
(attach list as necessary)

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Lake Travis Independent School District
Austin, Texas

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Emphasis of Matter – Change in Accounting Principle

As described in the notes to the financial statements, in fiscal year 2025 the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lake Travis Independent School District’s basic financial statements. The combining statements, required TEA schedules, except for Exhibit L-1, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements, required TEA schedules, except for Exhibit L-1, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises Exhibit L-1 Required Responses to Selected School First Indicators but does not include the financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2025 on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
December 5, 2025

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MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial Report, we, the management of Lake Travis Independent School District (the "District"), discuss and analyze the District's financial performance for the fiscal year ended August 31, 2025. Please read it in conjunction with the District's financial statements which begin on page 11.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the District exceeded its liabilities and deferred inflows at the close of the most recent period by \$179,311,826 (net position).
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$297,821,645. Approximately 9.2% of this total amount, \$27,284,776, represents unassigned fund balance in the General Fund, which is available for spending at the District's discretion or 16.3% of the total General Fund expenditures.
- At the end of the current fiscal year, fund balance for the Capital Projects Fund was \$251,929,173.

USING THIS ANNUAL REPORT

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.

The Notes to Basic Financial Statements provide narrative explanations or additional data that are an integral part for full disclosure in the government-wide statements or the fund financial statements. The combining statements and budget comparisons included as supplementary information provide detail of all nonmajor governmental funds and budgetary comparisons for the Debt Service major governmental fund and the National School Lunch and Breakfast Program nonmajor governmental fund.

The Other Schedules section provides additional supporting schedules, including a Schedule of Delinquent Taxes Receivable, Exhibit J-4 Use of Funds Report for Select State Allotment Programs, and Exhibit L-1 Required Responses to School First Indicators.

The Required Supplementary Information includes the Schedule of the District's Proportionate Share of the Net Pension Liability, Schedule of District Contributions - Pensions, the Schedule of the District's Proportionate Share of the Net OPEB Liability, Schedule of District Contributions - OPEB, and the budgetary comparison schedule for the General Fund.

The Federal Awards Section contains data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

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 of the District is primarily 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, deferred outflows, liabilities, and deferred inflows 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 the private sector.

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 fees paid to participate in community education programs 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 through the Texas Education Agency. All the District's assets and deferred outflows are reported whether they serve the current year or future years. Liabilities and deferred inflows 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 net position. The District's net position (the difference between assets, deferred outflows, liabilities, and deferred inflows) 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 nonfinancial factors as well, such as changes in the District's enrollment or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, the District has two types of activities:

- Governmental activities - The District's basic services are reported here, including instruction, counseling, co-curricular activities, food services, transportation, maintenance, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.
- Business-type activities - The District's community education function is reported here as the intention is to recover all or a significant portion of their costs through user fees and charges. In addition, the District's video display board operations are also reported here as the intention is to recover all costs of operating the video display board through advertising revenues.

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 under the Every Student Succeeds Act 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, such as campus activities. The District uses the following funds for its accounting:

- Governmental funds - 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. The differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are described in reconciliations 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.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities and alumni scholarship programs. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. The District reports 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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District has presented net position measurements as required by generally accepted accounting principles. Our analysis of comparative balances and changes therein for the current year's operations presents both current and prior year data and discusses significant changes in accounts. Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental activities.

Net position of the District's governmental activities increased from \$162,762,758 to \$178,628,182. 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 \$15,478,048 at August 31, 2025. This increase in governmental net position by \$18,265,767 as shown in Table II was the result of the District's property tax growth and capital contributions, and significant debt reduction.

Net position of the District's business-type activities decreased from \$697,851 to \$683,644. This decrease is primarily due to an increase in payroll costs and costs related to professional and contracted services.

**TABLE I
NET POSITION**

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 323,996,414	\$ 374,180,998	\$ 726,970	\$ 682,682	\$ 324,723,384	\$ 374,863,680
Capital assets	<u>490,686,312</u>	<u>454,954,323</u>	<u>419,389</u>	<u>444,059</u>	<u>491,105,701</u>	<u>455,398,382</u>
Total assets	<u>814,682,726</u>	<u>829,135,321</u>	<u>1,146,359</u>	<u>1,126,741</u>	<u>815,829,085</u>	<u>830,262,062</u>
Deferred outflows - deferred loss	11,894,980	13,735,194	-	-	11,894,980	13,735,194
Deferred outflows related to pensions	10,309,345	17,467,851	-	-	10,309,345	17,467,851
Deferred outflows related to OPEB	<u>13,173,301</u>	<u>10,044,639</u>	-	-	<u>13,173,301</u>	<u>10,044,639</u>
Total deferred outflows of resources	<u>35,377,626</u>	<u>41,247,684</u>	-	-	<u>35,377,626</u>	<u>41,247,684</u>
Current liabilities	19,387,874	13,306,698	462,715	428,890	19,850,589	13,735,588
Long-term liabilities	<u>632,149,657</u>	<u>668,218,909</u>	-	-	<u>632,149,657</u>	<u>668,218,909</u>
Total liabilities	<u>651,537,531</u>	<u>681,525,607</u>	<u>462,715</u>	<u>428,890</u>	<u>652,000,246</u>	<u>681,954,497</u>
Deferred inflows related to leases	577,696	658,902	-	-	577,696	658,902
Deferred inflows related to pensions	747,382	1,761,027	-	-	747,382	1,761,027
Deferred inflows related to OPEB	<u>18,569,561</u>	<u>23,674,711</u>	-	-	<u>18,569,561</u>	<u>23,674,711</u>
Total deferred inflows of resources	<u>19,894,639</u>	<u>26,094,640</u>	-	-	<u>19,894,639</u>	<u>26,094,640</u>
Net position:						
Net investment in capital assets	181,465,324	154,222,045	419,389	444,059	181,884,713	154,666,104
Restricted	12,640,906	12,196,732	-	-	12,640,906	12,196,732
Unrestricted	<u>(15,478,048)</u>	<u>(3,656,019)</u>	<u>264,255</u>	<u>253,792</u>	<u>(15,213,793)</u>	<u>(3,402,227)</u>
Total net position	<u>\$ 178,628,182</u>	<u>\$ 162,762,758</u>	<u>\$ 683,644</u>	<u>\$ 697,851</u>	<u>\$ 179,311,826</u>	<u>\$ 163,460,609</u>

The cost of all governmental activities this year was \$216,817,943. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through District taxes was \$200,546,983 because some of the costs were paid by those who directly benefited from the programs (\$10,929,907), by capital grants and contributions (\$10,336,179), and operating grants or contributions (\$9,389,828), or state foundation funding (\$7,568,591).

**TABLE II
CHANGES IN NET POSITION**

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
REVENUES						
Program revenues:						
Charges for services	\$ 10,929,907	\$ 10,621,590	\$ 4,320,786	\$ 4,152,506	\$ 15,250,693	\$ 14,774,096
Operating grants and contributions	9,389,828	16,208,045	-	-	9,389,828	16,208,045
Capital grants and contributions	10,336,179	11,844,579	-	-	10,336,179	11,844,579
General revenues:						
Maintenance and operations taxes	138,835,828	135,791,922	-	-	138,835,828	135,791,922
Debt service taxes	61,711,155	59,744,898	-	-	61,711,155	59,744,898
Grants and contributions not restricted	7,568,591	6,146,110	-	-	7,568,591	6,146,110
Investment earnings	4,511,374	5,558,862	-	-	4,511,374	5,558,862
Miscellaneous	251,311	144,272	-	-	251,311	144,272
Total revenues	<u>243,534,173</u>	<u>246,060,278</u>	<u>4,320,786</u>	<u>4,152,506</u>	<u>247,854,959</u>	<u>250,212,784</u>
EXPENSES						
Governmental activities						
Instruction	79,235,431	88,970,429	-	-	79,235,431	88,970,429
Instructional resources and media services	1,052,481	1,069,340	-	-	1,052,481	1,069,340
Curriculum and instructional staff development	1,444,681	1,380,411	-	-	1,444,681	1,380,411
Instructional leadership	2,845,378	2,800,532	-	-	2,845,378	2,800,532
School leadership	5,969,311	6,018,208	-	-	5,969,311	6,018,208
Guidance, counseling and evaluation services	5,678,591	6,128,616	-	-	5,678,591	6,128,616
Social work services	362,119	445,004	-	-	362,119	445,004
Health services	1,001,479	963,318	-	-	1,001,479	963,318
Student (pupil) transportation	5,213,912	6,949,823	-	-	5,213,912	6,949,823
Food services	7,230,201	7,893,531	-	-	7,230,201	7,893,531
Co-curricular/extra curricular activities	4,609,608	4,915,931	-	-	4,609,608	4,915,931
General administration	5,565,536	5,271,964	-	-	5,565,536	5,271,964
Facilities maintenance and operations	15,703,378	16,657,875	-	-	15,703,378	16,657,875
Security and monitoring services	1,741,555	1,729,338	-	-	1,741,555	1,729,338
Data processing services	4,102,644	6,382,234	-	-	4,102,644	6,382,234
Community services	1,056,071	1,517,408	-	-	1,056,071	1,517,408
Debt service - interest on long-term debt	23,051,205	28,199,943	-	-	23,051,205	28,199,943
Debt service - bond issuance costs	17,766	310,462	-	-	17,766	310,462
Contracted instructional services between schools	49,849,098	43,205,228	-	-	49,849,098	43,205,228
Payments related to shared service arrangements	57,809	44,380	-	-	57,809	44,380
Payments to juvenile justice						
alternative education programs	2,322	-	-	-	2,322	-
Other intergovernmental charges	1,027,367	1,005,541	-	-	1,027,367	1,005,541
Business-type activities						
Community education	-	-	4,306,154	4,286,532	4,306,154	4,286,532
Video display board	-	-	28,839	24,670	28,839	24,670
Total expenses	<u>216,817,943</u>	<u>231,859,516</u>	<u>4,334,993</u>	<u>4,311,202</u>	<u>221,152,936</u>	<u>236,170,718</u>
SPECIAL ITEM TRANSFERS	(8,450,463)	-	-	-	(8,450,463)	-
CHANGE IN NET POSITION	<u>18,265,767</u>	<u>16,150,762</u>	<u>(14,207)</u>	<u>(2,108,696)</u>	<u>18,251,560</u>	<u>14,042,066</u>
NET POSITION, BEGINNING, AS PREVIOUSLY REPORTED	<u>162,762,758</u>	<u>146,611,996</u>	<u>697,851</u>	<u>2,806,547</u>	<u>163,460,609</u>	<u>149,418,543</u>
CHANGE IN ACCOUNTING PRINCIPLE	<u>(2,400,343)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,400,343)</u>	<u>-</u>
NET POSITION, BEGINNING, AS RESTATED	<u>160,362,415</u>	<u>146,611,996</u>	<u>697,851</u>	<u>2,806,547</u>	<u>161,060,266</u>	<u>149,418,543</u>
NET POSITION, ENDING	<u>\$ 178,628,182</u>	<u>\$ 162,762,758</u>	<u>\$ 683,644</u>	<u>\$ 697,851</u>	<u>\$ 179,311,826</u>	<u>\$ 163,460,609</u>

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds reported a combined fund balance of \$297,821,645, which is a decrease of \$56,524,809 from the prior year's total of \$354,346,454. This overall reduction is consistent with the District's planned use of resources, particularly within the Capital Projects Fund, as voter-authorized construction and improvement projects continued throughout the year.

The General Fund experienced a decrease of \$9,527,596, reflecting higher operational expenditures, including staffing costs, recapture payments, and campus-support needs, combined with state funding levels that did not keep pace with rising costs. While the District utilized a portion of its accumulated fund balance to manage these pressures, the General Fund continues to maintain a healthy unassigned fund balance sufficient to meet the District's financial policies and operational needs.

The Debt Service Fund reported an increase of \$321,091, primarily due to tax collections and investment earnings that were sufficient to meet the current year's principal and interest obligations. The increase also reflects the timing of collections relative to scheduled debt service payments and demonstrates the District's continued ability to meet its long-term debt commitments.

The Capital Projects Fund incurred a decrease of \$47,480,133, which is directly related to ongoing capital outlay activity. During the year, the District continued major construction and renovation projects, including new facility construction, land acquisition, infrastructure improvements, and other bond-funded initiatives. These expenditures represent the planned drawdown of bond proceeds and are aligned with the multi-year capital improvement plan approved by voters. Remaining fund balances in this fund are restricted or committed for completion of projects already underway.

Overall, the decrease in total governmental fund balances is aligned with the District’s strategic financial plan and reflects the intentional use of bond proceeds and reserves to support both operational needs and long-term capital investments. Despite these decreases, the District continues to maintain strong governmental fund balances and remains well positioned to meet its ongoing operational and capital requirements.

Over the course of the year, the Board of Trustees revised the District's budget several times. These budget amendments fall into two categories. The first category includes amendments to appropriate additional funds earned. The second category involved amendments moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2025, the District had \$491,105,701 invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. This amount represents an increase of \$35,707,319 from last year. This increase is related to ongoing bond projects to purchase land for \$1.4 million, elementary school construction of \$17.8 million, high school site road development \$8.8 million and Lake Travis High School improvements of \$13.2 million.

	District's Capital Assets (Net of Accumulated Depreciation)	
	2025	2024
Land	\$ 51,535,504	\$ 50,128,368
Construction in progress	64,583,389	31,616,671
Buildings and improvements	353,410,485	361,041,735
Furniture and equipment	11,911,681	4,056,467
Vehicles	7,096,886	5,230,817
Right to use, SBITA	2,567,756	3,324,324
Total capital assets, net	<u>\$ 491,105,701</u>	<u>\$ 455,398,382</u>

More detailed information about the District's capital assets is presented in the notes to the financial statements.

Long-term Liabilities

At year-end, the District had \$564,173,725 in bonds outstanding versus \$607,349,478 last year. The decrease was due to the defeasance of \$7,610,000 of Unlimited Tax Refunding Bonds, Series 2017, coupled with principal payments on bonds in the amount of \$32,460,000. Other obligations of the District include compensated absences, arbitrage, subscription based IT arrangements, the District’s proportionate share of the net pension liability associated with the TRS pension plan, and the District’s proportionate share of the net OPEB liability associated with the TRS-Care plan.

More detailed information about the District's long-term liabilities is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District is located in one of the fastest growing regions of the state. The District is approximately 18 miles west of Austin, the capital city of Texas, bordered on the north by Lake Travis. Continued growth is expected for years to come as the area has major national employers and educational institutions. Assessed property values are also expected to grow in the future as the area is diverse in its economic offerings. The District anticipates student enrollment to remain flat due to above average home values and high mortgage rates.

The District's elected officials considered many factors when setting the fiscal year 2025 budget and tax rates. Those factors include property values, changes in enrollment, student attendance rates, five-year budget projections, legislative mandates and school funding changes. The District set its operating tax rate at \$0.7381 and its debt service tax rate at \$0.3275 for the 2024-2025 school year, and the Board adopted an operating tax rate of \$0.7122 and debt service tax rate of \$0.3275 for the 2025-2026 school year.

Due to projected growth in students, the 2025-2026 budget includes the following:

- The District's student attendance rate for the 2024-2025 school year increased to 94.74% from the prior year due to an emphasis by each campus on student attendance throughout the school year.
- The District experienced a decrease in enrollment of 2.3 percent for the 2024-2025 school year and reflects an overall slight decrease of 0.1 percent over the past five years.
- The District's taxable valuation has decreased by 2 percent for the 2025-2026 school year due to the new legislative approved increases in the homestead exemptions effective for the 2025 tax year. This is down from an increase of 5 percent last year.
- The District has appropriated General Fund revenues and expenditures in the 2025-2026 budgets of \$145.9 million and \$150.1 million, respectively. Significant changes to the budget include the cost of additional instructional and special education positions (\$715,000), the decrease in cost of recapture due to lower property tax values (\$18 million), cuts to nonpayroll budgets of 10% and 50% to staff travel (\$1.4 million), a salary increase of 1.0 percent for all staff (\$721,000) except for teachers with three or more years of experience. The funding of significant salary increases for teachers based on years of experience was provided through state aid.
- On the Interest and Sinking (I & S) Fund, property values throughout the District will allow the District to redeem an additional \$21.6 million of its Series 2017 current bond obligations. By paying down the District's debt requirement prior to their scheduled maturity dates, the District estimates an overall debt savings of approximately \$6 million.

The 89th Regular Legislative Session gave several minor increases in funding for teacher and support staff salaries, basic costs such as benefits, property insurance and utilities, special education evaluations and transportation costs, and safety and security mandated measures for the District. The legislation continued M&O tax rate compression and increased the amount of funds the district receives for the Basic Allotment by \$55 per student in attendance.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances as well as demonstrate accountability for funds the District receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Assistant Superintendent of Business and Operations, Lake Travis Independent School District, 3322 Ranch Road 620 South, Austin, Texas 78738.

BASIC FINANCIAL STATEMENTS

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LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

EXHIBIT A-1

STATEMENT OF NET POSITION

AUGUST 31, 2025

Data Control Codes	1 Governmental Activities	2 Business-type Activities	3 Total
ASSETS			
1110 Cash and cash equivalents	\$ 317,833,414	\$ 732,961	\$ 318,566,375
1220 Property taxes receivables	6,316,730	-	6,316,730
1230 Allowance for uncollectible taxes	(1,895,019)	-	(1,895,019)
1240 Due from other governments	858,117	-	858,117
1250 Accrued interest	26,046	-	26,046
1260 Internal balances	5,991	(5,991)	-
1290 Other receivables	578,096	-	578,096
1300 Inventories	273,039	-	273,039
Capital assets:			
1510 Land	51,535,504	-	51,535,504
1520 Buildings and improvements, net	352,991,096	419,389	353,410,485
1530 Furniture and equipment, net	11,911,681	-	11,911,681
1540 Vehicles, net	7,096,886	-	7,096,886
1553 Right to use, SBITA	2,567,756	-	2,567,756
1580 Construction in progress	64,583,389	-	64,583,389
1000 Total assets	<u>814,682,726</u>	<u>1,146,359</u>	<u>815,829,085</u>
DEFERRED OUTFLOWS OF RESOURCES			
1701 Deferred loss on bond refunding	11,894,980	-	11,894,980
1705 Related to TRS pension	10,309,345	-	10,309,345
1706 Related to TRS other post-employment benefits	13,173,301	-	13,173,301
1700 Total deferred outflows of resources	<u>35,377,626</u>	<u>-</u>	<u>35,377,626</u>
LIABILITIES			
2110 Accounts payable	4,059,104	4,316	4,063,420
2140 Interest payable	963,571	-	963,571
2150 Payroll deductions and withholdings	239,769	-	239,769
2160 Accrued wages payable	8,524,405	174,440	8,698,845
2180 Due to other governments	3,199,249	-	3,199,249
2200 Accrued expenses	1,745,227	-	1,745,227
2300 Unearned revenue	656,549	283,959	940,508
Noncurrent liabilities:			
Due within one year:			
2501 Long-term debt	18,649,375	-	18,649,375
Due in more than one year:			
2502 Long-term debt	548,589,851	-	548,589,851
2540 Net TRS pension	33,759,694	-	33,759,694
2545 Net TRS other post-employment benefits	22,423,134	-	22,423,134
2590 Arbitrage	8,727,603	-	8,727,603
2000 Total liabilities	<u>651,537,531</u>	<u>462,715</u>	<u>652,000,246</u>
DEFERRED INFLOWS OF RESOURCES			
2602 Related to leases	577,696	-	577,696
2605 Related to TRS pension	747,382	-	747,382
2606 Related to TRS other post-employment benefits	18,569,561	-	18,569,561
2600 Total deferred inflows of resources	<u>19,894,639</u>	<u>-</u>	<u>19,894,639</u>
NET POSITION			
3200 Net investment in capital assets	181,465,324	419,389	181,884,713
Restricted for:			
3820 Federal and state programs	1,197,000	-	1,197,000
3850 Debt service	11,443,906	-	11,443,906
3900 Unrestricted	(15,478,048)	264,255	(15,213,793)
3000 Total net position	<u>\$ 178,628,182</u>	<u>\$ 683,644</u>	<u>\$ 179,311,826</u>

The accompanying notes are an integral part of this financial statement.

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes	1	Program Revenues <u>3</u>
Functions/Programs	Expenses	Charges for Services
Primary government:		
Governmental activities:		
11	\$ 79,235,431	\$ 2,069,825
12	1,052,481	28,710
13	1,444,681	-
21	2,845,378	-
23	5,969,311	-
31	5,678,591	350,380
32	362,119	-
33	1,001,479	-
34	5,213,912	-
35	7,230,201	6,101,777
36	4,609,608	1,537,700
41	5,565,536	-
51	15,703,378	766,874
52	1,741,555	-
53	4,102,644	-
61	1,056,071	74,641
72	23,051,205	-
73	17,766	-
91	49,849,098	-
93	57,809	-
95	2,322	-
99	1,027,367	-
	<u>216,817,943</u>	<u>10,929,907</u>
	[TG] Total governmental activities	
Business-type activities:		
01	4,306,154	4,256,286
02	28,839	64,500
	<u>4,334,993</u>	<u>4,320,786</u>
	[TB] Total business-type activities	
	<u>\$ 221,152,936</u>	<u>\$ 15,250,693</u>
	[TP] Total primary government	
General revenues:		
Taxes:		
MT	Property taxes, levied for general purposes	
DT	Property taxes, levied for debt service	
GC	Grants and contributions not restricted to specific programs	
IE	Investment earnings	
MI	Miscellaneous	
S1	Special item	
TR	Total general revenues and special items	
CN	Change in net position	
NB	Net position, beginning, as previously reported	
Restatement:		
	Change in accounting principle	
NB	Net position, beginning, as restated	
NE	Net position, ending	

The accompanying notes are an integral part of this financial statement.

Program Revenues		Net (Expenses) Revenue and Changes in in Net Position		
4	5	6	7	8
Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
		Governmental Activities	Business-type Activities	
\$ 4,320,638	\$ 10,336,179	\$ (62,508,789)	\$ -	\$ (62,508,789)
23,141	-	(1,000,630)	-	(1,000,630)
200,400	-	(1,244,281)	-	(1,244,281)
59,080	-	(2,786,298)	-	(2,786,298)
136,485	-	(5,832,826)	-	(5,832,826)
851,191	-	(4,477,020)	-	(4,477,020)
8,443	-	(353,676)	-	(353,676)
18,754	-	(982,725)	-	(982,725)
103,264	-	(5,110,648)	-	(5,110,648)
924,713	-	(203,711)	-	(203,711)
51,203	-	(3,020,705)	-	(3,020,705)
96,102	-	(5,469,434)	-	(5,469,434)
50,517	-	(14,885,987)	-	(14,885,987)
38,084	-	(1,703,471)	-	(1,703,471)
37,820	-	(4,064,824)	-	(4,064,824)
114,760	-	(866,670)	-	(866,670)
2,355,233	-	(20,695,972)	-	(20,695,972)
-	-	(17,766)	-	(17,766)
-	-	(49,849,098)	-	(49,849,098)
-	-	(57,809)	-	(57,809)
-	-	(2,322)	-	(2,322)
-	-	(1,027,367)	-	(1,027,367)
<u>9,389,828</u>	<u>10,336,179</u>	<u>(186,162,029)</u>	<u>-</u>	<u>(186,162,029)</u>
-	-	-	(49,868)	(49,868)
-	-	-	35,661	35,661
-	-	-	(14,207)	(14,207)
<u>\$ 9,389,828</u>	<u>\$ 10,336,179</u>	<u>(186,162,029)</u>	<u>(14,207)</u>	<u>(186,176,236)</u>
		138,835,828	-	138,835,828
		61,711,155	-	61,711,155
		7,568,591	-	7,568,591
		4,511,374	-	4,511,374
		251,311	-	251,311
		<u>(8,450,463)</u>	<u>-</u>	<u>(8,450,463)</u>
		<u>204,427,796</u>	<u>-</u>	<u>204,427,796</u>
		<u>18,265,767</u>	<u>(14,207)</u>	<u>18,251,560</u>
		<u>162,762,758</u>	<u>697,851</u>	<u>163,460,609</u>
		<u>(2,400,343)</u>	<u>-</u>	<u>(2,400,343)</u>
		<u>160,362,415</u>	<u>697,851</u>	<u>161,060,266</u>
		<u>\$ 178,628,182</u>	<u>\$ 683,644</u>	<u>\$ 179,311,826</u>

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS

AUGUST 31, 2025

Data Control Codes		10 <u>General Fund</u>	50 <u>Debt Service Fund</u>
ASSETS			
1110	Cash and cash equivalents	\$ 43,329,261	\$ 11,117,654
1220	Property taxes - delinquent	4,384,794	1,931,936
1230	Allowance for uncollectible taxes (credit)	(1,315,438)	(579,581)
1240	Due from other governments	-	-
1250	Accrued interest	23,425	-
1260	Due from other funds	981,934	-
1290	Other receivables	578,096	-
1300	Inventories	<u>98,753</u>	-
1000	Total assets	<u>48,080,825</u>	<u>12,470,009</u>
LIABILITIES			
2110	Accounts payable	1,197,204	-
2150	Payroll deductions & withholdings	239,769	-
2160	Accrued wages payable	7,988,455	-
2170	Due to other funds	47,740	-
2180	Due to other governments	3,136,717	62,532
2200	Accrued expenses	-	-
2300	Unearned revenues	<u>233,998</u>	-
2000	Total liabilities	<u>12,843,883</u>	<u>62,532</u>
DEFERRED INFLOWS OF RESOURCES			
2601	Unavailable revenue - property taxes	3,047,339	1,344,204
2602	Related to leases	<u>577,696</u>	-
2600	Total deferred inflows of resources	<u>3,625,035</u>	<u>1,344,204</u>
FUND BALANCES			
Nonspendable:			
3410	Inventories	98,753	-
Restricted:			
3450	Federal or state grant restrictions	-	-
3470	Construction	-	-
3480	Retirement of long-term debt	-	11,063,273
Committed:			
3545	Other	-	-
Assigned:			
3500	Subsequent year's budget	4,228,378	-
3600	Unassigned	<u>27,284,776</u>	-
3000	Total fund balances	<u>31,611,907</u>	<u>11,063,273</u>
4000	Total liabilities, deferred inflows and fund balances	<u>\$ 48,080,825</u>	<u>\$ 12,470,009</u>

The accompanying notes are an integral part of this financial statement.

60

Capital Projects	Other Funds	Total Governmental Funds
\$ 255,987,174	\$ 3,926,583	\$ 314,360,672
-	-	6,316,730
-	-	(1,895,019)
-	858,117	858,117
-	2,621	26,046
-	47,740	1,029,674
-	-	578,096
-	174,286	273,039
<u>255,987,174</u>	<u>5,009,347</u>	<u>321,547,355</u>
2,809,863	52,037	4,059,104
-	-	239,769
98,220	437,730	8,524,405
96,206	879,737	1,023,683
-	-	3,199,249
1,053,712	-	1,053,712
-	422,551	656,549
<u>4,058,001</u>	<u>1,792,055</u>	<u>18,756,471</u>
-	-	4,391,543
-	-	577,696
<u>-</u>	<u>-</u>	<u>4,969,239</u>
-	174,286	273,039
-	1,022,714	1,022,714
251,929,173	-	251,929,173
-	-	11,063,273
-	2,020,292	2,020,292
-	-	4,228,378
-	-	27,284,776
<u>251,929,173</u>	<u>3,217,292</u>	<u>297,821,645</u>
<u>\$ 255,987,174</u>	<u>\$ 5,009,347</u>	<u>\$ 321,547,355</u>

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LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

EXHIBIT C-2

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION

AUGUST 31, 2025

Total fund balances - governmental funds	\$	297,821,645
1 Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		490,686,312
2 Uncollected property taxes are reported as unavailable resources in the governmental funds balance sheet, but are recognized as a revenue in the statement of activities.		4,391,543
3 Long-term liabilities, including bonds, SBITAs and compensated absences, are not due and payable in the current period and therefore are not reported in the funds. Also, the losses on refunding of bonds and the premium on issuance of bonds payable are not reported on the balance sheet in the funds.		(564,071,849)
4 Interest payable is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(963,571)
5 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to pensions included a deferred resource outflow in the amount of \$10,309,345, a deferred resource inflow in the amount of \$747,382, and a net pension liability in the amount of \$33,759,694.		(24,197,731)
6 Included in the items related to debt is the recognition of the District's proportionate share of the net other post-employment benefit (OPEB) liability required by GASB 75. The net position related to the OPEB included a deferred resource outflow in the amount of \$13,173,301, a deferred resource inflow in the amount of \$18,569,561, and a net OPEB liability in the amount of \$22,423,134.		(27,819,394)
7 Internal Service Funds are used by management to charge the costs of certain activities, such as workers' compensation, health insurance and DSA/HSA to individual funds. The net revenue (expense) of the Internal Service Funds is reported with governmental activities.		<u>2,781,227</u>
29 Net position of governmental activities	\$	<u>178,628,182</u>

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes		10 General Fund	50 Debt Service Fund
		Fund	Fund
REVENUES			
5700	Local and intermediate sources	\$ 144,059,192	\$ 62,381,871
5800	State program	13,427,668	2,355,233
5900	Federal program	169,356	-
5020	Total revenues	157,656,216	64,737,104
EXPENDITURES			
Current:			
0011	Instruction	66,956,922	-
0012	Instructional resources and media services	1,058,104	-
0013	Curriculum and instructional staff development	1,279,901	-
0021	Instructional leadership	2,638,425	-
0023	School leadership	6,029,741	-
0031	Guidance, counseling and evaluation services	4,754,118	-
0032	Social work services	373,273	-
0033	Health services	1,002,422	-
0034	Student (pupil) transportation	5,535,903	-
0035	Food services	151,566	-
0036	Extracurricular activities	2,697,663	-
0041	General administration	5,201,327	-
0051	Facilities maintenance and operations	12,924,788	-
0052	Security and monitoring services	1,772,627	-
0053	Data processing services	3,075,112	-
0061	Community services	619,085	-
Debt service:			
0071	Principal on long term debt	139,210	40,070,000
0072	Interest on long term debt	3,638	24,328,247
0073	Bond issuance costs and fees	-	17,766
Capital outlay:			
0081	Facilities acquisition and construction	179,010	-
Intergovernmental:			
0091	Contracted instructional services between schools	49,849,098	-
0093	Payments to fiscal agent/member districts of SSA	57,809	-
0095	Payments to juvenile justice alternative education programs	2,322	-
0099	Other intergovernmental charges	1,027,367	-
6030	Total expenditures	167,329,431	64,416,013
1100	Excess (deficiency) of revenues over (under) expenditures	(9,673,215)	321,091
OTHER FINANCING SOURCES (USES)			
7940	Issuance of SBITA	145,619	-
	Total other financing sources (uses)	145,619	-
1200	Net change in fund balances	(9,527,596)	321,091
0100	Fund balance - beginning	41,139,503	10,742,182
3000	Fund balance - ending	\$ 31,611,907	\$ 11,063,273

The accompanying notes are an integral part of this financial statement.

60

Capital Projects	Other Funds	Total Governmental Funds
\$ 12,690,745	\$ 9,641,703	\$ 228,773,511
-	921,271	16,704,172
-	<u>3,530,950</u>	<u>3,700,306</u>
<u>12,690,745</u>	<u>14,093,924</u>	<u>249,177,989</u>
-	4,585,277	71,542,199
-	-	1,058,104
-	198,045	1,477,946
-	-	2,638,425
-	-	6,029,741
-	1,050,334	5,804,452
-	-	373,273
-	-	1,002,422
-	-	5,535,903
-	6,786,587	6,938,153
-	1,054,894	3,752,557
-	-	5,201,327
-	200,000	13,124,788
-	-	1,772,627
-	-	3,075,112
-	56,958	676,043
16,859	-	40,226,069
961	-	24,332,846
-	-	17,766
60,153,058	-	60,332,068
-	-	49,849,098
-	-	57,809
-	-	2,322
-	-	<u>1,027,367</u>
<u>60,170,878</u>	<u>13,932,095</u>	<u>305,848,417</u>
<u>(47,480,133)</u>	<u>161,829</u>	<u>(56,670,428)</u>
-	-	145,619
-	-	<u>145,619</u>
<u>(47,480,133)</u>	<u>161,829</u>	<u>(56,524,809)</u>
<u>299,409,306</u>	<u>3,055,463</u>	<u>354,346,454</u>
<u>\$ 251,929,173</u>	<u>\$ 3,217,292</u>	<u>\$ 297,821,645</u>

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

FOR THE YEAR ENDED AUGUST 31, 2025

Net change in fund balances - total governmental funds	\$ (56,524,809)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	44,182,452
The net effect to net position for transactions involving capital assets, including disposal of capital assets.	(8,450,463)
Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	156,809
The issuance of long-term debt (e.g., bonds and SBITAs) provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and SBITA principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Issuance of SBITA	(145,619)
Principal payment on bonds	40,070,000
Principal payment on SBITAs	156,069
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Amortization of premium on bonds	3,105,753
Amortization of deferred loss on refunding of bonds	(1,840,214)
Accrued interest on long-term debt	16,102
Arbitrage	(2,354,566)
Compensated absences	145,262
GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$3,218,290. Contributions made before the measurement date and during the previous fiscal year were expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling \$3,112,627. Finally, the proportionate share of pension expense on the plans as a whole had to be recorded. The net pension expense decreased the change in net position by \$2,621,228.	(2,515,565)
GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$677,332. Contributions made before the measurement date and during the previous fiscal year were expended and recorded as a reduction in net OPEB liability. This caused a decrease in net position totaling \$670,514. Finally, the proportionate share of OPEB expense on the plans as a whole had to be recorded. The net OPEB expense increased the change in net position by \$2,090,394.	2,097,212
Internal Service Funds are used by management to charge the costs of certain activities, such as workers' compensation, self-funded health insurance, and DSA/HSA to individual funds. The net revenue (expense) of the Internal Service Funds is reported with governmental activities.	167,344
Change in net position of governmental activities	\$ 18,265,767

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

EXHIBIT D-1

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS

AUGUST 31, 2025

	<u>Business-type Activities Nonmajor Enterprise Funds</u>	<u>Governmental Activities Internal Service Funds</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 732,961	\$ 3,472,742
Total current assets	<u>732,961</u>	<u>3,472,742</u>
Noncurrent assets:		
Capital assets		
Buildings and improvements	493,399	-
Accumulated depreciation	<u>(74,010)</u>	<u>-</u>
Total noncurrent assets	<u>419,389</u>	<u>-</u>
Total assets	<u>1,152,350</u>	<u>3,472,742</u>
LIABILITIES		
Current liabilities:		
Accounts payable	4,316	-
Accrued wages payable	174,440	-
Due to other funds	5,991	-
Accrued expenses	-	691,515
Unearned revenue	<u>283,959</u>	<u>-</u>
Total current liabilities	<u>468,706</u>	<u>691,515</u>
Total liabilities	<u>468,706</u>	<u>691,515</u>
NET POSITION		
Investment in capital assets	419,389	-
Unrestricted	<u>264,255</u>	<u>2,781,227</u>
Total net position	<u>\$ 683,644</u>	<u>\$ 2,781,227</u>

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

EXHIBIT D-2

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2025

	Business-type Activities <u>Enterprise Funds</u>	Governmental Activities <u>Internal Service Funds</u>
OPERATING REVENUES		
Local and intermediate sources	\$ 4,320,786	\$ 11,405,167
Total operating revenues	<u>4,320,786</u>	<u>11,405,167</u>
OPERATING EXPENSES		
Payroll costs	3,051,188	-
Professional and contracted services	761,252	166,738
Supplies and materials	284,328	-
Claims	-	10,986,210
Other operating costs	213,555	98,313
Depreciation	<u>24,670</u>	<u>-</u>
Total operating expenses	<u>4,334,993</u>	<u>11,251,261</u>
Operating income (loss)	<u>(14,207)</u>	<u>153,906</u>
NON-OPERATING REVENUES (EXPENSES)		
Investment and interest income	<u>-</u>	<u>13,438</u>
Total non-operating revenues (expenses)	<u>-</u>	<u>13,438</u>
CHANGE IN NET POSITION	<u>(14,207)</u>	<u>167,344</u>
NET POSITION, BEGINNING	<u>697,851</u>	<u>2,613,883</u>
NET POSITION, ENDING	<u>\$ 683,644</u>	<u>\$ 2,781,227</u>

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2025

	Business-type Activities <u>Enterprise Funds</u>	Governmental Activities <u>Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts for charges for services	\$ 4,319,141	\$ -
Receipts from contributors	-	11,405,167
Payments to employees	(3,019,960)	-
Payments to suppliers	(1,254,609)	(265,051)
Claims paid	-	(11,041,481)
Net cash provided by operating activities	<u>44,572</u>	<u>98,635</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	-	13,438
Net cash provided (used) in investing activities	<u>-</u>	<u>13,438</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>44,572</u>	<u>112,073</u>
CASH AND CASH EQUIVALENTS, BEGINNING	<u>688,389</u>	<u>3,360,669</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>732,961</u>	<u>3,472,742</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	(14,207)	153,906
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	24,670	-
Decrease (increase) in due from other funds	-	-
Increase (decrease) in deferred revenue	(1,645)	-
Increase (decrease) in due to other funds	284	-
Increase (decrease) in accounts payable	4,242	-
Increase (decrease) in accrued wages payable	31,228	-
Increase (decrease) in accrued expenses	-	(55,271)
Net cash provided by operating activities	<u>\$ 44,572</u>	<u>\$ 98,635</u>

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

EXHIBIT E-1

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND

AUGUST 31, 2025

	<u>Custodial Fund</u>
ASSETS	
Cash and cash equivalents	\$ 155,349
Total assets	<u>155,349</u>
LIABILITIES	<u>-</u>
NET POSITION	
Restricted for:	
Student groups	<u>155,349</u>
Total net position	<u>\$ 155,349</u>

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

EXHIBIT E-2

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND

FOR THE YEAR ENDED AUGUST 31, 2025

	<u>Custodial Fund</u>
ADDITIONS	
Tuition and fees	\$ 324,811
Total additions	<u>324,811</u>
DEDUCTIONS	
Supplies and materials	<u>355,857</u>
Total deductions	<u>355,857</u>
Net increase (decrease) in fiduciary net position	<u>(31,046)</u>
Net position, beginning	<u>186,395</u>
Net position, ending	<u>\$ 155,349</u>

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LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Lake Travis Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven-member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and it complies with the requirements of the Texas Education Agency's Financial Accountability System Resource Guide (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

The Board of Trustees (the "Board") is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB"). The accompanying financial statements present the District and its component unit, an entity for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government.

Blended component unit. The Lake Travis ISD Public Facility Corporation ("Lake Travis ISD PFC") was created in May 2024 under Chapter 303 of the Texas Local Government Code. Its purpose is to assist the District in providing affordable housing to the public. The Lake Travis ISD PFC is governed by a board appointed by the District's Board of Trustees, which is the same as the Board. Any loans, bond issuances and housing rates must be approved by the District's Board of Trustees. In the current year, the Lake Travis ISD PFC did not have any financial activity.

B. Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Lake Travis Independent School District non-fiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are non-operating.

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

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

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund and fiduciary fund financial statements. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets, deferred outflows (inflows), and all liabilities associated with the operation of these funds are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 days after year end.

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

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

The 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. It is a budgeted fund, and any unassigned fund balance is considered resources available for current operations.

Debt Service Fund: The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

Capital Projects Fund: The District accounts for proceeds from the sale of bonds and other revenues to be used for authorized construction and other capital asset acquisitions.

In addition, the District reports the following fund types:

Governmental Funds:

Special Revenue Funds: The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in Special Revenue Funds, and sometimes unused balances must be returned to the grantor at the close of specified project periods.

Proprietary Funds:

Enterprise Funds: Used to account for the operations of the District's community education programs and the operations of advertising revenues generated from the District's video display board.

Internal Service Funds: Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The District's Internal Service Funds are the self-funded workers' compensation Fund, self-funded health insurance fund, and employee health savings account fund.

Fiduciary Fund:

Custodial Fund: The District accounts for resources held for others in a custodial capacity. The District's Custodial Fund is student activities.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in the governmental activities are eliminated.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, Deferred Inflows/Outflows of Resources, Net Position/Fund Balance, Revenues and Expenditures/Expenses

1. *Deposits and Investments*

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the District are reported at fair value, except for the position in investment pools. The District's investments in Pools are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

2. *Inventory*

Inventories in the General Fund consist of expendable supplies held for consumption. Inventories are charged to expenditures when consumed. Supply and furniture and equipment inventory are recorded at cost (FIFO method) and are offset by a fund balance reserves which indicate that they do not represent "available expendable resources." Inventories in the Food and Nutrition Services Fund consist of commodities, purchased food and supplies. Purchased food and supplies are recorded at cost (FIFO method) and charged to expense when consumed. The commodity portion of inventory is valued at estimated market values supplied by the Texas Department of Human Services.

3. *Property Taxes*

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

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

4. Leases

The District has entered into various lease agreements as a lessor. Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

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

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

Lessor. The District is a lessor in arrangements allowing a lessee the right to use its property. In both the government-wide financial statements and the governmental fund financial statements, the District initially measures the lease receivable and a deferred inflow of resources for the present value of payments expected to be made during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments made. The deferred inflow of resources is recognized as revenue on a systematic basis over the life of the lease.

5. Subscription-Based IT Arrangements

The District is a lessee for a noncancellable subscription-based IT arrangements (SBITAs). The District recognizes a liability and an intangible right-to-use assets in the government-wide financial statements.

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

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

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

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

These right to use assets are reported with other capital assets and liabilities are reported with long term debt on the statement of net position.

6. Capital Assets

Capital assets, which include land, buildings, furniture and equipment, and right to use assets are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Land and construction in progress are not depreciated. Buildings, furniture and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Life
Buildings and improvements	15-40
Furniture and equipment	3-20
Vehicles	7-10
Right to use, SBITA	1-5

7. Long-Term Liabilities

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

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

8. Compensated Absences

District employees earn state, local, and flex leave in accordance with Board policy. Leave balances may accumulate and are available for use in subsequent periods. The District applies a last-in, first-out (LIFO) flow assumption for all types of accumulated leave, under which the most recently earned leave is presumed to be used first.

The District recognizes a liability for leave that is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid or settled. Based on historical experience and management’s evaluation, accumulated local leave and flex leave are considered more likely than not to be used or paid; therefore, a liability for such leave (including applicable payroll-related costs) has been recorded in the governmental activities. Based on the same assumption and usage trends, accumulated state leave is not considered more likely than not to be used or paid; therefore, no liability has been recorded for accumulated state leave.

9. Deferred Outflows and Inflows of Resources

A deferred outflow of resources is a consumption of a government's net assets (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period. The District had the following deferred outflows of resources:

- Deferred outflows of resources for pension – Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability, the results of differences between expected and actual experience, changes in actuarial assumptions and changes in proportion and difference between the employer's contributions and the proportionate share of contributions. The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year.
- Deferred outflows of resources for OPEB – Reported in the government-wide financial statement of net position, this deferred outflow results from OPEB plan contributions made after the measurement date of the net pension liability, the differences between projected and actual investment earnings, and changes in proportion and difference between the employer's contributions and the proportionate share of contributions. The deferred outflows related to OPEB resulting to District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year.
- Deferred outflows of resources for refunding – Reported in the government-wide statement of net position, this deferred charge on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

- Deferred inflow of resources for unavailable revenues – Reported only in the governmental funds balance sheet, for unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of revenues in the period that the amounts become available. During the current year, the District recorded deferred inflow of resources as unavailable revenues – property taxes with the General Fund and Debt Service Fund respectively.
- Deferred inflow of resources for pensions – Reported in the government-wide financial statement of net position, these deferred inflows result from differences between expected and actual economic experience, changes in actuarial assumptions, differences between projected and actual investment earnings, as well as changes in proportion and difference between the employer's contributions and the proportionate share of contributions.
- Deferred inflow of resources for OPEB – Reported in the government-wide financial statement of net position, these deferred inflows result from differences between expected and actual economic experience and changes in actuarial assumptions.
- Deferred inflow of resources for leases – Reported in the government-wide and fund financial statements the District recognizes deferred inflows related to leases for its lessor transactions. These amounts offset the receivable related to the lease and will be recognized systematically in future years over the life of the lease.

10. Defined Benefit Pension Plan

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

11. Other Post-Employment Benefit Plans

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

12. Net Position

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

13. Net Position Flow Assumption

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

14. Fund Balances - Governmental Funds

Non-spendable Fund Balance - amounts that are not in spendable form, such as fund balances associated with inventories, prepaids, and long-term loans and notes receivable.

Restricted Fund Balance - amounts that can be spent only for the specific purposes stipulated by their providers, such as grantors, bondholders, and higher levels of government, through constitutional provisions, or by enabling legislation.

Committed Fund Balance - amounts that can only be used for the specific purposes determined by a formal action of the District's Board of Trustees (the District's highest level of decision-making authority). These amounts cannot be used for any other purpose unless the District's Board of Trustees takes the same level of action to remove or change the constraint.

Assigned Fund Balance - amounts intended to be used by the government for specific purposes but to not meet the criteria to be classified as restricted or committed. Intent can be expressed by the District's Board of Trustees or by the Superintendent or Chief Financial Officer, to whom the Board of Trustees has delegated the authority to assign fund balances.

Unassigned Fund Balance - amounts that are available for any purpose; these amounts are reported only in the General Fund.

15. Fund Balance Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

16. Data Control Codes

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

17. Estimates

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Expenditures over Appropriations

Expenditures in the school leadership, general administration, data processing services, community services, and facilities acquisition and construction functions in the General Fund exceeded budgeted amounts by \$71,156, \$36,133, \$108,329, \$1,076, and \$103,143 respectively for the year ended August 31, 2025. The under expending of budgets in other functions or existing fund balance covered the expenditures over budget.

Expenditures in the food services function in the National Breakfast and Lunch Program Fund exceeded budgeted amounts by \$73,262 for the year ended August 31, 2025. The under expending of budgets in other functions or existing fund balance covered the expenditures over budget.

III. DETAILED NOTES ON ACTIVITIES AND FUNDS

A. Deposits and Investments

The Public Funds Investment Act authorizes the District to invest in funds under a written investment policy, which is approved annually by the Board. The primary objectives of the District’s investment strategy for operating and agency funds, in order of priority, are safety, investment liquidity and maturity sufficient to meet anticipated cash flow requirements. The primary objective of the District’s investment strategy for Debt Service and Capital Projects Funds is sufficient investment liquidity to meet related obligations.

The District is authorized to invest in the following investment instruments provided that they meet the guidelines established in the investment policy:

- Obligations of, or guaranteed by, governmental entities
- Certificates of deposit and share certificates
- Fully collateralized repurchase agreements
- Securities lending program
- Banker’s acceptances
- Commercial paper
- No-load money market mutual funds and no-load mutual funds
- Guaranteed investment contracts as an investment vehicle for bond proceeds
- Public funds investment pools

The District’s funds are required to be deposited and invested under the terms of a depository contract pursuant to the School Depository Act. The depository bank deposits for safekeeping and trust with the District’s agent approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation (“FDIC”) insurance. Therefore, the District is not exposed to custodial credit risk. Under the depository contract, the District, at its own discretion, may invest funds in time deposits and certificates of deposit provided by the depository bank at interest rates approximating United States Treasury Bill rates.

The District’s deposits with financial institutions at August 31, 2025 were entirely covered by FDIC insurance or by pledged collateral held by the District’s agent bank in the District’s name.

The District maintains a cash pool consisting of demand deposits. The combined pool is available for use by most Special Revenue Funds. If a fund overdraws its share of the pool, the overdraft is reported as an interfund payable in that fund. The offsetting interfund receivable is reported in the General Fund.

The District's investments at August 31, 2025 are shown below.

<u>Description</u>	<u>Reported Value</u>	<u>Weighted Average Maturity (Days)</u>	<u>Standard & Poor's Rating</u>
Local Government Investment Pool:			
TexPool	\$ 147,876,873	42	AAAm
MBIA Texas CLASS	<u>131,609,053</u>	44	AAAm
	<u>279,485,926</u>		
Prosperity Bank:			
Money market accounts	<u>23,195,869</u>	1	AAA
	<u>\$ 302,681,795</u>		

TexPool is overseen by the Texas State Comptroller of Public Accounts, who is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company which is authorized to operate TexPool. TexPool also has an advisory board to advise on TexPool’s investment policy, which is made up equally of participants and nonparticipants who do not have a business relationship with TexPool. Federated Investors manages daily operations of TexPool under a contract with the Comptroller and is the investment manager for the pool. TexPool’s investment policy stipulates that it must invest in accordance with the Public Funds Investment Act.

MBIA is administered by MBIA-Municipal Investors Service Corporation ("MISC") and Wells Fargo Bank Texas. MISC is a subsidiary of MBIA Asset Management Group, one of the nation's largest providers of administrative and portfolio management services for local government investment pools. MBIA is supervised by a Board of Trustees who are elected by participants. The responsibility of the Board of Trustees includes the ability to influence operations, designation of management and accountability for fiscal matters. In addition, MBIA has an Advisory Board which provides input and feedback on the operations and direction of the program. Standard and Poor's reviews the pool on a weekly basis to ensure the pool's compliance with its rating requirements. MBIA's investment policy stipulates that it must invest in accordance with the Public Funds Investment Act.

The external local government investment pools do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. These pools do not impose any liquidity fees or redemption gates.

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 agencies are designed to give an indication of credit risk. At August 31, 2025, investments were included in external local government investment pools and money market accounts with ratings from Standard & Poor's in compliance with the District's investment policy.

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. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the District, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At August 31, 2025, the District was not exposed to custodial credit risk.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. Information regarding investments in any one issuer that represents five percent or more of the District's total investments must be disclosed, excluding investments issued or explicitly guaranteed by the U.S. government. At August 31, 2025, the District had 100% of its investments in money market accounts and external local government investment pools.

Interest Rate Risk - As a means of minimizing risk of loss due to interest rate fluctuations, the District's investment policy requires that maturities will not exceed the weighted average maturity of 180 days for any internally created pool fund group and one year from the time of purchase for any other individual investment. The Board may specifically authorize a longer maturity for a given investment, within legal limits. The District considers the holdings in the external local government investment pools to have a one day weighted average maturity due to the fact that the share position can usually be redeemed each day at the discretion of the shareholders, unless there has been a significant change in value. At August 31, 2025, investments were included in external local government investment pools and money market accounts which have a weighted average maturity of one day.

B. Property taxes

The Texas Legislature in 1979 adopted a comprehensive Property Tax Code (the "Code") which established a county-wide appraisal district and an appraisal review board in each county in the State. The Travis Central Appraisal District (the "Appraisal District") is responsible for the recording and appraisal of all property in the District. Under the Code, the Board sets the tax rates on property and the Travis County Tax Office provides tax collection services. The Appraisal District is required under the Code to assess property at 100% of its appraised value. Further, real property must be reappraised at least every three years. Under certain circumstances, taxpayers and taxing units, including the District, may challenge orders of the Appraisal Review Board through various appeals and, if necessary, legal action.

Property taxes are levied as of October 1 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 and penalties and interest that are ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period, including those property taxes expected to be collected during a 60-day period after the end of the District’s fiscal year. The assessed value at January 1, 2024, upon which the October 2024 levy was based was \$19,187,782,376. The District levied taxes based on a combined tax rate of \$1.0656 per \$100 of assessed valuation for local maintenance (general governmental services) and debt service.

The 86th session of the Texas Legislature convened in January 2019, with school finance reform as a critical priority. House Bill 3 (HB 3), passed by the 86th Texas Legislature, was one of the most transformative Texas education bills in recent history infusing more than \$11 billion into the public school system. HB 3 provided more money for Texas classrooms through an increase in the basic allotment for each student from \$5,140 to \$6,160, increased teacher compensation, funds free full-day Pre-K for eligible 4-year-olds, reduced the amount of money wealthy districts must spend to subsidize poor districts through the state’s recapture program, and cut local property taxes for Texas taxpayers. In summary, the bill focused on four major policy areas: teacher support, improving student outcomes, increasing funding, and reduction and reform of property taxes and recapture.

HB3 amended the Education Code to transfer certain sections from Chapter 41 to Chapter 49 and revised formulas used to determine excess local revenue under the Foundation School Program (FSB). The formula for recapture is now local revenue in excess of entitlement instead of wealth per weighted average daily attendance (WADA) basis. Under HB 3, recapture and non-recapture school districts are treated more equitably, and districts only pay tier one recapture on the amount above their formula entitlement. HB 3 modifies local revenue subject to recapture to be local revenue in excess of entitlement and is calculated by subtracting a district's tier one entitlement (and credit for appraisal costs) from its available school fund (ASF) distribution and local fund assignment.

During the year ended August 31, 2025, the District’s recapture cost was \$49,849,098 and this amount was incorporated into the District’s budget. Under HB 3, districts now have the option of making one lump-sum payment in August after the fiscal year ends. The payment option to submit seven equal payments from February through August remains unchanged. The District opted to make one lump-sum payment in August.

C. Due from Other Governments

The District participates in a variety of federal and state programs from which it receives grants to partially or fully fund certain activities. The District also receives entitlements from the State through the School Foundation and Per Capita Programs. These amounts are reported in the financial statements as due from other governments are summarized below as of August 31, 2025:

	Nonmajor Governmental Funds
Federal and state programs	\$ 858,117
Total due from other governments	<u>\$ 858,117</u>

D. Interfund Balances

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

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>
General fund	Capital projects fund	\$ 96,206
General fund	Nonmajor governmental	879,737
General fund	Nonmajor enterprise	5,991
Nonmajor governmental	General fund	<u>47,740</u>
Total		<u>\$ 1,029,674</u>

Interfund balances consist of short-term lending/borrowing arrangements that result primarily from payroll and other regularly occurring charges that are paid by the General Fund and then charged back to the appropriate other fund.

E. Other Receivables

At year end other receivables reported in the General Fund in the amount of \$578,096 which consists of leases receivable in the amount of \$577,696 and \$400 of other receivables.

A summary of lease receivables is as follows:

Purpose of Lease	Interest Rate	Agreement Term	Initial Year of Lease	Amount of Initial Lease Receivable	Receivable at Year End
Right to Use:					
Antenna	2.0%	20 years	2022	\$ 166,785	\$ 135,777
Land - cell tower	2.0%	25 years	2022	494,185	428,480
La Cabana Grill	2.7%	3 years	2022	155,812	13,439
Totals					<u>\$ 577,696</u>

Future annual principal and interest payments receivable are as follows:

Year Ended August 31,	Principal	Interest	Total Requirements
2026	\$ 42,351	\$ 11,148	\$ 53,499
2027	29,494	10,506	40,000
2028	30,089	9,911	40,000
2029	30,694	9,306	40,000
2030	31,313	8,687	40,000
2031-2035	166,280	33,719	199,999
2036-2040	183,711	16,290	200,001
2041-2045	<u>63,764</u>	<u>1,236</u>	<u>65,000</u>
Totals	<u>\$ 577,696</u>	<u>\$ 100,803</u>	<u>\$ 678,499</u>

F. Capital Assets

Governmental capital asset activity for the year ended August 31, 2025 was as follows:

	Beginning Balance	Increases	Decreases/ Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 50,128,368	\$ 1,407,136	\$ -	\$ 51,535,504
Construction in progress	<u>31,616,671</u>	<u>46,616,038</u>	<u>(13,649,320)</u>	<u>64,583,389</u>
Total capital assets, not being depreciated	<u>81,745,039</u>	<u>48,023,174</u>	<u>(13,649,320)</u>	<u>116,118,893</u>
Capital assets, being depreciated:				
Buildings and improvements	521,476,123	2,384,731	5,198,857	529,059,711
Furniture and equipment	22,864,001	8,191,561	-	31,055,562
Vehicles	16,496,187	3,072,127	-	19,568,314
Right to use, SBITA	<u>4,226,395</u>	<u>145,619</u>	<u>(53,774)</u>	<u>4,318,240</u>
Total capital assets, being depreciated	<u>565,062,706</u>	<u>13,794,038</u>	<u>5,145,083</u>	<u>584,001,827</u>
Less accumulated depreciation for:				
Buildings and improvements	(160,878,447)	(15,190,168)	-	(176,068,615)
Furniture and equipment	(18,807,534)	(336,347)	-	(19,143,881)
Vehicles	(11,265,370)	(1,206,058)	-	(12,471,428)
Right to use, SBITA	<u>(902,071)</u>	<u>(902,187)</u>	<u>53,774</u>	<u>(1,750,484)</u>
Total accumulated depreciation	<u>(191,853,422)</u>	<u>(17,634,760)</u>	<u>53,774</u>	<u>(209,434,408)</u>
Total governmental activities capital assets, net	<u>\$ 454,954,323</u>	<u>\$ 44,182,452</u>	<u>\$ (8,450,463)</u>	<u>\$ 490,686,312</u>

Governmental depreciation was charged to functions as follows:

Governmental activities:	
Instruction	\$ 9,995,397
Instruction Resources & Media Services	31,610
Instructional Leadership	287,307
School Leadership	164,691
Guidance, Counseling & Evaluation Services	26,465
Health Services	23,215
Student (Pupil) Transportation	687,843
Food Services	473,985
Extracurricular Activities	1,293,639
General Administration	506,130
Facilities Maintenance & Operations	2,225,730
Security and Monitoring Services	21,357
Data Processing Services	1,405,194
Community services	<u>492,197</u>
Total depreciation expense	<u>\$ 17,634,760</u>

Business-type capital asset activity for the year ended August 31, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, being depreciated:				
Buildings and improvements	\$ 493,399	\$ -	\$ -	\$ 493,399
Total capital assets, being depreciated	<u>493,399</u>	<u>-</u>	<u>-</u>	<u>493,399</u>
Less accumulated depreciation for:				
Buildings and improvements	(49,340)	(24,670)	-	(74,010)
Total accumulated depreciation	<u>(49,340)</u>	<u>(24,670)</u>	<u>-</u>	<u>(74,010)</u>
Total governmental activities capital assets, net	<u>\$ 444,059</u>	<u>\$ (24,670)</u>	<u>\$ -</u>	<u>\$ 419,389</u>

During the current year, business-type activities depreciation was as follows:

Business-type activities:	
Video display board	\$ 24,670
Total depreciation expense	<u>\$ 24,670</u>

G. Unearned Revenue

At August 31, 2025, unearned revenue in the governmental funds consisted of \$422,551 for prepayments of student meals and \$233,988 in unearned state program revenues. In business-type activities, \$283,959 was for the prepayment of fall classes.

H. Long-Term Liabilities

Governmental long-term liabilities activity for the year ended August 31, 2025, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 562,235,000	-	\$ 40,070,000	\$ 522,165,000	\$ 17,970,000
Premium on bonds	45,114,478	-	3,105,753	42,008,725	-
SBITAs	154,263	145,619	156,069	143,813	95,037
Compensated absences*	3,066,950	-	145,262	2,921,688	584,338
Total long-term debt	<u>610,570,691</u>	<u>145,619</u>	<u>43,477,084</u>	<u>567,239,226</u>	<u>18,649,375</u>
Net pension liability	37,388,990	-	3,629,296	33,759,694	-
Net OPEB liability	16,286,534	6,136,600	-	22,423,134	-
Arbitrage	6,373,037	2,354,566	-	8,727,603	-
Total long-term liabilities	<u>\$ 670,619,252</u>	<u>\$ 8,636,785</u>	<u>\$ 47,106,380</u>	<u>\$ 632,149,657</u>	<u>\$ 18,649,375</u>

* The change in compensated absences on the long-term liabilities' activity schedule is the net change for the year.

The beginning balance for compensated absences was restated from \$666,607 to \$3,066,950 as a change in accounting principle.

The District's General Fund generally liquidates net pension and net OPEB liabilities. The arbitrage liability will be liquidated by the District's capital projects funds.

Bonds Payable

The District issues Bonds to provide funds for the acquisition and construction of major capital facilities or to refund prior debt issuances. The Bonds are direct obligations and pledge the full faith and credit of the District. Bonds outstanding as of August 31, 2025 are as follows:

Description	Maturity Date	Interest Rates	Amount of Original Issue	Outstanding 8/31/25
Bonds:				
Unlimited Tax Refunding Bonds, Series 2017	2040	1.50-5.00%	\$ 82,905,000	\$ 62,350,000
Unlimited Tax School Building Bonds, Series 2018A	2048	3.00-5.00%	108,735,000	45,800,000
Unlimited Tax School Building Bonds, Series 2019	2046	3.75-5.00%	92,705,000	76,545,000
Unlimited Tax Refunding Bonds, Series 2020	2036	1.65-5.00%	64,450,000	55,655,000
Unlimited Tax School Building Bonds, Series 2023	2053	3.70-5.00%	287,355,000	266,420,000
Unlimited Tax School Building Bonds, Series 2024	2044	4.00-5.00%	33,440,000	15,395,000
Total			<u>\$ 669,590,000</u>	<u>\$ 522,165,000</u>

Debt service requirements are as follows:

Year Ended August 31,	Principal	Interest	Total Requirements
2026	\$ 17,970,000	\$ 21,712,879	\$ 39,682,879
2027	18,750,000	20,794,879	39,544,879
2028	16,935,000	19,902,754	36,837,754
2029	17,910,000	19,031,629	36,941,629
2030	16,835,000	18,176,504	35,011,504
2031-2035	108,955,000	78,325,078	187,280,078
2036-2040	106,995,000	55,545,673	162,540,673
2041-2045	88,950,000	36,292,261	125,242,261
2046-2050	82,890,000	17,617,235	100,507,235
2051-2055	<u>45,975,000</u>	<u>2,986,157</u>	<u>48,961,157</u>
Totals	<u>\$ 522,165,000</u>	<u>\$ 290,385,049</u>	<u>\$ 812,550,049</u>

For the general obligation bonds, the District has pledged as collateral the proceeds of a continuing, direct annual tax levied against taxable property within the District without limitation as to rate. The Texas Education Code generally limits issuance of additional ad valorem tax bonds if the tax rate needed to pay aggregate principal and interest amounts of the District's tax bond indebtedness exceeds \$0.50 per \$100 of assessed valuation of taxable property within the District. The District currently has a debt service tax rate of \$0.3275.

In June 2025, the District made early payments of \$7,995,956 on its Series 2017 bonds prior to its scheduled maturity date. This included \$7,610,000 and \$385,956 of principal and accrued interest, respectively. The Series 2017 bonds paid had maturity dates of February 2040. These early payments resulted in overall debt service savings to the District of \$1,635,193.

Since the District defeased certain Unlimited Tax School Building Bonds in prior years by placing excess district interest and sinking funds in an irrevocable trust to provide for all future debt service payments on the old bonds, the trust account assets and the liabilities for the defeased bonds are not included in the District's financial statements. At year end, \$7,610,000 of bonds outstanding are considered defeased.

SBITA Liability

The District entered into various subscription based IT arrangements for the use of software. The District's General Fund and Capital Projects Fund generally liquidates these liabilities. During the current year, the District paid \$156,069 in principal and \$4,599 in interest.

Purpose	Interest Rate	Initial Year	Maturity Year	Amount of Initial Liability	Amounts Outstanding 08/31/25	Amounts Due Within One Year
Right to Use:						
Educational software	2.2753%	2022	2026	\$ 112,316	\$ 30,021	\$ 30,021
Dell software	2.6560%	2025	2027	145,619	96,459	47,683
Dell loadmaster software	2.8145%	2024	2026	51,955	17,333	17,333
Totals					<u>\$ 143,813</u>	<u>\$ 95,037</u>

Future annual principal and interest payments are as follows:

Year Ended August 31,	Principal	Interest	Total Requirements
2026	\$ 95,037	\$ 3,379	\$ 98,416
2027	48,776	1,117	49,893
Totals	<u>\$ 143,813</u>	<u>\$ 4,496</u>	<u>\$ 148,309</u>

Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed, or not performed correctly, it could result in a substantial liability to the District. The District has engaged an arbitrage consultant to perform the calculations in accordance with IRS rules and regulations and the District has reported an arbitrage liability at year end in the amount of \$8,727,603.

I. Defined Benefit Pension Plan

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) and is established and administered in accordance with the Texas Constitution, Article XVI, Section 67, and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

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

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 that includes financial statements and required supplementary information. That report may be obtained on the TRS website at 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.

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 in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs, can be granted by the Texas Legislature as noted in the Plan description in above. Accordingly, the 2023 Texas Legislature passed Senate Bill (SB) 10 and House Joint Resolution (HJR) 2 to provide eligible retirees with a one-time stipend and an ad hoc cost-of-living-adjustment (COLA).

One-Time Stipends

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

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

Cost-of-Living Adjustment

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

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

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

Contributions. Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% 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 for member contributions and increased employee and employer contribution rates for fiscal years 2019 thru 2025.

	Contribution Rates	
	2024	2025
Member	8.25%	8.25%
Non-employer contributing entity (State)	8.25%	8.25%
Employers	8.25%	8.25%
Current fiscal year employer contributions		\$3,218,290
Current fiscal year member contributions		6,755,727
2024 measurement year NECE on-behalf contributions		4,733,475

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).

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 1.8% of the member's salary beginning in fiscal year 2024, gradually increasing to 2% in fiscal year 2025.
- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Actuarial Assumptions. The total pension liability in the August 31, 2023, actuarial valuation rolled forward to August 31, 2024 was determined using the following actuarial assumptions:

Valuation Date	August 31, 2023 rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7%
Long-term expected Investment Rate of Return	7%
Municipal Bond Rate as of August 2024	3.87% - The source for the rate is the Bond Buyers 20 Index which represents the estimated yield of a portfolio of 20 general obligation bonds maturing in 20 years based on a survey of municipal bond traders.
Last year ending August 31 in Projection Period	2123
Inflation	2.3%
Salary Increases Including Inflation	2.95% to 8.95%
Ad Hoc Post-Employment Benefit Changes	None

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

Discount Rate. A single discount rate of 7% 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%. 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%. 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. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2024 are summarized below:

Asset Class ¹	Target Allocation ²	Long-Term Expected Geometric Real Rate of Return ³	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
U.S.	18.00%	4.40%	1.00%
Non-U.S. Developed	13.00%	4.20%	0.80%
Emerging Markets	9.00%	5.20%	0.70%
Private Equity	14.00%	6.70%	1.20%
Stable Value			
Government Bonds	16.00%	1.90%	0.40%
Absolute Return	0.00%	4.00%	0.00%
Stable Value Hedge Funds	5.00%	3.00%	0.20%
Real Return			
Real Estate	15.00%	6.60%	1.20%
Energy, Natural Resources & Infrastructure	6.00%	5.60%	0.40%
Commodities	0.00%	2.50%	0.00%
Risk Parity	8.00%	4.00%	0.40%
Asset Allocation Leverage			
Cash	2.00%	1.00%	0.00%
Asset Allocation Leverage	-6.00%	1.30%	-0.10%
Inflation Expectation			2.40%
Volatility Drag ⁴			-0.70%
Total	100.00%		7.90%

¹ Absolute Return includes Credit Sensitive Investments.

² Target allocations are based on the FY2024 policy model.

³ Capital Market Assumptions (CMA) come from 2024 SAA Study CMA Survey (as of 12/31/2023)

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

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.00%) 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 net pension liability	\$ 53,922,785	\$ 33,759,694	\$ 17,053,139

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions. At August 31, 2025, the District reported a liability of \$33,759,694 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 of the collective net pension liability	\$ 33,759,694
State's proportionate share that is associated with the District	51,308,297
Total	<u>\$ 85,067,991</u>

The net pension liability was measured as of August 31, 2023 and rolled forward to August 31, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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, 2023, thru August 31, 2024.

At August 31, 2024, the District's proportion of the collective net pension liability was 0.0552674949% which was an increase of 0.0008362832% from its proportion measured as of August 31, 2023.

The actuarial assumptions and methods are the same as used in the determination of the prior year's Net Pension Liability.

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

For the year ended August 31, 2025, the District recognized pension expense of \$11,866,054 and revenue of \$6,132,199 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,860,788	\$ 263,579
Changes in actuarial assumptions	1,743,085	233,688
Difference between projected and actual investment earnings	205,213	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	3,281,969	250,115
Contributions paid to TRS subsequent to the measurement date	3,218,290	-
Total	<u>\$ 10,309,345</u>	<u>\$ 747,382</u>

\$3,218,290 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability for the year ending August 31, 2026. Other amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ended August 31,	Pension Expense
2026	\$ 995,897
2027	4,518,886
2028	1,131,916
2029	(466,604)
2030	163,578

J. **Defined Other Post-Employment Benefit Plans**

Plan Description. The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined 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 necessary to administer the program, including minimum benefits and financing standards.

OPEB Plan Fiduciary Net Position. Detail information about the TRS-Cares fiduciary net position is available in the separately-issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the TRS website at www.trs.texas.gov/learning-resources/publications; by writing to TRS at PO BOX 149676, Austin, TX 78714-0185; or by calling 1-(800)-223-8778.

Benefits Provided. TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

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

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for a retiree with and without Medicare coverage.

	TRS-Care Monthly Premium Rates	
	Medicare	Non-Medicare
Retiree or Surviving Spouse	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree or Surviving Spouse and Children	468	408
Retiree and Family	1,020	999

Contributions. Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and 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, which is 0.75% of each active employee's pay for fiscal year 2025. The following table shows contributions to the TRS-Care plan by type of contributor.

	Contribution Rates	
	2024	2025
Active employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
Current fiscal year employer contributions		\$ 677,332
Current fiscal year member contributions		532,268
2024 measurement year NECE on-behalf contributions		840,842

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.

Actuarial Assumptions. The actuarial valuation was performed as of August 31, 2023. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2024. The actuarial valuation 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 in the respective TRS pension valuation. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2021.

The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2023 TRS pension actuarial valuation that was rolled forward to August 31, 2024:

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

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

Additional Actuarial Methods and Assumptions

Valuation Date	August 31, 2023, rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.3%
Discount Rate	3.87% as of August 31, 2023
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Projected Salary Increases	2.95% to 8.95%, including inflation
Healthcare Trend Rates	The initial medical trend rate was 6.75 percent for non-Medicare retirees. For Medicare retirees, trend rates are higher in the first two years due to anticipated growth but thereafter match those of non-Medicare retirees. The initial prescription drug trend rate was 7.25 percent for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25 percent over a period of 11 years.
Election Rates	Normal Retirement: 62% participation rate prior to age 65 and 25% after age 65. 30% of pre-65 retirees are assumed to discontinue coverage at age 65.
Ad hoc post-employment benefit changes	None

Discount Rate. A single discount rate of 3.87% was used to measure the Total OPEB Liability. There was a decrease of 0.26% 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 Fidelity “20-year Municipal GO AA Index” as of August 31, 2024 using the fixed -income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% more than the discount rate that was used (3.87%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (2.87%)	Discount Rate (3.87%)	1% Increase in Discount Rate (4.87%)
Proportionate share of net OPEB liability	\$ 26,639,731	\$ 22,423,134	\$ 19,016,060

Healthcare Cost Trend Sensitivity Analysis. The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1% less than and 1% greater than the assumed healthcare cost trend rate used.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Proportionate share of net OPEB liability	\$ 18,260,314	\$ 22,423,134	\$ 27,847,704

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At August 31, 2025, the District reported a liability of \$22,423,134 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 22,423,134
State's proportionate share that is associated with the District	<u>28,095,883</u>
Total	<u>\$ 50,519,017</u>

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

At the August 31, 2024, the employer's proportion of the collective Net OPEB Liability was 0.0738780964% which was an increase of 0.0003108826% from its proportion measured as of August 31, 2023.

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

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

For the year ended August 31, 2025, the District recognized OPEB expense of \$(5,071,826) and revenue of \$(3,651,946) for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experiences	\$ 4,297,762	\$ 11,190,360
Changes in actuarial assumptions	2,869,896	7,316,409
Differences between projected and actual investment earnings	-	62,792
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	5,328,311	-
Contributions paid to OPEB subsequent to the measurement date	<u>677,332</u>	<u>-</u>
Total	<u>\$ 13,173,301</u>	<u>\$ 18,569,561</u>

\$677,332 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Net OPEB Liability for the year ending August 31, 2026. Other amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year Ended August 31,	OPEB Expense
2026	\$ (2,002,974)
2027	(987,403)
2028	(1,608,310)
2029	(1,404,107)
2030	(662,371)
Thereafter	591,573

K. Medicare Part D – On-behalf Payments

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA) created an outpatient prescription drug benefit program (known as Medicare Part D) and a Retiree Drug Subsidy (RDS) program which were made available in 2006. The Texas Public School Retired Employee Group Insurance Program (TRS-Care) is offering a Medicare Part D Plan and is participating in the Retiree Drug Subsidy plan for eligible TRS-Care participants. Under Medicare Part D and the RDS program, TRS-Care receives payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. On-behalf payments must be recognized as equal revenues and expenditures/expenses by each reporting entity. The allocation of these on-behalf payments is based on the ratio of a reporting entity's covered payroll to the entire covered payroll reported by all participating reporting entities. These on-behalf payments made on behalf the District for fiscal years 2025, 2024, and 2023 were \$589,007, \$430,300, and \$404,405, respectively.

L. Health Care Coverage

The District uses a medical self-insurance plan to pay medical claims of District employees and their covered dependents and minimize the total cost of annual medical insurance to the District. Medical claims in any one year exceeding \$175,000 per covered individual, or approximately \$9,637,483 in the aggregate for the group are covered through a private insurance carrier. The self-insurance fund is funded by charges to employees for extended benefits at their option and operating transfers from other funds.

Estimates of claims payable and of claims incurred but not reported (IBNR) at year end, are reflected as claims payable of the Health Insurance Internal Service Fund. The estimate of the claims incurred and not reported is calculated by third party administration based on claims filed during the current year. The plan is funded to discharge liabilities of the Fund as they become due.

Year Ended August 31,	Beginning Liability	Estimated Current Year Claims	Claim Payments	Ending Liability
2024	\$ 536,434	\$ 9,885,640	\$ (9,862,993)	\$ 559,081
2025	559,081	10,627,239	(10,684,304)	502,016

M. Workers’ Compensation Coverage

The District has a partially self-insured workers’ compensation plan administered by Texas Public School’s Workers Compensation Project (“SchoolComp”) which is an insurance pool. The District established an Internal Service Fund to account for and finance this partially uninsured risk of loss. The District is obligated to pay its own claims up to \$75,000 per claim. The claim liability below is an estimate of potential loss exposure on workers’ compensation claims at year end which includes incurred but not reported (“IBNR”) claims and claims reported but not paid.

A reconciliation of the estimated claim liability is as follows:

Year Ended August 31,	Beginning Liability	Estimated Current Year Claims	Claim Payments	Ending Liability
2024	\$ 184,921	\$ 110,775	\$ (107,991)	\$ 187,705
2025	187,705	98,313	(96,519)	189,499

N. Risk Management

The District’s risk management program includes coverages through third party insurance providers for property, automobile liability, school professional liability, crime, and other miscellaneous bonds. During the year ended August 31, 2025, there were no significant reductions in insurance coverage from coverage in the prior year. Losses in excess of the various deductible levels are covered through traditional indemnity coverage for buildings and contents, and vehicle liability with various insurance firms. Settled claims have not exceeded insurance limits for the past three years.

O. Commitments and Contingencies

At August 31, 2025, the District is committed under construction contracts as follows:

Projects	Spent-to-Date	Remaining Commitment
Competition Gym & Fine Arts, Add	\$ 6,507,368	\$ 60,282,056
Phase 1 Private Drive S Reimers Peacock PR	1,385,226	10,565,173
Lake Travis HS Science Wing Addition	2,820,550	13,888,863
Phase II Lake Travis High School	<u>1,932,828</u>	<u>161,092</u>
Totals	<u>\$ 12,645,972</u>	<u>\$ 84,897,184</u>

The District is a defendant in lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the District’s legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

P. Other Fund Balance Commitments

At year end other nonmajor governmental committed fund balance is as follows:

Campus activities	\$ 1,200,554
AP testing	291,672
Athletics	135,709
Instruction	<u>392,357</u>
Total other committed fund balance	<u>\$ 2,020,292</u>

Q. Special Item

During the fiscal year ended August 31, 2025, the District transferred a capital asset classified as buildings and improvements with a net book value of \$8,450,463, to another entity. The capital asset was intended to help reduce traffic congestion and provide access to Bee Cave Middle School and will be maintained by another entity.

The District recognized a loss of \$8,450,863, which is reported as a special item in the government-wide Statement of Activities.

R. Change in Accounting Principle

During fiscal year 2025, the District adopted GASB Statement 101, *Compensated Absences*. In the prior year, the District reported a compensated absences liability of \$666,607. With the adoption of the new accounting standard during the reporting period, the beginning compensated absences liability for fiscal year 2025 was determined to be \$3,066,950.

During the fiscal year 2025, the change in accounting principle described above, resulted in a restatement of beginning net position of \$2,400,343, as shown below:

	8/31/2024 As Previously Reported	Change in Accounting Principle	8/31/2024 As Restated
Governmental activities	\$ 162,762,758	\$ (2,400,343)	\$ 160,362,415
Total primary government	\$ 162,762,758	\$ (2,400,343)	\$ 160,362,415

S. New Accounting Standards

Significant new accounting standards issued by the Governmental Accounting Standards Board (GASB) not yet implemented by the District includes the following:

GASB Statement No. 103, *Financial Reporting Model Improvements* – The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. This Statement also addresses certain application issues. This Statement will become effective for reporting periods beginning after June 15, 2025, and the impact has not yet been determined.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* – The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be presented separately in the note disclosures, including right-to-use assets related to leases, Subscription-Based Information Technology Arrangements, and public-private or public-public partnerships. Other intangible assets are also required to be presented separately by major class. Additional disclosures have also been required for capital assets held for sale. This Statement will become effective for reporting periods beginning after June 15, 2025, and the impact has not yet been determined.

REQUIRED SUPPLEMENTARY INFORMATION

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

EXHIBIT G-1

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND**

FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES					
5700	Local and intermediate sources	\$ 148,150,000	\$ 144,795,000	\$ 144,059,192	\$ (735,808)
5800	State program	14,126,764	14,126,764	13,427,668	(699,096)
5900	Federal program	<u>158,500</u>	<u>263,500</u>	<u>169,356</u>	<u>(94,144)</u>
5020	Total revenues	<u>162,435,264</u>	<u>159,185,264</u>	<u>157,656,216</u>	<u>(1,529,048)</u>
EXPENDITURES					
Current:					
0011	Instruction	67,261,000	67,361,152	66,956,922	404,230
0012	Instructional resources and media services	1,071,983	1,071,983	1,058,104	13,879
0013	Curriculum and instructional staff development	1,400,016	1,280,016	1,279,901	115
0021	Instructional leadership	2,361,963	2,641,963	2,638,425	3,538
0023	School leadership	5,828,585	5,958,585	6,029,741	(71,156)
0031	Guidance, counseling and evaluation services	5,784,061	4,784,061	4,754,118	29,943
0032	Social work services	475,689	405,689	373,273	32,416
0033	Health services	1,087,609	1,002,609	1,002,422	187
0034	Student (pupil) transportation	4,846,547	5,536,547	5,535,903	644
0035	Food services	122,601	152,601	151,566	1,035
0036	Extracurricular activities	2,745,259	2,770,259	2,697,663	72,596
0041	General administration	4,325,194	5,165,194	5,201,327	(36,133)
0051	Facilities maintenance and operations	12,678,467	12,928,467	12,924,788	3,679
0052	Security and monitoring services	1,696,927	1,781,927	1,772,627	9,300
0053	Data processing services	3,136,783	2,966,783	3,075,112	(108,329)
0061	Community services	528,009	618,009	619,085	(1,076)
Debt service:					
0071	Principal on long term debt	275,000	285,572	139,210	146,362
0072	Interest on long term debt	-	3,638	3,638	-
Capital outlay:					
0081	Facilities acquisition and construction	40,867	75,867	179,010	(103,143)
Intergovernmental:					
0091	Contracted instructional services between schools	49,786,945	50,193,945	49,849,098	344,847
0093	Payments to fiscal agent/member districts of SSA	66,760	58,760	57,809	951
0095	Payments related to juvenile justice alternative education programs	15,000	5,000	2,322	2,678
0099	Other intergovernmental charges	<u>1,050,000</u>	<u>1,028,000</u>	<u>1,027,367</u>	<u>633</u>
6030	Total expenditures	<u>166,585,265</u>	<u>168,076,627</u>	<u>167,329,431</u>	<u>747,196</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>(4,150,001)</u>	<u>(8,891,363)</u>	<u>(9,673,215)</u>	<u>(781,852)</u>
OTHER FINANCING SOURCES (USES)					
7940	Issuance of SBITA	-	-	145,619	145,619
	Total other financing sources (uses)	-	-	145,619	145,619
1200	Net change in fund balance	<u>(4,150,001)</u>	<u>(8,891,363)</u>	<u>(9,527,596)</u>	<u>(636,233)</u>
0100	Fund balance - Beginning	<u>41,139,503</u>	<u>41,139,503</u>	<u>41,139,503</u>	<u>-</u>
3000	Fund balance - Ending	<u>\$ 36,989,502</u>	<u>\$ 32,248,140</u>	<u>\$ 31,611,907</u>	<u>\$ (636,233)</u>

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED BUDGETARY SCHEDULE

AUGUST 31, 2025

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the National Breakfast and Lunch Program Fund which is included in the Special Revenue Funds. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District's budget is prepared and adopted on the same basis of accounting used to prepare the financial statements in accordance with generally accepted accounting principles. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1 and the other two reports are in Exhibit J-2 and J-3.

The following procedures are followed in establishing the budgetary data reflected in the general-purpose financial statements:

1. Prior to August 20 the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notices of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. All budget appropriations lapse at year-end.

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED AUGUST 31, 2025

Measurement Year Ended August 31,	2024	2023	2022
District's proportion of the net pension liability (asset)	0.055267%	0.054431%	0.048446%
District's proportionate share of net pension liability (asset)	\$ 33,759,694	\$ 37,388,990	\$ 28,767,943
States proportionate share of the net pension liability (asset) associated with the District	51,308,297	57,938,349	46,325,057
Total	\$ 85,067,991	\$ 95,327,339	\$ 75,093,000
District's covered payroll	\$ 80,999,710	\$ 75,798,289	\$ 68,333,868
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	41.68%	49.33%	42.10%
Plan fiduciary net position as a percentage of the total pension liability	77.51%	73.15%	75.62%

2021	2020	2019	2018	2017	2016	2015
0.045520%	0.042667%	0.045454%	0.042582%	0.041541%	0.041082%	0.042513%
\$ 11,592,330	\$ 22,851,574	\$ 23,628,295	\$ 23,438,267	\$ 13,282,490	\$ 15,524,204	\$ 15,027,850
<u>22,988,683</u>	<u>47,844,349</u>	<u>42,672,220</u>	<u>44,939,821</u>	<u>26,164,741</u>	<u>30,795,688</u>	<u>29,615,675</u>
<u>\$ 34,581,013</u>	<u>\$ 70,695,923</u>	<u>\$ 66,300,515</u>	<u>\$ 68,378,088</u>	<u>\$ 39,447,231</u>	<u>\$ 46,319,892</u>	<u>\$ 44,643,525</u>
\$ 63,094,897	\$ 62,065,970	\$ 56,691,939	\$ 52,718,193	\$ 50,203,725	\$ 47,934,351	\$ 46,310,888
18.37%	36.82%	41.68%	44.46%	26.46%	32.39%	32.45%
88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

**SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM**

FOR THE YEAR ENDED AUGUST 31, 2025

For the Year Ended August 31,	<u>2025</u>	<u>2024</u>	<u>2023</u>
Contractually required contribution	\$ 3,218,290	\$ 3,112,627	\$ 2,788,946
Contribution in relation to the contractually required contribution	<u>(3,218,290)</u>	<u>(3,112,627)</u>	<u>(2,788,946)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 81,887,398	\$ 80,999,710	\$ 75,798,289
Contributions as a percentage of covered employee payroll	3.93%	3.84%	3.68%

EXHIBIT G-3

<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2015</u>
\$ 2,261,346	\$ 1,942,396	\$ 1,761,631	\$ 1,574,129	\$ 1,434,482	\$ 1,361,463	\$ 1,258,836
<u>(2,261,346)</u>	<u>(1,942,396)</u>	<u>(1,761,631)</u>	<u>(1,574,129)</u>	<u>(1,434,482)</u>	<u>(1,361,463)</u>	<u>(1,258,836)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 68,333,868	\$ 65,213,249	\$ 62,065,970	\$ 56,691,939	\$ 52,718,193	\$ 50,203,725	\$ 46,310,888
3.31%	2.98%	2.84%	2.78%	2.72%	2.71%	2.72%

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED AUGUST 31, 2025

Measurement Year Ended August 31,	<u>2024</u>	<u>2023</u>	<u>2022</u>
District's proportion of the net OPEB liability (asset)	0.07388%	0.07357%	0.07006%
District's proportionate share of net OPEB liability (asset)	\$ 22,423,134	\$ 16,286,534	\$ 16,775,771
States proportionate share of the net OPEB liability (asset) associated with the District	<u>28,095,883</u>	<u>19,652,207</u>	<u>20,463,805</u>
Total	<u>\$ 50,519,017</u>	<u>\$ 35,938,741</u>	<u>\$ 37,239,576</u>
District's covered employee payroll	\$ 80,999,710	\$ 75,798,289	\$ 68,333,868
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered employee payroll	27.68%	21.49%	24.55%
Plan fiduciary net position as a percentage of the total OPEB liability	13.70%	14.94%	11.52%

Note: 10 years of information is required, but information prior to 2017 is not available.

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
0.06780%	0.06577%	0.06344%	0.05986%	0.05520%
\$ 26,152,651	\$ 25,003,900	\$ 29,999,529	\$ 29,887,166	\$ 24,002,534
<u>35,038,724</u>	<u>33,599,248</u>	<u>39,862,662</u>	<u>46,673,009</u>	<u>40,861,087</u>
<u>\$ 61,191,375</u>	<u>\$ 58,603,148</u>	<u>\$ 69,862,191</u>	<u>\$ 76,560,175</u>	<u>\$ 64,863,621</u>
\$ 63,094,897	\$ 62,065,970	\$ 56,691,939	\$ 52,718,193	\$ 50,203,725
41.45%	40.29%	52.92%	56.69%	47.81%
6.18%	4.99%	2.66%	1.57%	0.91%

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED AUGUST 31, 2025

For the Year Ended August 31,	<u>2025</u>	<u>2024</u>	<u>2023</u>
Contractually required contribution	\$ 677,332	\$ 670,514	\$ 634,476
Contribution in relation to the contractually required contributions	<u>(677,332)</u>	<u>(670,514)</u>	<u>(634,476)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$81,887,398	\$80,999,710	\$75,798,289
Contributions as a percentage of covered employee payroll	0.83%	0.83%	0.84%

<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2015</u>
\$ 574,521	\$ 529,390	\$ 499,952	\$ 441,279	\$ 412,926	\$ 286,963	\$ 254,712
<u>(574,521)</u>	<u>(529,390)</u>	<u>(499,952)</u>	<u>(441,279)</u>	<u>(412,926)</u>	<u>(286,963)</u>	<u>(254,712)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$68,333,868	\$65,213,249	\$62,065,970	\$56,691,939	\$52,718,193	\$50,203,725	\$46,310,888
0.84%	0.81%	0.81%	0.78%	0.78%	0.57%	0.55%

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COMBINING STATEMENTS

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2025

Data Control Codes		Special Revenue Funds		
		211 ESEA I, A Improving Basic Program	224 IDEA Part B Formula	225 IDEA Part B Preschool
ASSETS				
1110	Cash and cash equivalents	\$ 14,164	\$ 141,754	\$ 2,320
1240	Due from other governments	41,208	393,304	-
1250	Accrued interest	-	-	-
1260	Due from other funds	-	-	-
1300	Inventories	-	-	-
1000	Total assets	<u>55,372</u>	<u>535,058</u>	<u>2,320</u>
LIABILITIES				
2110	Accounts payable	-	-	-
2160	Accrued wages payable	14,164	141,754	2,320
2170	Due to other funds	41,208	393,304	-
2300	Unearned revenue	-	-	-
2000	Total liabilities	<u>55,372</u>	<u>535,058</u>	<u>2,320</u>
FUND BALANCES				
3410	Nonspendable inventory	-	-	-
	Restricted for:			
3450	Federal or state grant restrictions	-	-	-
	Committed for:			
3545	Other	-	-	-
3000	Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total liabilities and fund balances	<u>\$ 55,372</u>	<u>\$ 535,058</u>	<u>\$ 2,320</u>

Special Revenue Funds				
226 Special Education - High Cost Grants	240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II, A Training and Recruiting	263 Title III, A English Lang. Acquisition
\$ -	\$ 1,723,820	\$ -	\$ -	\$ 9,272
-	-	38,180	86,026	84,564
-	2,621	-	-	-
-	47,740	-	-	-
-	174,286	-	-	-
-	<u>1,948,467</u>	<u>38,180</u>	<u>86,026</u>	<u>93,836</u>
-	37,076	-	-	-
-	270,220	-	-	9,272
-	21,620	38,180	86,026	84,564
-	422,551	-	-	-
-	<u>751,467</u>	<u>38,180</u>	<u>86,026</u>	<u>93,836</u>
-	174,286	-	-	-
-	1,022,714	-	-	-
-	-	-	-	-
-	<u>1,197,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ -	\$ 1,948,467	\$ 38,180	\$ 86,026	\$ 93,836

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2025

Data Control Codes		Special Revenue Funds		
		289 Student Support and Academic Enrichment Program	410 State Instructional Materials	461 Campus Activity Funds
ASSETS				
1110	Cash and cash equivalents	\$ -	\$ -	\$ 1,200,554
1240	Due from other governments	4,811	210,024	-
1250	Accrued interest	-	-	-
1260	Due from other funds	-	-	-
1300	Inventories	-	-	-
1000	Total assets	<u>4,811</u>	<u>210,024</u>	<u>1,200,554</u>
LIABILITIES				
2110	Accounts payable	-	-	-
2160	Accrued wages payable	-	-	-
2170	Due to other funds	4,811	210,024	-
2300	Unearned revenue	-	-	-
2000	Total liabilities	<u>4,811</u>	<u>210,024</u>	<u>-</u>
FUND BALANCES				
3410	Nonspendable inventory	-	-	-
Restricted for:				
3450	Federal or state grant restrictions	-	-	-
Committed for:				
3545	Other	-	-	1,200,554
3000	Total fund balances	<u>-</u>	<u>-</u>	<u>1,200,554</u>
4000	Total liabilities and fund balances	<u>\$ 4,811</u>	<u>\$ 210,024</u>	<u>\$ 1,200,554</u>

Special Revenue Funds					
481	486	488	489	492/493	Total
AP Testing	Athletic	PTA/PTO Donations	Other State and Local	Lake Travis Ed. Foundation Mini Grants	Nonmajor Governmental Funds
\$ 291,672	\$ 150,670	\$ 107,486	\$ 207,606	\$ 77,265	\$ 3,926,583
-	-	-	-	-	858,117
-	-	-	-	-	2,621
-	-	-	-	-	47,740
-	-	-	-	-	174,286
<u>291,672</u>	<u>150,670</u>	<u>107,486</u>	<u>207,606</u>	<u>77,265</u>	<u>5,009,347</u>
-	14,961	-	-	-	52,037
-	-	-	-	-	437,730
-	-	-	-	-	879,737
-	-	-	-	-	422,551
<u>-</u>	<u>14,961</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,792,055</u>
-	-	-	-	-	174,286
-	-	-	-	-	1,022,714
<u>291,672</u>	<u>135,709</u>	<u>107,486</u>	<u>207,606</u>	<u>77,265</u>	<u>2,020,292</u>
<u>291,672</u>	<u>135,709</u>	<u>107,486</u>	<u>207,606</u>	<u>77,265</u>	<u>3,217,292</u>
<u>\$ 291,672</u>	<u>\$ 150,670</u>	<u>\$ 107,486</u>	<u>\$ 207,606</u>	<u>\$ 77,265</u>	<u>\$ 5,009,347</u>

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes		Special Revenue Funds		
		211 ESEA I, A Improving Basic Program	224 IDEA Part B Formula	225 IDEA Part B Preschool
REVENUES				
5700	Local and intermediate sources	\$ -	\$ -	\$ -
5800	State program	-	-	-
5900	Federal program	<u>342,762</u>	<u>1,712,746</u>	<u>13,468</u>
5020	Total revenues	<u>342,762</u>	<u>1,712,746</u>	<u>13,468</u>
EXPENDITURES				
Current:				
0011	Instruction	342,762	980,912	13,468
0012	Instructional resources and staff development	-	-	-
0031	Guidance, counseling and evaluation services	-	731,834	-
0035	Food services	-	-	-
0036	Extracurricular activities	-	-	-
0051	Facilities maintenance and operations	-	-	-
0061	Community services	<u>-</u>	<u>-</u>	<u>-</u>
6030	Total expenditures	<u>342,762</u>	<u>1,712,746</u>	<u>13,468</u>
1200	Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>
0100	Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Special Revenue Funds				
226 Special Education - High Cost Grants	240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II, A Training and Recruiting	263 Title III, A English Lang. Acquisition
\$ -	\$ 6,107,196	\$ -	\$ -	\$ -
-	9,815	-	-	-
<u>244,078</u>	<u>852,477</u>	<u>76,700</u>	<u>135,821</u>	<u>129,642</u>
<u>244,078</u>	<u>6,969,488</u>	<u>76,700</u>	<u>135,821</u>	<u>129,642</u>
244,078	-	76,700	-	89,326
-	-	-	135,821	40,316
-	-	-	-	-
-	6,786,587	-	-	-
-	-	-	-	-
-	200,000	-	-	-
-	-	-	-	-
<u>244,078</u>	<u>6,986,587</u>	<u>76,700</u>	<u>135,821</u>	<u>129,642</u>
-	(17,099)	-	-	-
-	1,214,099	-	-	-
<u>\$ -</u>	<u>\$ 1,197,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes		Special Revenue Funds		
		289 Student Support and Academic Enrichment Program	410 State Instructional Materials	461 Campus Activity Funds
REVENUES				
5700	Local and intermediate sources	\$ -	\$ -	\$ 1,642,554
5800	State program	-	911,456	-
5900	Federal program	23,256	-	-
5020	Total revenues	<u>23,256</u>	<u>911,456</u>	<u>1,642,554</u>
EXPENDITURES				
Current:				
0011	Instruction	23,256	911,456	1,158,476
0012	Instructional resources and staff development	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-
0035	Food services	-	-	-
0036	Extracurricular activities	-	-	428,991
0051	Facilities maintenance and operations	-	-	-
0061	Community services	-	-	-
6030	Total expenditures	<u>23,256</u>	<u>911,456</u>	<u>1,587,467</u>
1200	Net change in fund balances	<u>-</u>	<u>-</u>	<u>55,087</u>
0100	Fund balance - beginning	<u>-</u>	<u>-</u>	<u>1,145,467</u>
3000	Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,200,554</u>

Special Revenue Funds						
481	486	488	489	492/493		Total
AP Testing	Athletic	PTA/PTO Donations	Other State and Local	Lake Travis Ed. Foundation Mini Grants		Nonmajor Governmental Funds
\$ 350,380	\$ 687,236	\$ 226,302	\$ 178,035	\$ 450,000		\$ 9,641,703
-	-	-	-	-		921,271
-	-	-	-	-		3,530,950
<u>350,380</u>	<u>687,236</u>	<u>226,302</u>	<u>178,035</u>	<u>450,000</u>		<u>14,093,924</u>
-	-	176,046	53,445	515,352		4,585,277
-	-	-	21,908	-		198,045
318,500	-	-	-	-		1,050,334
-	-	-	-	-		6,786,587
-	622,357	-	3,546	-		1,054,894
-	-	-	-	-		200,000
-	-	-	56,958	-		56,958
<u>318,500</u>	<u>622,357</u>	<u>176,046</u>	<u>135,857</u>	<u>515,352</u>		<u>13,932,095</u>
<u>31,880</u>	<u>64,879</u>	<u>50,256</u>	<u>42,178</u>	<u>(65,352)</u>		<u>161,829</u>
<u>259,792</u>	<u>70,830</u>	<u>57,230</u>	<u>165,428</u>	<u>142,617</u>		<u>3,055,463</u>
<u>\$ 291,672</u>	<u>\$ 135,709</u>	<u>\$ 107,486</u>	<u>\$ 207,606</u>	<u>\$ 77,265</u>		<u>\$ 3,217,292</u>

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

EXHIBIT H-3

COMBINING STATEMENT OF NET POSITION
ENTERPRISE FUNDS

AUGUST 31, 2025

	Community Education	Video Display Board	Total Enterprise Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 473,175	\$ 259,786	\$ 732,961
Total current assets	<u>473,175</u>	<u>259,786</u>	<u>732,961</u>
Noncurrent assets:			
Capital assets			
Buildings and improvements	-	493,399	493,399
Accumulated depreciation	<u>-</u>	<u>(74,010)</u>	<u>(74,010)</u>
Total noncurrent assets	<u>-</u>	<u>419,389</u>	<u>419,389</u>
Total assets	<u>473,175</u>	<u>679,175</u>	<u>1,152,350</u>
LIABILITIES			
Current liabilities:			
Accounts payable	4,316		4,316
Accrued wages payable	174,440	-	174,440
Due to other funds	5,991	-	5,991
Unearned revenue	<u>283,959</u>	<u>-</u>	<u>283,959</u>
Total current liabilities	<u>468,706</u>	<u>-</u>	<u>468,706</u>
Total liabilities	<u>468,706</u>	<u>-</u>	<u>468,706</u>
NET POSITION			
Investment in capital assets	-	419,389	419,389
Unrestricted	<u>4,469</u>	<u>259,786</u>	<u>264,255</u>
Total net position	<u>\$ 4,469</u>	<u>\$ 679,175</u>	<u>\$ 683,644</u>

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

EXHIBIT H-4

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
ENTERPRISE FUNDS

FOR THE YEAR ENDED AUGUST 31, 2025

	Community Education	Video Display Board	Total Enterprise Funds
OPERATING REVENUES			
Local and intermediate sources	\$ 4,256,286	\$ 64,500	\$ 4,320,786
Total operating revenues	<u>4,256,286</u>	<u>64,500</u>	<u>4,320,786</u>
OPERATING EXPENSES			
Payroll costs	3,051,188	-	3,051,188
Professional and contracted services	757,083	4,169	761,252
Supplies and materials	284,328	-	284,328
Other operating costs	213,555	-	213,555
Depreciation	<u>-</u>	<u>24,670</u>	<u>24,670</u>
Total operating expenses	<u>4,306,154</u>	<u>28,839</u>	<u>4,334,993</u>
Total operating income (loss)	<u>(49,868)</u>	<u>35,661</u>	<u>(14,207)</u>
CHANGE IN NET POSITION	<u>(49,868)</u>	<u>35,661</u>	<u>(14,207)</u>
NET POSITION, BEGINNING	<u>54,337</u>	<u>643,514</u>	<u>697,851</u>
NET POSITION, ENDING	<u>\$ 4,469</u>	<u>\$ 679,175</u>	<u>\$ 683,644</u>

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

EXHIBIT H-5

COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS

FOR THE YEAR ENDED AUGUST 31, 2025

	Community Education	Video Display Board	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts for charges for services	\$ 4,254,641	\$ 64,500	\$ 4,319,141
Payments to employees	(3,019,960)	-	(3,019,960)
Payments to suppliers	<u>(1,250,440)</u>	<u>(4,169)</u>	<u>(1,254,609)</u>
Net cash provided (used) by operating activities	<u>(15,759)</u>	<u>60,331</u>	<u>44,572</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
	<u>(15,759)</u>	<u>60,331</u>	<u>44,572</u>
CASH AND CASH EQUIVALENTS, BEGINNING			
	<u>488,934</u>	<u>199,455</u>	<u>688,389</u>
CASH AND CASH EQUIVALENTS, ENDING			
	<u>473,175</u>	<u>259,786</u>	<u>732,961</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	(49,868)	35,661	(14,207)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	-	24,670	24,670
Increase (decrease) in unearned revenue	(1,645)	-	(1,645)
Increase (decrease) in due to other funds	284	-	284
Increase (decrease) in accounts payable	4,242	-	4,242
Increase (decrease) in accrued wages payable	<u>31,228</u>	<u>-</u>	<u>31,228</u>
Net cash provided by operating activities	<u>\$ (15,759)</u>	<u>\$ 60,331</u>	<u>\$ 44,572</u>

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

EXHIBIT H-6

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

AUGUST 31, 2025

	Workers Compensation	Self Funded Health Insurance	DSA/HSA	Total Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 922,823	\$ 2,549,919	\$ -	\$ 3,472,742
Total current assets	<u>922,823</u>	<u>2,549,919</u>	<u>-</u>	<u>3,472,742</u>
Total assets	<u>922,823</u>	<u>2,549,919</u>	<u>-</u>	<u>3,472,742</u>
LIABILITIES				
Current liabilities:				
Accrued expenses	<u>189,499</u>	<u>502,016</u>	<u>-</u>	<u>691,515</u>
Total current liabilities	<u>189,499</u>	<u>502,016</u>	<u>-</u>	<u>691,515</u>
Total liabilities	<u>189,499</u>	<u>502,016</u>	<u>-</u>	<u>691,515</u>
NET POSITION				
Unrestricted	<u>733,324</u>	<u>2,047,903</u>	<u>-</u>	<u>2,781,227</u>
Total net position	<u>\$ 733,324</u>	<u>\$ 2,047,903</u>	<u>\$ -</u>	<u>\$ 2,781,227</u>

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

EXHIBIT H-7

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED AUGUST 31, 2025

	Workers Compensation	Self Funded Health Insurance	DSA/HSA	Total Internal Service Funds
OPERATING REVENUES				
Local and intermediate sources	\$ 574,563	\$ 10,830,604	\$ -	\$ 11,405,167
Total operating revenues	<u>574,563</u>	<u>10,830,604</u>	<u>-</u>	<u>11,405,167</u>
OPERATING EXPENSES				
Professional and contracted services	166,738	-	-	166,738
Claims	149,881	10,570,174	266,155	10,986,210
Other operating costs	<u>98,313</u>	<u>-</u>	<u>-</u>	<u>98,313</u>
Total operating expenses	<u>414,932</u>	<u>10,570,174</u>	<u>266,155</u>	<u>11,251,261</u>
Operating income (loss)	<u>159,631</u>	<u>260,430</u>	<u>(266,155)</u>	<u>153,906</u>
NON-OPERATING REVENUES				
Investment and interest income	<u>8,379</u>	<u>4,750</u>	<u>309</u>	<u>13,438</u>
Total non-operating revenues	<u>8,379</u>	<u>4,750</u>	<u>309</u>	<u>13,438</u>
Change in net position	<u>168,010</u>	<u>265,180</u>	<u>(265,846)</u>	<u>167,344</u>
Net position, beginning	<u>565,314</u>	<u>1,782,723</u>	<u>265,846</u>	<u>2,613,883</u>
Net position, ending	<u>\$ 733,324</u>	<u>\$ 2,047,903</u>	<u>\$ -</u>	<u>\$ 2,781,227</u>

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

EXHIBIT H-8

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED AUGUST 31, 2025

	Workers Compensation	Self Funded Health Insurance	DSA/HSA	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from contributors	\$ 574,563	\$ 10,830,604	\$ -	\$ 11,405,167
Payments to suppliers	(265,051)	-	-	(265,051)
Claims paid	<u>(148,087)</u>	<u>(10,627,239)</u>	<u>(266,155)</u>	<u>(11,041,481)</u>
Net cash provided by (used in) operating activities	<u>161,425</u>	<u>203,365</u>	<u>(266,155)</u>	<u>98,635</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	<u>8,379</u>	<u>4,750</u>	<u>309</u>	<u>13,438</u>
Net cash provided (used) by investing activities	<u>8,379</u>	<u>4,750</u>	<u>309</u>	<u>13,438</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>169,804</u>	<u>208,115</u>	<u>(265,846)</u>	<u>112,073</u>
CASH AND CASH EQUIVALENTS, BEGINNING	<u>753,019</u>	<u>2,341,804</u>	<u>265,846</u>	<u>3,360,669</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>922,823</u>	<u>2,549,919</u>	<u>-</u>	<u>3,472,742</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	159,631	260,430	(266,155)	153,906
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Increase (decrease) in accrued expenses	<u>1,794</u>	<u>(57,065)</u>	<u>-</u>	<u>(55,271)</u>
Net cash provided by (used in) operating activities	<u>\$ 161,425</u>	<u>\$ 203,365</u>	<u>\$ (266,155)</u>	<u>\$ 98,635</u>

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REQUIRED TEA SCHEDULES

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECEIVABLE

FOR THE YEAR ENDED AUGUST 31, 2025

Last Ten Years Ended August 31,	1		2	3	10
	Tax Rates			Net Assessed/ Appraised Value for School Tax Purpose	Beginning Balance 9/1/2024
	Maintenance	Debt Service			
2016 and prior years	various	various		various	\$ 683,484
2017	1.040000	0.367500		9,984,903,074	126,869
2018	1.060000	0.347500		10,969,867,472	252,550
2019	1.060000	0.347500		12,241,356,541	274,832
2020	0.990000	0.347500		13,097,820,672	335,202
2021	0.976400	0.347500		13,423,952,554	388,499
2022	0.882600	0.347500		14,862,248,516	551,233
2023	0.884600	0.327500		18,696,132,167	1,027,188
2024	0.746600	0.327500		18,699,223,257	2,089,344
2025	0.738100	0.327500		19,187,782,376	-
1000 Totals					\$ <u>5,729,201</u>

8000 - Taxes refunded

EXHIBIT J-1

20	31	32	40	50	99
Current Year's Total Levy	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustments	Ending Balance 8/31/2025	Total Taxes Refunded under Section 26.1115 (c)
\$ -	\$ 36,664	\$ 12,956	\$ (67,917)	\$ 565,947	
-	8,283	2,927	(586)	115,073	
-	9,288	3,045	(464)	239,753	
-	22,061	7,232	16,194	261,733	
-	40,214	14,115	25,128	306,001	
-	5,586	1,988	(23,144)	357,781	
-	23,459	9,236	(68,620)	449,918	
-	(52,925)	(19,594)	(390,966)	708,741	
-	(203,529)	(80,552)	(1,497,415)	876,010	
<u>204,465,009</u>	<u>138,053,222</u>	<u>61,255,155</u>	<u>(2,720,859)</u>	<u>2,435,773</u>	
<u>\$ 204,465,009</u>	<u>\$ 137,942,323</u>	<u>\$ 61,206,508</u>	<u>\$ (4,728,649)</u>	<u>\$ 6,316,730</u>	
					<u>\$ 249,272</u>

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-2

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL- NATIONAL BREAKFAST AND LUNCH PROGRAM

FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	
	Original	Final			
REVENUES					
5700	Local and intermediate sources	\$ 5,961,500	\$ 6,226,500	\$ 6,107,196	\$ (119,304)
5800	State program	10,000	10,000	9,815	(185)
5900	Federal program	<u>751,825</u>	<u>676,825</u>	<u>852,477</u>	<u>175,652</u>
5020	Total revenues	<u>6,723,325</u>	<u>6,913,325</u>	<u>6,969,488</u>	<u>56,163</u>
EXPENDITURES					
Current:					
0035	Food service	6,523,325	6,713,325	6,786,587	(73,262)
0051	Facilities maintenance and operations	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
6030	Total expenditures	<u>6,723,325</u>	<u>6,913,325</u>	<u>6,986,587</u>	<u>(73,262)</u>
1200	Net change in fund balances	<u>-</u>	<u>-</u>	<u>(17,099)</u>	<u>(17,099)</u>
0100	Fund balance - Beginning	<u>1,214,099</u>	<u>1,214,099</u>	<u>1,214,099</u>	<u>-</u>
3000	Fund balance - Ending	<u>\$ 1,214,099</u>	<u>\$ 1,214,099</u>	<u>\$ 1,197,000</u>	<u>\$ (17,099)</u>

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-3

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND

FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	
	Original	Final			
REVENUES					
5700	Local and intermediate sources	\$ 63,800,000	\$ 62,220,000	\$ 62,381,871	\$ 161,871
5800	State program	<u>3,400,000</u>	<u>2,418,000</u>	<u>2,355,233</u>	<u>(62,767)</u>
5020	Total revenues	<u>67,200,000</u>	<u>64,638,000</u>	<u>64,737,104</u>	<u>99,104</u>
EXPENDITURES					
Debt service:					
0071	Principal on long-term debt	41,585,000	40,073,000	40,070,000	3,000
0072	Interest on long-term debt	24,124,690	24,536,690	24,328,247	208,443
0072	Bond issuance costs and fees	<u>20,310</u>	<u>28,310</u>	<u>17,766</u>	<u>10,544</u>
6030	Total expenditures	<u>65,730,000</u>	<u>64,638,000</u>	<u>64,416,013</u>	<u>221,987</u>
1200	Net change in fund balance	<u>1,470,000</u>	<u>-</u>	<u>321,091</u>	<u>321,091</u>
0100	Fund balance - Beginning	<u>10,742,182</u>	<u>10,742,182</u>	<u>10,742,182</u>	<u>-</u>
3000	Fund balance - Ending	<u>\$ 12,212,182</u>	<u>\$ 10,742,182</u>	<u>\$ 11,063,273</u>	<u>\$ 321,091</u>

USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAMS
FOR THE YEAR ENDED AUGUST 31, 2025

Section A: Compensatory Education Programs

AP1	Did your district expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the district have written policies and procedures for its state compensatory education program?	Yes
AP3	Total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$ 1,667,902
AP4	Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24, 26, 28, 29, 30)	\$ 2,025,777

Section B: Bilingual Education Programs

AP5	Did your district expend any bilingual education program state allotment funds during the district's fiscal year?	Yes
AP6	Does the district have written policies and procedures for its bilingual education program?	Yes
AP7	Total state allotment funds received for bilingual education programs during the district's fiscal year.	\$ 585,544
AP8	Actual direct program expenditures for bilingual education programs during the district's fiscal year. (PIC 25)	\$ 382,788

SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS

FOR THE YEAR ENDED AUGUST 31, 2025

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? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	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.	\$ <u> -</u>

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FEDERAL AWARDS SECTION

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

Board of Trustees
Lake Travis Independent School District
Austin, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Lake Travis Independent School District (the "District"), as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 5, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lake Travis Independent School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lake Travis Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Lake Travis 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lake Travis 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lake Travis Independent School 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 Lake Travis Independent School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
December 5, 2025

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Board of Trustees of
Lake Travis Independent School District
Austin, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
December 5, 2025

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

EXHIBIT K-1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED AUGUST 31, 2025

(1) Federal Grantor/ Pass-through Grantor/ Grantor/Program Title	(2) Assistance Listing Number	(2A) Pass-through Entity Identifying Number	(3) Federal Expenditures
U. S. DEPARTMENT OF AGRICULTURE			
Passed through the Texas Department of Agriculture:			
Local Food for Schools (LFS) Cooperative	10.185	AM23CPLFS000C003	\$ 134,772
Passed through the Texas Education Agency:			
School Breakfast Program (SBP)	10.553	71402401	10,598
School Breakfast Program (SBP)	10.553	71402501	<u>45,560</u>
Total Assistance Listing Number 10.553			<u>56,158</u>
National School Lunch Program (NSLP)	10.555	71302401	85,296
National School Lunch Program (NSLP)	10.555	71302501	<u>378,684</u>
Total Passed through the Texas Education Agency			<u>520,138</u>
Passed through the Texas Department of Agriculture:			
National School Lunch Program - Non-Cash Assistance	10.555	NT4XL1YGLGC5	<u>197,567</u>
Total Assistance Listing Number 10.555			<u>661,547</u>
Total Child Nutrition Cluster			<u>717,705</u>
TOTAL U. S. DEPARTMENT OF AGRICULTURE			<u>852,477</u>
U. S. DEPARTMENT OF EDUCATION			
Passed through the Texas Education Agency:			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	25610101227913	263,928
ESEA, Title I, 1003 - School Improvement	84.010A	246101397110033	<u>78,834</u>
Total Assistance Listing Number 84.010			<u>342,762</u>
IDEA - Part B, High Cost Fund	84.027A	66002512	244,078
IDEA - Part B, Formula	84.027A	256600012279136000	<u>1,712,746</u>
Total Assistance Listing Number 84.027			<u>1,956,824</u>
IDEA - Part B, Preschool	84.173A	256610012279136000	<u>13,468</u>
Total Special Education Cluster (IDEA)			<u>1,970,292</u>
Carl D Perkins Basic Formula Grant - Career and Tech	84.048A	25420006227913	76,700
Title III, Part A - English Language Acquisition	84.365A	25671001227913	129,642
ESEA, Title II, Part A - Supporting Effective Instruction	84.367A	25694501227913	135,821
LEP Summer School	84.369A	69552402	8,181
Title IV, Part A, Subpart 1	84.424A	24680101227913	3,085
Title IV, Part A, Subpart 1	84.424A	25680101227913	<u>11,990</u>
Total Assistance Listing Number 84.424A			<u>15,075</u>
Total Passed through the Texas Education Agency			<u>2,678,473</u>
TOTAL U. S. DEPARTMENT OF EDUCATION			<u>2,678,473</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 3,530,950</u>

The accompanying notes are an integral part of this schedule.

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

AUGUST 31, 2025

GENERAL

The Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all applicable federal award programs of Lake Travis Independent School District. The District’s reporting entity is defined in Note I of the financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the SEFA.

BASIS OF ACCOUNTING

The SEFA is presented using the modified accrual basis of accounting. The District’s significant accounting policies, including the modified accrual basis of accounting, are presented in Note 1 of the basic financial statements. The SEFA is presented in accordance with the 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). Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

PASS-THROUGH EXPENDITURES

None of the federal programs expended by the District were provided to subrecipients.

INDIRECT COSTS

The District did not elect to use a de minimis cost rate as described at 2 CFR §200.414(f)—Indirect (F&A) costs.

RECONCILIATION OF FEDERAL REVENUES AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Total federal revenues reported on Exhibit C-3	\$ 3,700,306
School health and related services (SHARS)	<u>(169,356)</u>
Total expenditures of federal awards reported on SEFA, Exhibit K-1	<u>\$ 3,530,950</u>

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2025

Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified,
that were not considered a material weakness None reported

Material noncompliance to the
financial statements noted? None

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified,
that were not considered a material weakness None reported

Type of auditor's report on compliance
for major programs Unmodified

Any audit findings disclosed that are required
to be reported in accordance with 2 CFR 200.516(a)? None

Identification of major programs:

Assistance Listing Numbers: 84.027; 84.173 Name of Federal Program or Cluster:
Special Education (IDEA) Cluster

Dollar threshold used to distinguish between type A
and type B programs \$750,000

Auditee qualified as low-risk auditee? Yes

Findings Relating to the Financial Statements

None

Findings and Questioned Costs for Federal Awards

None



Lake Travis Independent School District

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

No prior year auditing findings.

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